

## A tight market meets a lower cost base

Metals &amp; Mining ▶ Initiating Coverage ▶ July 01, 2026

CMP (Rs): 452 | TP (Rs): 550

We initiate coverage on Vedanta Aluminium (VAML) with BUY and TP of Rs550 (~22% upside), based on 6.0x FY28E EV/EBITDA, as we believe the market is yet to fully appreciate its structural earnings potential. We remain constructive on the medium-term aluminium (Al) outlook, with the global market likely to remain in deficit through CY28 despite Indonesia's announced capacity additions, given execution bottlenecks and China's effective 45mt production cap. VAML's ongoing backward integration across bauxite, alumina, coal, and power should materially lower cash costs, improve operating leverage, and strengthen FCF generation, positioning it among the world's lowest-cost integrated Al producers. Together, favorable industry fundamentals and company-specific cost improvements provide an attractive risk-reward.

**Strong structural demand outlook for Al**

We remain constructive on the medium-term Al outlook, supported by a structurally tight supply-demand balance. While Indonesia's ambitious capacity expansion has emerged as a key market concern, we believe execution risks across bauxite availability, alumina refining, power infrastructure, and project financing will result in a much more gradual supply ramp-up than headline announcements suggest. Concurrently, China's production is nearing its effective 45mt capacity ceiling, limiting incremental supply, while demand continues to be supported by grid infrastructure, energy transition, and automotive lightweighting. Consequently, we expect the global primary Al market to remain in deficit through CY28, supporting Al prices at structurally higher levels and providing a favorable earnings backdrop for low-cost integrated producers.

**Backward integration to shift cost curve to 1<sup>st</sup> decile**

We believe VAML's next phase of earnings growth will increasingly be driven by structural cost improvements rather than Al prices alone. The company is executing a comprehensive backward integration strategy across bauxite mining, alumina refining, captive coal, and power, while simultaneously expanding its smelting and refining capacities. This should materially reduce dependence on third-party raw materials, lower input cost volatility, and enhance operating leverage. As captive bauxite and coal mines ramp up and the Lanjigarh refinery moves toward full utilization, VAML is well-positioned to improve alumina self-sufficiency and structurally reduce cash costs. Combined with disciplined capital allocation and strong cash flow generation, we expect these initiatives to support sustained deleveraging, improve return ratios, and strengthen VAML's position as one of the lowest-cost, fully integrated Al producers globally.

**Compelling risk-reward; initiate with BUY**

We believe VAML offers an attractive risk-reward, with the market underappreciating the earnings potential from deeper backward integration, structurally lower costs, and stronger FCF generation. We value the company at 6.0x FY28E EV/EBITDA, implying a TP of Rs550, supported by improving earnings visibility, cost leadership, and favorable Al demand fundamentals. Key risks include weak Al prices, high energy costs, delays in integration, and adverse regulatory developments.

Target Price – 12M	Jun-27
Change in TP (%)	NA
Current Reco.	BUY
Previous Reco.	NA
Upside/(Downside) (%)	21.7

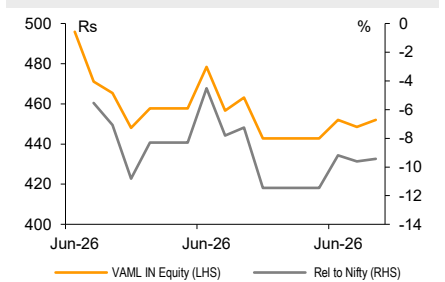
Stock Data	VAML IN
52-week High (Rs)	538
52-week Low (Rs)	422
Shares outstanding (mn)	3,910.4
Market-cap (Rs bn)	1,767
Market-cap (USD mn)	18,555
Net-debt, FY27E (Rs mn)	263,682.3
ADTV-3M (mn shares)	0.0
ADTV-3M (Rs mn)	0.0
ADTV-3M (USD mn)	0.0
Free float (%)	43.6
Nifty-50	24,005.8
INR/USD	95.2

