

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	VEDL IN
Equity Shares (m)	3717
M.Cap.(INRb)/(USDb)	1022.6 / 12.4
52-Week Range (INR)	341 / 206
1, 6, 12 Rel. Per (%)	-3/-12/-28
12M Avg Val (INR M)	3864
Free float (%)	31.9

## Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	1,473	1,451	1,478
EBITDA	344.2	395.0	389.1
EBITDA margin	23.4	27.2	26.3
Attr. APAT	107.9	145.4	136.4
Adj. EPS (INR)	29.0	39.1	36.7
EPS Gr (%)	-44.9	34.7	-6.2
BV/Sh. (INR)	106.0	124.1	141.9

## Ratios

Net D:E	1.1	1.2	0.9
RoE (%)	20.6	34.0	27.6
RoCE (%)	21.5	27.1	23.5
Payout (%)	349.9	50.8	61.0

## Valuations

P/E (x)	9.5	7.0	7.5
P/BV	2.6	2.2	1.9
EV/EBITDA (x)	5.3	5.2	5.1
Div. Yield (%)	36.9	7.2	8.1
FCF Yield (%)	18.8	-1.5	18.4

## Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	68.1	69.7	69.7
DII	10.3	11.1	11.6
FII	8.0	8.1	9.6
Others	13.6	11.1	9.1

FII Includes depository receipts

**CMP: INR275**
**TP: INR280 (+2%)**
**Neutral**

## Revenue beats estimate; EBITDA in line

### Cost of production set to decline as coal linkage improves

- Vedanta (VEDL)'s consolidated net sales stood at INR379b (down 5% YoY/up 11% QoQ) in 4QFY23, 7% above our estimate of INR353b. Revenue growth was fueled by better performance across all the verticals (especially aluminum, copper and iron ore) during the quarter.
- VEDL's consolidated EBITDA was at INR95b (down 31% YoY/up 34% QoQ) in 4QFY23, in line with our estimate of INR91b. Aluminum vertical grew 93% QoQ to INR19b; HZL was up 15% QoQ to INR43b and iron ore vertical jumped ~5x QoQ to INR3.6b. All the verticals were profitable during the quarter.
- VEDL's APAT stood at INR32b (down 50% YoY/up 106% QoQ) against our estimate of INR37b. The miss was led by higher finance cost and depreciation, partially offset by higher other income and lower taxes.
- LME prices across the non-ferrous portfolio improved QoQ. Zinc/Lead/Copper/Aluminum prices were up 4%/2%/12%/3% on a QoQ basis.
- The company's sales volumes across the sector improved QoQ (except the oil & gas vertical). Sales for steel/aluminum/zinc/iron ore rose 30%/2%/5%/ 21% in 4QFY23.
- VEDL's net debt stood at ~INR445b and net debt/EBITDA rose to 1.3x in FY23 from 0.5x in FY22.
- Coal linkage for the aluminum business stood at 66% and with the commissioning of Jamkhani mines it should improve further to 80% by end-FY24, thereby lowering CoP in the coming quarters.
- VEDL's total dividend payout for FY23 stood at INR101.5 per share.

## Highlights from the management commentary

- **On track to be self-sufficient in coal:** The company recently commenced its operations at the Jamkhani coal mine and with more mines scheduled to open, VEDL is on track to achieve self-sufficiency in thermal coal. This would be a structural move towards reducing the CoP.
- The Jamkhani mine is currently operating at PRC of 2.6mt and VEDL has submitted the proposal to expand the same to 3.9mt. The expanded capacity should be operational from FY24-25E onwards.
- VEDL has emerged as a successful bidder for Ghogharpalli coal block that has PRC of 20mt and Barra coal block with unexplored reserves.
- **Aluminum business:** The company continues to focus on volume growth and increasing the share of value-added capacity, which should improve margins. VEDL is undertaking strategic capacity expansions of its alumina as well as aluminum facilities which should add incremental volumes and drive higher share of Aluminum EBITDA in the company's total EBITDA.
- **Record capex:** VEDL has earmarked a record capex of ~USD1.9-2.0b in FY24E, which will augment volumes across verticals.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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**Valuation and view**

- Globally, commodities market is facing multiple headwinds such as inflationary pressure, weak macroeconomic scenario, recessionary pressures across Europe, liquidity crunch across some developing countries, muted demand pick-up from China and slowdown in Chinese real estate sector.
- We have largely retained our FY24 EBITDA and APAT forecasts. **We reiterate our Neutral rating on VEDL with an SoTP-based TP of INR280.** At CMP of INR275, the stock is trading at FY24E EV/EBITDA of 5.3x and FY24E P/B multiple of 2.2x.
- While we marginally reduce our aluminum volume and EBITDA/t assumptions, savings from captive/linkage coal should help offset the downtrend.

**Quarterly Performance (Consolidated)****(INR b)**

Y/E March	FY22				FY23				FY22	FY23	FY23	v/s Est. %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
<b>Net Sales</b>	<b>284</b>	<b>304</b>	<b>341</b>	<b>398</b>	<b>386</b>	<b>367</b>	<b>341</b>	<b>379</b>	<b>1,327</b>	<b>1,473</b>	<b>353</b>	<b>7.4</b>
Change (YoY %)	77.9	44.0	50.0	41.2	35.9	20.6	0.0	-4.8	50.8	11.0	-11.3	
Change (QoQ %)	0.7	7.0	12.2	16.8	-3.0	-5.1	-7.0	11.2			3.6	
Total Expenditure	184	200	233	262	284	290	270	285	879	1,129	262	
<b>EBITDA</b>	<b>100.2</b>	<b>103.6</b>	<b>108.1</b>	<b>136.3</b>	<b>102.0</b>	<b>77.0</b>	<b>70.7</b>	<b>94.6</b>	<b>448.2</b>	<b>344.2</b>	<b>91</b>	<b>3.4</b>
Change (YoY %)	150.9	58.7	39.4	50.9	1.8	-25.7	-34.6	-30.6	64.1	-23.2	-32.9	
Change (QoQ %)	10.9	3.4	4.3	26.1	-25.2	-24.5	-8.2	33.8			29.4	
As % of Net Sales	35.3	34.1	31.7	34.2	26.4	21.0	20.7	24.9	33.8	23.4	25.9	
Finance cost	12	11	12	13	12	16	16	18	48	62	15	
DD&A	21	21	23	24	25	26	27	28	89	106	20	
Other Income	7	7	6	6	7	7	7	7	26	29	4	
<b>PBT (before EO item)</b>	<b>75</b>	<b>79</b>	<b>79</b>	<b>105</b>	<b>73</b>	<b>41</b>	<b>35</b>	<b>56</b>	<b>337</b>	<b>205</b>	<b>61</b>	
EO exp. (income)	3	0	1	3	0	-2	-9	13	8	2	0	
<b>PBT (after EO item)</b>	<b>72</b>	<b>78</b>	<b>78</b>	<b>102</b>	<b>73</b>	<b>44</b>	<b>44</b>	<b>43</b>	<b>330</b>	<b>203</b>	<b>61</b>	
Total Tax	19.2	19.9	24.4	29.1	16.7	16.7	13.0	11.3	92.6	57.7	18.2	
% Tax	26.7	25.5	31.3	28.5	23.0	38.4	29.6	26.4	28.1	28.5	30.0	
<b>PAT before Minority</b>	<b>53</b>	<b>58</b>	<b>54</b>	<b>73</b>	<b>56</b>	<b>27</b>	<b>31</b>	<b>31</b>	<b>237</b>	<b>145</b>	<b>42</b>	
Profit from Asso.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Minority interest	10.6	12.0	11.9	14.6	11.7	8.8	6.3	12.5	49.1	39.3	5.2	
<b>Adjusted PAT</b>	<b>45</b>	<b>47</b>	<b>43</b>	<b>62</b>	<b>44</b>	<b>16</b>	<b>16</b>	<b>32</b>	<b>196</b>	<b>108</b>	<b>37</b>	<b>-13.1</b>
Change (YoY %)	333.4	527.3	29.4	-14.5	-1.3	-66.2	-63.4	-47.8	59.4	-44.9		
Change (QoQ %)	-37.9	4.1	-8.4	44.4	-28.3	-64.4	-0.8	106.1				

Sources: MOFSL, Company

**Exhibit 1: Business wise EBITDA (INR b)**

Y/E March	FY22				FY23				FY22	FY23	FY23	v/s Est. %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	
<b>EBITDA</b>	<b>100.2</b>	<b>103.6</b>	<b>108.1</b>	<b>136.3</b>	<b>102.0</b>	<b>77.0</b>	<b>70.7</b>	<b>94.6</b>	<b>448.2</b>	<b>344.2</b>	<b>91.5</b>	<b>3.4</b>
Copper	-1.1	-0.4	0.1	0.2	-0.1	0.2	-0.6	0.5	-1.2	0.0	0.2	
Aluminum	37.3	46.5	37.5	52.2	22.5	7.6	9.6	18.6	173.4	58.4	19.7	
Iron ore	7.6	5.6	4.1	5.5	3.6	2.1	0.5	3.6	22.8	9.9	1.0	
Power	3.5	2.6	2.8	1.9	0.8	1.4	2.7	3.6	10.8	8.5	3.7	
Zinc-India	35.6	33.4	43.7	49.6	51.4	44.1	37.1	42.6	162.3	175.1	44.5	
Zinc-Int	4.0	3.0	3.7	4.7	5.9	5.9	3.1	4.4	15.3	19.3	4.0	
Oil & Gas	10.6	13.8	14.9	20.5	20.8	20.2	20.0	16.8	59.9	77.8	18.3	
Steel	2.2	0.7	1.7	2.4	0.9	-0.1	-0.7	3.0	7.0	3.2	0.7	
Others	0.4	-1.6	-0.4	-0.6	-3.9	-4.4	-1.2	1.5	-2.1	-7.9	-0.5	
Change (YoY %)	150.9	58.7	39.4	50.9	1.8	-25.7	-34.6	-30.6	64.1	-23.2	-32.9	
Change (QoQ %)	10.9	3.4	4.3	26.1	-25.2	-24.5	-8.2	33.8			29.4	
As % of Net Sales	35.3	34.1	31.7	34.2	26.4	21.0	20.7	24.9	33.8	23.4	25.9	

Sources: Company, MOFSL



## Conference call takeaways

### Aluminum CoP and capex:

- Aluminum CoP stood at USD2,059/t (down USD90/t), which is expected to reduce further in 1QFY24 with: a) better coal linkages, b) higher operational and buying efficiencies, and c) better volumes.
- The Jamkhani coal mine has commenced operations and the current coal linkages (66%) is expected to improve to 80% by 4QFY24, thus driving CoP further down.
- VEDL is undertaking multiple expansions to enhance the alumina and aluminum capacities at a capex of over USD1b over the next two years.
- VEDL is expanding its Lanjigarh refinery capacity to 5mt from 2mt, which will enhance the captive alumina security. To meet the bauxite requirement, VEDL has recently emerged as a successful bidder for Sijimalli bauxite mines with proven reserves of ~311mt.
- The company is also undertaking expansion at Balco and debottlenecking to expand its aluminum capacity to 3mt that will be commenced in phases from 1QFY25E.
- VEDL will enhance its VAP portfolio to 90% from 60% that will ensure higher margins across the products.
- It is on track to achieve self-sufficiency in thermal coal and expects the Kurloi North 8mt mine to commence from 4QFY24, Radhikapur (W) 6mt mine to commence from 1QFY25 and Ghogharpalli 20mt mine to start from 2QFY25.
- VEDL commissioned 120ktpa billet line at Jharsuguda and will eventually ramp it up to 580ktpa.

### Ferro vertical:

- Commissioned the new 60ktpa furnace that has enhanced the total capacity to 140ktpa.
- Further expansion will be undertaken in phases, which will enhance the ferrochrome capacity to 300ktpa and eventually to 450ktpa.

### Other verticals:

- Hot metal capacity at ESL will be enhanced to 3mt by 1QFY25E from 1.5mt.
- VEDL will undertake seismic acquisition across Northeast, Cambay, Rajasthan and offshore basins. The company is also exploring 10 wells, which are expected to have 250mmboe of R&R.
- Opencast mine at Gamsberg will expand to 8mt under Phase II that will ensure additional 200ktpa MIC.
- Karnataka ROM production is likely to enhance to 7.2mt from 6mt and Bicholim mines are expected to be operational in the second half of FY24.
- All the expansions are on track and the total capex earmarked for FY24 stands at ~USD1.9-2b

### Dividend:

- For FY23, the Board has declared a dividend of INR101.5 per share.
- No guidance on future dividend payment has been provided.

**Debt and cash balance:**

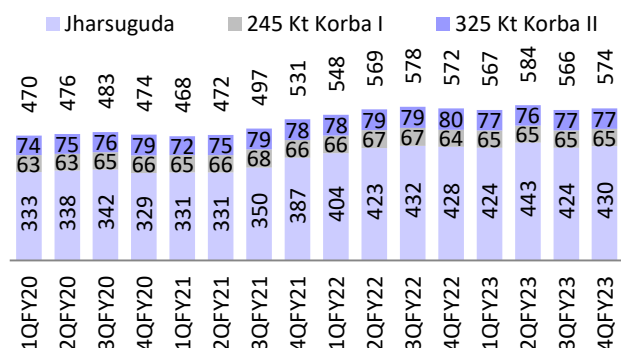
- Net debt stood at INR445b (up 115% YoY) due to: a) dividend payout and b) higher capex.
- Cash and cash equivalent stood at INR218b.
- VEDL's Net debt/EBITDA was at 1.3x (up from 0.5x in Dec '22).
- The average maturity of debt has been 3.5 years and the average RoI, which debt carries, stands at ~7.8%

**Debt at HoldCo (Vedanta's promoter entity):**

- The total upcoming debt, which is due for repayment/refinancing in next two months, is USD750m and USD2b for FY24 (including USD750m).
- Management is committed to repay/refinance the entire amount at the HoldCo level and has already deleveraged USD2b YTD and USD3b to date.
- HoldCo will adhere to its commitment of USD4b total deleveraging target.
- The Zinc asset sale to Hindustan Zinc is still being worked on and the company is working on several alternatives to get this deal completed.

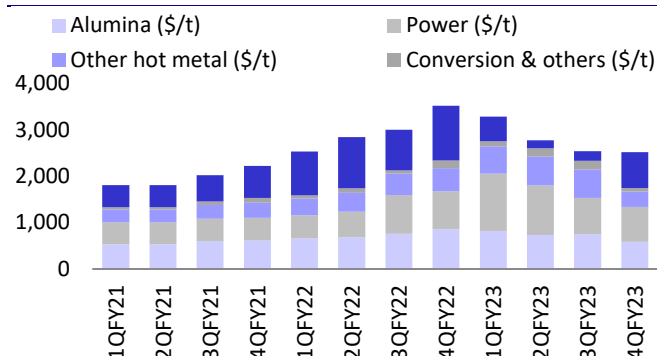
## Story in charts

**Exhibit 1: Aluminum production (kt) – highest ever aluminum production at 2,291kt in FY23**



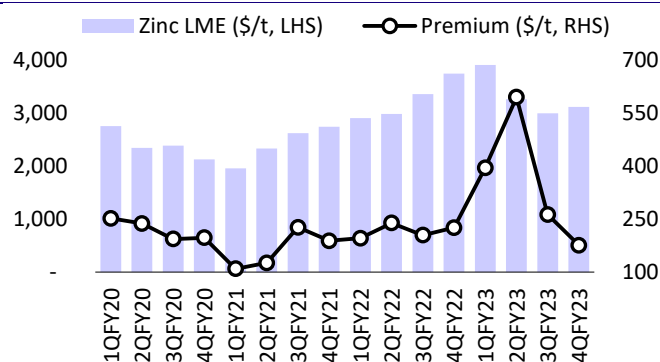
Sources: Company, MOFSL

**Exhibit 2: Break-up of Aluminum cost and EBITDA – lower power cost improved EBITDA (USD/t) in 4QFY23**



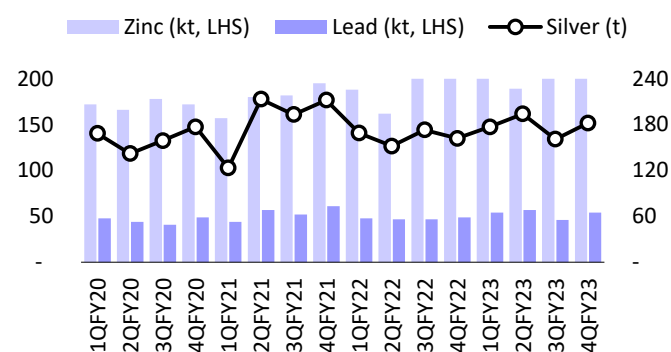
Sources: Company, MOFSL

**Exhibit 3: Zinc LME v/s Premium (USD/t) – premium has dropped QoQ**



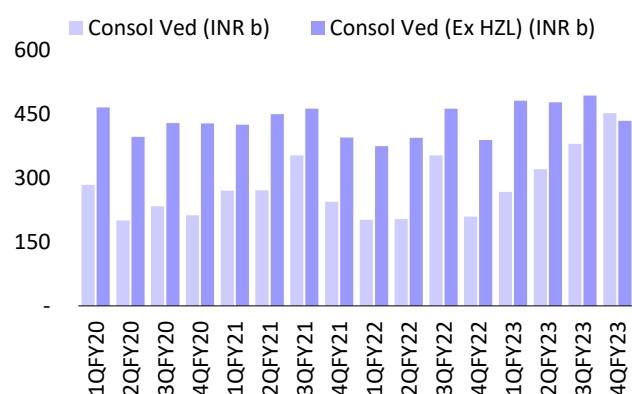
Sources: Company, MOFSL

**Exhibit 4: Zinc India volumes (kt) – zinc, lead and silver volumes were up QoQ**



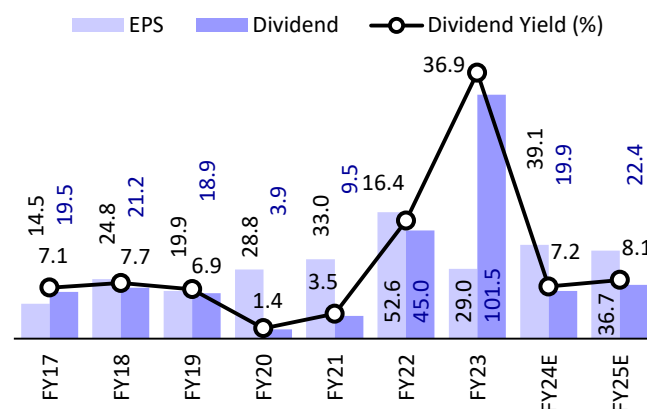
Sources: Company, MOFSL

**Exhibit 5: Net debt at Vedanta Consol and ex-HZL (INR b) – incremental increase in debt was due to HZL and Cairn India**

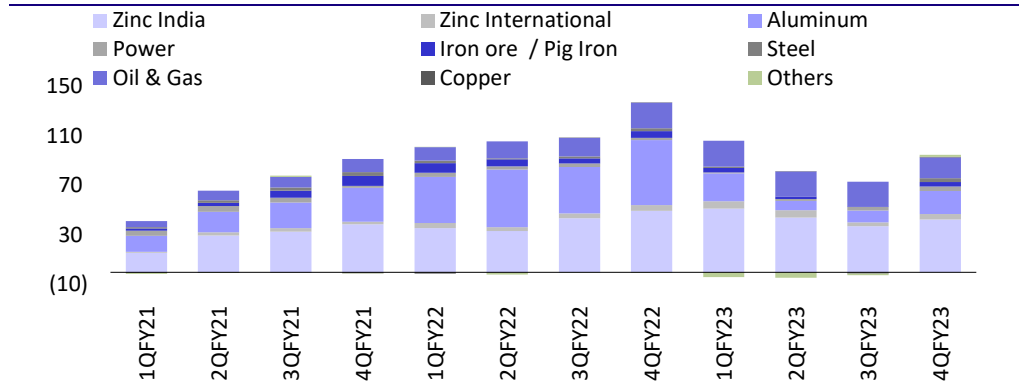


Sources: Company, MOFSL

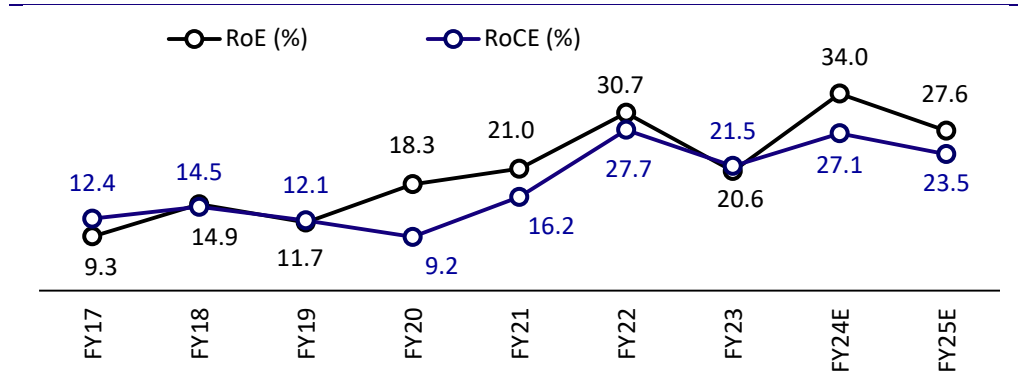
**Exhibit 6: Dividend per share – Board declared INR101.5 per share as dividend in FY23**



Sources: Company, MOFSL

**Exhibit 7: EBITDA breakdown by division (INR b)**

Sources: Company, MOFSL

**Exhibit 8: ROE and RoCE likely to improve in FY24E after touching a low in FY23**

Sources: Company, MOFSL

**Exhibit 9: Entity-wise debt and cash movements (INR b)**

Entity wise Debt	UoM	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
<b>Gross Debt</b>									
Vedanta Limited	INR b	278	305	338	367	452	453	452	420
Cairn India Holdings Ltd	"	28	28	28	16	16	10	9	27
Zinc India	"	67	46	100	28	28	21	51	118
Zinc International	"	2	1	3	0	-	-	-	-
BALCO	"	28	20	36	11	10	10	11	11
TSPL	"	73	73	74	70	70	69	69	64
ESL	"	-	-	-	27	26	25	24	23
Vedanta Star	"	-	-	-	-	-	-	-	-
Others	"	41	38	44	11	10	-2	-1	-1
<b>Consolidated Vedanta</b>	<b>INR b</b>	<b>516</b>	<b>510</b>	<b>624</b>	<b>531</b>	<b>611</b>	<b>586</b>	<b>616</b>	<b>662</b>
<b>Cash and LI</b>									
Vedanta Limited	INRb	22	17	30	71	49	40	34	74
Cairn India Holdings Ltd	"	20	21	11	14	29	20	14	16
Zinc India	"	239	237	211	208	243	178	165	101
Zinc International	"	5	5	4	6	8	13	11	7
BALCO	"	17	16	7	7	4	4	4	5
TSPL	"	2	4	1	1	0	1	1	1
ESL	"	-	-	-	-	3	4	2	3
Vedanta Star	"	-	-	-	9	-	-	-	-
Others	"	8	7	7	6	8	5	5	4
<b>Consolidated Vedanta</b>	<b>INR b</b>	<b>313</b>	<b>307</b>	<b>271</b>	<b>321</b>	<b>343</b>	<b>265</b>	<b>235</b>	<b>209</b>
<b>Net Debt</b>									
Vedanta Limited	INR b	255	288	308	296	403	413	419	347
Cairn India Holdings Ltd	"	8	7	17	2	-13	-10	-6	11
Zinc India	"	-172	-191	-110	-180	-214	-157	-114	18
Zinc International	"	-3	-3	-1	-6	-8	-13	-11	-7
BALCO	"	11	3	29	4	7	6	7	7
TSPL	"	71	69	73	69	69	67	69	63
ESL	"	-	-	-	27	23	21	22	20
Vedanta Star	"	-	-	-	-9	-	-	-	-
Others	"	32	31	38	5	2	-7	-6	-5
<b>Consol Ved (INR b)</b>	<b>INR b</b>	<b>203</b>	<b>204</b>	<b>354</b>	<b>210</b>	<b>268</b>	<b>321</b>	<b>381</b>	<b>453</b>
<b>Consol Ved (Ex HZL) (INR b)</b>	<b>INR b</b>	<b>375</b>	<b>395</b>	<b>464</b>	<b>389</b>	<b>482</b>	<b>478</b>	<b>495</b>	<b>435</b>

Sources: Company MOFSL

**Exhibit 10: Aluminum business summary – INR m**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2Q	3Q	4Q		
<b>Revenue</b>	<b>1,02,630</b>	<b>1,21,190</b>	<b>1,30,240</b>	<b>1,54,750</b>	<b>1,46,440</b>	<b>1,34,860</b>	<b>1,18,770</b>	<b>1,23,960</b>	<b>5,08,810</b>	<b>5,24,030</b>
Production (kt) ex trial	548	569	578	572	567	584	566	574	2,269	2,291
Jharsuguda	404	423	432	428	424	443	424	430	1,687	1,721
Balco	144	146	146	144	143	141	142	144	582	570
NSR (USD/t)	2,538	2,874	3,012	3,593	3,341	2,898	2,555	2,627	3,010	2,847
Premium over LME (%)	6.0	8.5	9.0	10.4	16.2	23.1	9.9	9.7	8.5	14.5
<b>EBITDA</b>	<b>37,250</b>	<b>46,470</b>	<b>37,470</b>	<b>52,180</b>	<b>22,510</b>	<b>7,610</b>	<b>9,640</b>	<b>18,610</b>	<b>1,73,370</b>	<b>58,370</b>
EBITDA/t	945	1,102	874	1,183	524	164	209	391	1,026	322

Sources: Company, MOFSL

**Exhibit 11: Oil & Gas – INR m**

Y/E March	FY22				FY23				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Gross volumes - kbpd	165	165	159	154	148	140	145	137	167	142
Rajasthan	139.8	141.8	136.8	132.4	127.8	120.8	118.3	112.5	143.5	119.9
Ravva	14.7	14.3	14.5	13.2	11.0	10.0	13.1	13.2	14.3	11.8
Cambay	10.4	9.3	7.9	8.1	9.2	9.7	13.3	10.9	8.9	10.8
Working interest - kbpd	105.9	106.7	102.7	99.5	96.2	91.2	91.6	86.9	107.8	91.5
Revenue - INR m	24,850	18,920	31,130	39,400	40,830	38,690	38,100	32,760	1,24,300	1,50,380
<b>EBITDA - INR m</b>	<b>10,640</b>	<b>13,840</b>	<b>14,920</b>	<b>20,520</b>	<b>20,810</b>	<b>20,180</b>	<b>20,040</b>	<b>16,790</b>	<b>59,920</b>	<b>77,820</b>

Sources: Company, MOFSL

**Exhibit 12: Iron Ore – INR m**

Y/E March	FY22				FY23E				FY22	FY23
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Sales Qty ('000 dmt)	1,700	1,300	1,500	2,300	1,260	1,300	1,400	1,700	6,800	5,660
Net Sales	15,760	14,920	14,160	18,660	13,670	15,060	14,110	22,190	63,500	65,030
EBITDA	7,620	5,590	4,100	5,490	3,630	2,130	540	3,580	22,800	9,880

Sources: Company, MOFSL

**Exhibit 13: Power – INR m**

Y/E March	FY22				FY23E				FY22	FY23
	1Q	2Q	3Q	4Q	1QE	2Q	3Q	4Q		
<b>Sales (m kwh)</b>	<b>2,716</b>	<b>2,904</b>	<b>3,448</b>	<b>2,803</b>	<b>3,577</b>	<b>3,615</b>	<b>3,615</b>	<b>4,026</b>	<b>11,871</b>	<b>14,833</b>
S/A Jha. 600 MW (Jharsuguda)	545	760	755	0	837	634	736	841	2,060	3,048
Subs	2,171	2,144	2,693	2,803	2,740	2,981	2,879	3,185	9,811	11,785
Balco 600MW	409	199	279	251	0	14	178	456	1,139	648
HZL Wind Power	134	155	59	66	150	124	50	71	414	395
TSPL	1,628	1,790	2,355	2,486	2,590	2,843	2,651	2,658	8,258	10,742
TSPL PAF (%)	59	60	92	93	77	88	85	77	76	82
<b>Revenue</b>	<b>12,250</b>	<b>12,760</b>	<b>16,380</b>	<b>16,870</b>	<b>16,930</b>	<b>18,440</b>	<b>16,930</b>	<b>18,940</b>	<b>58,260</b>	<b>71,240</b>
<b>EBITDA</b>	<b>3,460</b>	<b>2,640</b>	<b>2,830</b>	<b>1,890</b>	<b>810</b>	<b>1,410</b>	<b>2,710</b>	<b>3,580</b>	<b>10,820</b>	<b>8,510</b>

Sources: Company, MOFSL

**Exhibit 14: Operational Performance – Zinc India (INR b)**

Y/E March	FY22				FY23				FY22	FY23	FY23	vs Est. %
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q	
<b>Net Sales</b>	<b>65</b>	<b>61</b>	<b>80</b>	<b>88</b>	<b>94</b>	<b>83</b>	<b>79</b>	<b>85</b>	<b>294</b>	<b>341</b>	<b>85</b>	0.6
Change (YoY %)	63.7	8.2	32.4	26.6	43.7	36.2	-1.6	-3.3	30.1	15.8	-3.9	
Change (QoQ %)	-6.0	-6.3	30.5	10.1	6.7	-11.2	-5.6	8.2			7.5	
<b>EBITDA</b>	<b>36</b>	<b>33</b>	<b>44</b>	<b>50</b>	<b>51</b>	<b>44</b>	<b>37</b>	<b>43</b>	<b>162</b>	<b>175</b>	<b>44</b>	-4.3
Change (YoY %)	125.8	13.0	33.7	28.0	44.4	32.1	-15.2	-14.2	39.0	7.9	-10.4	
Change (QoQ %)	-8.3	-6.3	31.0	13.5	3.5	-14.2	-15.9	14.8			20.0	
As % of Net Sales	54.5	54.5	54.7	56.4	54.7	52.9	47.1	50.0	55.1	51.3	52.6	
Finance cost	1	1	1	1	0	1	1	2	3	3	1	
DD&A	7	7	7	8	7	8	8	9	29	33	9	
Other Income	3	3	3	3	3	4	3	4	12	14	2	
<b>PBT (before EO item)</b>	<b>32</b>	<b>29</b>	<b>39</b>	<b>44</b>	<b>47</b>	<b>39</b>	<b>32</b>	<b>35</b>	<b>142</b>	<b>153</b>	<b>37</b>	
EO exp. (income)	1	0	0	0	0	0	0	0	1	0	0	
<b>PBT</b>	<b>30</b>	<b>29</b>	<b>39</b>	<b>44</b>	<b>47</b>	<b>39</b>	<b>32</b>	<b>35</b>	<b>141</b>	<b>153</b>	<b>37</b>	
Total Tax	10	8	12	14	16	12	10	9	45	48	9	
% Tax	34.4	29.5	30.0	32.8	33.8	31.7	32.3	26.3	31.7	31.2	25.2	
<b>Reported PAT</b>	<b>20</b>	<b>20</b>	<b>27</b>	<b>29</b>	<b>31</b>	<b>27</b>	<b>22</b>	<b>26</b>	<b>96</b>	<b>105</b>	<b>28</b>	
<b>Adjusted PAT</b>	<b>21</b>	<b>20</b>	<b>27</b>	<b>29</b>	<b>31</b>	<b>27</b>	<b>22</b>	<b>26</b>	<b>98</b>	<b>105</b>	<b>28</b>	-6.6
Change (YoY %)	55.8	4.0	22.8	17.9	46.1	32.9	-20.2	-11.8	22.3	7.7	-5.6	
Change (QoQ %)	-14.8	-4.7	33.9	8.4	5.6	-13.3	-19.6	19.8			28.3	

Source: Company, MOFSL



**Exhibit 15: Changes to our assumptions and key financials**

	Units	FY23			FY24E			FY25E		
		New	Old	% change	New	Old	% change	New	Old	% change
Sales volume										
Copper	kt	147	147	0%	147	147	0%	147	147	0%
Aluminum Division	"	2,275	2,276	0%	2,333	2,446	-5%	2,308	2,409	-4%
Hindustan Zinc										
- Zinc	"	821	810	1%	841	833	1%	843	843	0%
- Lead	"	211	214	-1%	263	261	1%	278	278	0%
- Silver	tonnes	714	712	0%	722	784	-8%	837	837	0%
Zinc International	kt	255	256	0%	372	372	0%	372	372	0%
Iron ore	kt	5,660	5,760	-2%	7,200	7,200	0%	6,750	6,750	0%
Oil	Kboepd	142	144	-1%	136	144	-5%	129	139	-7%
EBITDA/t										
- Hindustan Zinc	\$/t	2,112	2,143	-1%	2,097	2,017	4%	2,114	1,965	8%
- Aluminum	"	322	324	-1%	414	427	-3%	493	630	-22%
- Zinc International	"	944	913	3%	680	677	0%	647	645	0%
Change in consolidated Financials										
Revenue	INR b	1,473	1,447	2%	1,451	1,490	-3%	1,478	1,568	-6%
EBITDA	"	344	341	1%	395	379	4%	389	397	-2%
Adj PAT	"	108	113	-4%	145	138	5%	136	150	-9%
EPS	INR/sh	29.0	30.3	-4%	39.1	37.1	5%	36.7	40.4	-9%

Source: Company, MOFSL

**Exhibit 16: SoTP valuation**

(INR b)	EBITDA FY24E	EV EBITDA (x)	EV FY24E	Per Share
<b>VEDL (ex HZL)</b>				
Copper	1	4.0	3	1
Aluminum	81	5.0	407	109
Iron ore	9	4.0	36	10
Steel	12	4.0	50	13
Power(TSPL)	7	DCF	48	13
Power(other)	3	4.0	11	3
Zinc-Int	21	5.0	107	29
Oil & Gas	72	4.0	290	78
Sub. Tot.	207	4.6	952	256
Less: Net Debt			570	153
<b>Equity Value</b>			<b>381</b>	<b>103</b>
<b>Hind. Zinc</b>				
HZL	195	6.0	1,173	315
Add: Net Cash			97	26
<b>Equity Value</b>			<b>1,270</b>	<b>341</b>
<b>INR/share (HZL)</b>			<b>300</b>	
<b>VEDL</b>			<b>INR b</b>	<b>INR/sh</b>
HZL@64.9% (20% Hold Co. discount)			659	177
VEDL (ex HZL)			381	103
<b>Equity value</b>			<b>1,041</b>	
Shares outstanding (b)			3.7	
<b>Target price (INR/sh)</b>			<b>280</b>	

Exhibit 17: P/B ratio is near to +1SD

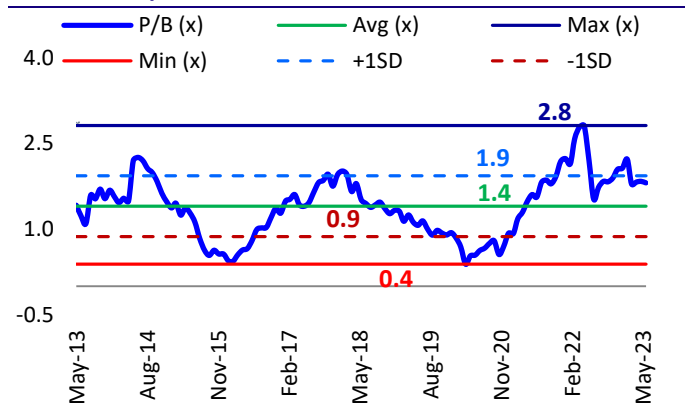


Exhibit 18: EV/EBITDA is lower than LTA

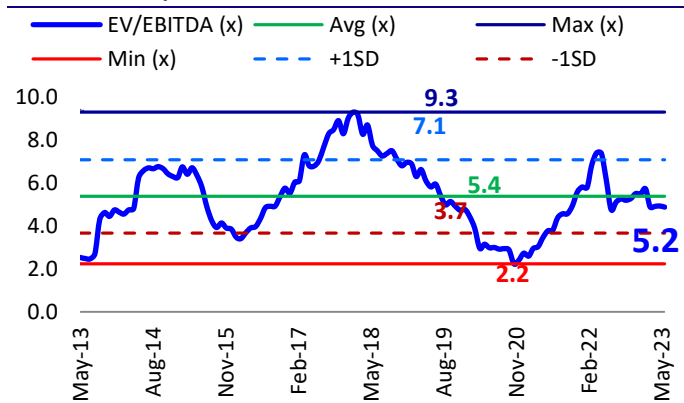


Exhibit 19: Global comparable valuation

Sources: MOFSL, Bloomberg. (\*) denotes MOFSL estimates

Exhibit 20: Global comparable valuation

Company	M-Cap USD m	P/E (x)			EV/EBITDA (x)			P/B (x)			RoE (%)		
		CY21/ FY22	CY22/ FY23	CY23/ FY24	CY21/ FY22	CY22/ FY23	CY23/ FY24	CY21/ FY22	CY22/ FY23	CY23/ FY24	CY21/ FY22	CY22/ FY23	CY23/ FY24
Vedanta*	12,440	5.2	9.5	7.0	3.5	5.3	5.2	1.6	2.6	2.2	30.7	20.6	34.0
BHP	1,46,298	6.9	10.0	10.4	3.7	5.1	5.1	2.9	3.2	3.0	41.2	33.6	31.2
Rio	1,03,207	7.1	8.0	8.5	4.0	4.4	4.5	1.9	1.8	1.7	27.1	22.7	19.4
Glencore	67,359	3.7	6.7	7.4	2.6	3.4	3.5	1.4	1.4	1.4	43.0	20.2	19.5
Anglo	38,926	6.0	7.1	7.6	3.6	3.8	4.0	1.2	1.2	1.1	22.5	16.9	14.4
South 32	12,162	4.9	9.4	8.3	2.6	4.2	3.7	1.2	1.1	1.0	26.2	12.0	12.4

Sources: MOFSL, Bloomberg. (\*) denotes MOFSL estimates

## Financials and valuations

### Income Statement (Consolidated)

INR b

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Sales</b>	<b>722</b>	<b>919</b>	<b>920</b>	<b>844</b>	<b>880</b>	<b>1,327</b>	<b>1,473</b>	<b>1,451</b>	<b>1,478</b>
Total Expenses	509	667	689	638	607	879	1,129	1,056	1,089
<b>EBITDA</b>	<b>213</b>	<b>252</b>	<b>231</b>	<b>207</b>	<b>273</b>	<b>448</b>	<b>344</b>	<b>395</b>	<b>389</b>
<b>EBITDA attribute</b>	<b>176</b>	<b>203</b>	<b>189</b>	<b>173</b>	<b>219</b>	<b>368</b>	<b>277</b>	<b>313</b>	<b>311</b>
DDA	63	63	82	91	76	89	106	102	106
<b>EBIT</b>	<b>150</b>	<b>189</b>	<b>149</b>	<b>116</b>	<b>197</b>	<b>359</b>	<b>239</b>	<b>293</b>	<b>283</b>
Finance cost	59	58	57	50	52	48	62	67	60
Other income	46	36	40	25	34	26	29	28	17
<b>PBT</b>	<b>138</b>	<b>167</b>	<b>132</b>	<b>91</b>	<b>179</b>	<b>337</b>	<b>205</b>	<b>255</b>	<b>241</b>
Tax	38	57	39	-35	22	93	58	71	67
Rate (%)	27.4	34.4	29.2	-38.5	12.2	27.4	28.2	28.0	28.0
<b>PAT</b>	<b>100</b>	<b>109</b>	<b>94</b>	<b>126</b>	<b>157</b>	<b>245</b>	<b>147</b>	<b>183</b>	<b>173</b>
EO expense /Income	1	-8	-3	-170	-7	-8	-2	0	0
<b>PAT (after EO)</b>	<b>99</b>	<b>118</b>	<b>97</b>	<b>-43</b>	<b>150</b>	<b>237</b>	<b>145</b>	<b>183</b>	<b>173</b>
<b>Attrib. PAT (after MI &amp; asso)</b>	<b>54</b>	<b>92</b>	<b>74</b>	<b>107</b>	<b>123</b>	<b>196</b>	<b>108</b>	<b>145</b>	<b>136</b>
Change (YoY %)	-74.9	70.9	-19.9	45.2	14.5	59.4	-44.9	34.7	-6.2

### Cash Flow Statement

INR b

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
EBITDA	213	252	231	207	273	448	344	395	389
Non cash exp. (income)	2	7	11	7	18	6	4	0	0
(Inc)/Dec in Wkg. Cap.	-7	-30	-8	-5	13	-48	46	-191	-3
Tax paid	-20	-32	-26	-11	-21	-57	-64	-64	-60
<b>CF from Op. Activity</b>	<b>187</b>	<b>197</b>	<b>208</b>	<b>198</b>	<b>282</b>	<b>350</b>	<b>331</b>	<b>140</b>	<b>326</b>
(Inc)/Dec in FA + CWIP	-55	-74	-89	-77	-69	-105	-138	-155	-138
<b>Free Cash Flow</b>	<b>132</b>	<b>124</b>	<b>119</b>	<b>121</b>	<b>213</b>	<b>245</b>	<b>193</b>	<b>-15</b>	<b>188</b>
(Pur)/Sale of Investments	27	14	42	42	9	47	92	0	0
Interest & Dividend Income	11	14	9	8	20	19	17	28	17
Investment in subsidiaries	-30	-9	-69	-5	0	0	-3	0	0
Others	0	0	0	0	0	-42	-91	22	22
<b>CF from Inv. Activity</b>	<b>-47</b>	<b>-55</b>	<b>-107</b>	<b>-31</b>	<b>-40</b>	<b>-81</b>	<b>-122</b>	<b>-105</b>	<b>-99</b>
Equity raised/(repaid)	-1	-2	-1	-1	0	0	0	0	0
Debt raised/(repaid)	91	-190	106	-92	-139	-27	149	-10	-10
Dividend (incl. tax)	-129	-168	-118	-14	-91	-193	-411	-79	-88
Interest paid	-62	-57	-60	-53	-53	-53	-55	-67	-60
Others	0	1	-1	0	1	0	0	0	0
<b>CF from Fin. Activity</b>	<b>-101</b>	<b>-415</b>	<b>-74</b>	<b>-161</b>	<b>-283</b>	<b>-273</b>	<b>-317</b>	<b>-156</b>	<b>-158</b>
<b>(Inc)/Dec in Cash</b>	<b>40</b>	<b>-273</b>	<b>28</b>	<b>6</b>	<b>-40</b>	<b>-4</b>	<b>-108</b>	<b>-121</b>	<b>69</b>
Add: Opening Balance	570	610	338	365	372	331	327	219	98
<b>Closing Balance</b>	<b>610</b>	<b>338</b>	<b>365</b>	<b>372</b>	<b>331</b>	<b>327</b>	<b>219</b>	<b>98</b>	<b>168</b>

## Financials and valuations

### Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>14.5</b>	<b>24.8</b>	<b>19.9</b>	<b>28.8</b>	<b>33.0</b>	<b>52.6</b>	<b>29.0</b>	<b>39.1</b>	<b>36.7</b>
Cash EPS	31.4	41.7	41.9	53.3	53.5	76.5	57.4	66.4	65.1
BV/Share	162.7	170.7	167.5	146.9	167.4	175.8	106.0	124.1	141.9
DPS	19.5	21.2	18.9	3.9	9.5	45.0	101.5	19.9	22.4
Payout (%)	134.0	85.5	95.0	13.5	28.8	85.5	349.9	50.8	61.0
<b>Valuation (x)</b>									
P/E	18.9	11.1	13.9	9.5	8.3	5.2	9.5	7.0	7.5
Cash P/E	8.7	6.6	6.6	5.2	5.1	3.6	4.8	4.1	4.2
P/BV (incl.-goodwill)	1.7	1.6	1.6	1.9	1.6	1.6	2.6	2.2	1.9
EV/Sales	1.9	1.6	1.7	1.8	1.6	1.0	1.0	1.1	1.1
EV/EBITDA	8.0	7.3	8.2	8.6	6.5	3.5	5.3	5.2	5.1
Dividend Yield (%)	7.1	7.7	6.9	1.4	3.5	16.4	36.9	7.2	8.1
<b>Return Ratios (%)</b>									
EBITDA Margins	29.5	27.4	25.1	24.5	31.0	33.8	23.4	27.2	26.3
Net Profit Margins	7.5	10.0	8.0	12.7	14.0	14.7	7.3	10.0	9.2
RoE	9.3	14.9	11.7	18.3	21.0	30.7	20.6	34.0	27.6
RoCE (pre-tax)	12.4	14.5	12.1	9.2	16.2	27.7	21.5	27.1	23.5
RoIC (pre-tax)	15.2	17.5	12.3	10.0	18.3	33.9	24.6	28.6	24.8
<b>Working Capital Ratios</b>									
Fixed Asset Turnover (x)	0.9	1.0	0.9	0.9	1.0	1.4	1.5	1.5	1.5
Receivable (Days)	17	21	30	25	28	22	16	28	28
Inventory (Days)	49	48	52	49	41	39	37	45	45
Trade payable (Days)	36	33	37	35	33	59	61	33	33
<b>Leverage Ratio (x)</b>									
Current Ratio	2.7	2.3	2.0	2.1	1.9	1.4	1.0	1.0	1.1
Interest Cover Ratio	3.4	3.9	3.3	2.8	4.4	8.0	4.3	4.8	5.0
Net Debt/EBITDA	1.4	1.5	2.0	1.9	1.3	0.5	1.3	1.4	1.3
Net Debt/Equity	0.5	0.6	0.8	0.7	0.6	0.3	1.1	1.2	0.9

### Balance Sheet (Consolidated)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	4	4	4	4	4	4	4	4	4
Reserves	601	631	619	543	619	650	391	458	524
<b>Net Worth</b>	<b>605</b>	<b>635</b>	<b>623</b>	<b>546</b>	<b>623</b>	<b>654</b>	<b>394</b>	<b>461</b>	<b>528</b>
Total Loans	906	725	835	757	686	534	665	669	655
Deferred Tax Liability	-54	-9	10	-40	-36	-7	-26	-18	-11
<b>Capital Employed</b>	<b>1,597</b>	<b>1,511</b>	<b>1,621</b>	<b>1,435</b>	<b>1,423</b>	<b>1,355</b>	<b>1,133</b>	<b>1,235</b>	<b>1,317</b>
Gross Block	1,641	1,810	2,176	2,182	2,281	2,392	2,525	2,641	2,736
Less: Accum. Deprn.	775	848	1,185	1,276	1,352	1,441	1,547	1,648	1,754
<b>Net Fixed Assets</b>	<b>866</b>	<b>962</b>	<b>991</b>	<b>907</b>	<b>929</b>	<b>951</b>	<b>978</b>	<b>993</b>	<b>981</b>
Capital WIP	177	161	222	168	139	142	174	214	257
Investments	1	2	49	1	2	2	5	5	5
<b>WC. Assets</b>	<b>872</b>	<b>674</b>	<b>723</b>	<b>691</b>	<b>729</b>	<b>840</b>	<b>721</b>	<b>653</b>	<b>705</b>
Inventory	96	120	132	113	99	143	150	179	182
Account Receivables	34	53	77	58	66	82	65	111	113
Cash and Bank Balance	610	338	365	372	331	327	219	98	168
Loans and advances	131	163	149	148	232	288	286	264	242
<b>WC. Liability &amp; Prov.</b>	<b>319</b>	<b>287</b>	<b>365</b>	<b>333</b>	<b>375</b>	<b>580</b>	<b>745</b>	<b>629</b>	<b>631</b>
Trade payables	71	84	92	80	79	215	247	131	134
Provisions & Others	248	203	273	252	296	365	498	498	498
<b>Net WC. Assets</b>	<b>553</b>	<b>386</b>	<b>358</b>	<b>359</b>	<b>354</b>	<b>260</b>	<b>-24</b>	<b>23</b>	<b>74</b>
<b>Appl. of Funds</b>	<b>1,597</b>	<b>1,511</b>	<b>1,621</b>	<b>1,435</b>	<b>1,423</b>	<b>1,355</b>	<b>1,133</b>	<b>1,235</b>	<b>1,317</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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