**Shareholding, Jan-01**

Promoters (%)	56.4
FPIs/MFs (%)	NA

**Price Performance**

(%)	1M	3M	12M
Absolute	0.0	0.0	0.0
Rel. to Nifty	0.0	0.0	0.0

**1-Year share price trend (Rs)****Vedanta Aluminium Metal: Financial Snapshot (Consolidated)**

Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Revenue	592,790	668,910	856,673	924,497	959,321
EBITDA	174,260	251,420	388,186	413,793	429,732
Adj. PAT	70,040	121,380	219,192	231,562	241,894
Adj. EPS (Rs)	17.9	31.0	56.1	59.2	61.9
EBITDA margin (%)	29.4	37.6	45.3	44.8	44.8
EBITDA growth (%)	0	44.3	54.4	6.6	3.9
Adj. EPS growth (%)	0	73.3	80.6	5.6	4.5
RoE (%)	187.2	118.3	103.6	61.0	43.4
RoIC (%)	46.9	31.6	43.3	42.6	41.5
P/E (x)	25.2	14.9	8.1	7.6	7.3
EV/EBITDA (x)	12.5	8.7	5.6	5.3	5.1
P/B (x)	23.6	13.6	6.0	3.8	2.7
FCFF yield (%)	3.2	4.9	10.3	11.9	12.6

Source: Company, Emkay Research

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This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

## Emkay commodity views

### House price forecasts

We forecast LME Al prices to average at \$3,250/t in FY27, \$3,100/t in FY28, and \$3,100/t in FY29.

For alumina, our forecasts average at \$315/t in FY27, \$325/t in FY28, and \$325/t in FY29. We expect alumina prices to remain subdued at >\$320/t till the end of this year, following which we expect prices to normalize to the average of 10-11% of LME Al prices, below its medium-term average of 14-16% of LME Al prices.

Apart from these explicit forecasts over FY27-29E, we forecast long-term real prices to reflect the incentive price modelling of commodities that takes into account through-the-cycle supply/demand balances, capex intensity, and required rate of return that incentivizes new capacity addition or mine development. We assess long-term, real (inflation-adjusted back to today's money terms) price of \$2,800/t for Al and of ~\$310/t for alumina. Essentially, if one aims to set up a new smelter, a price below \$2,800/t is not attractive enough to generate a reasonable IRR through the cycle; therefore, this price level would act as a threshold to incentivize long-term market balance.

Our house price forecasts are detailed in the exhibit below for Al, copper, zinc, and other commodities.

#### Al price forecasts

**Base case: \$3,100/t**

*Bear case: \$2,800/t*

*Bull case: \$3,400/t*

**Exhibit 1: House commodity price forecasts**

Commodity	Unit	CY21	CY22	CY23	CY24	CY25	CY26E	CY27E	CY28E	CY29E	LT Real E
Copper	\$/t	9,318	8,823	8,486	9,144	9,956	13,035	11,000	11,500	11,000	10,000
Aluminium	\$/t	2,476	2,704	2,255	2,421	2,631	3,250	3,100	3,100	3,100	2,800
Alumina	\$/t	330	361	343	498	391	310	325	325	325	308
Bauxite	\$/t	49	65	68	76	82	70	75	75	75	75
Zinc	\$/t	3,006	3,486	2,650	2,778	2,867	3,250	3,100	3,100	3,100	2,750
Nickel	\$/t	18,459	26,239	21,505	16,820	15,168	17,890	15,000	15,000	15,000	15,000
Lead	\$/t	2,200	2,152	2,136	2,070	1,962	1,950	1,950	1,950	1,950	1,900
Gold	\$/oz	1,799	1,802	1,943	2,388	3,446	4,600	4,500	4,600	4,600	4,000
Silver	\$/oz	25	22	23	28	40	70	65	65	65	60
USD/INR	-	74	79	83	84	87	95	97	99	101	90

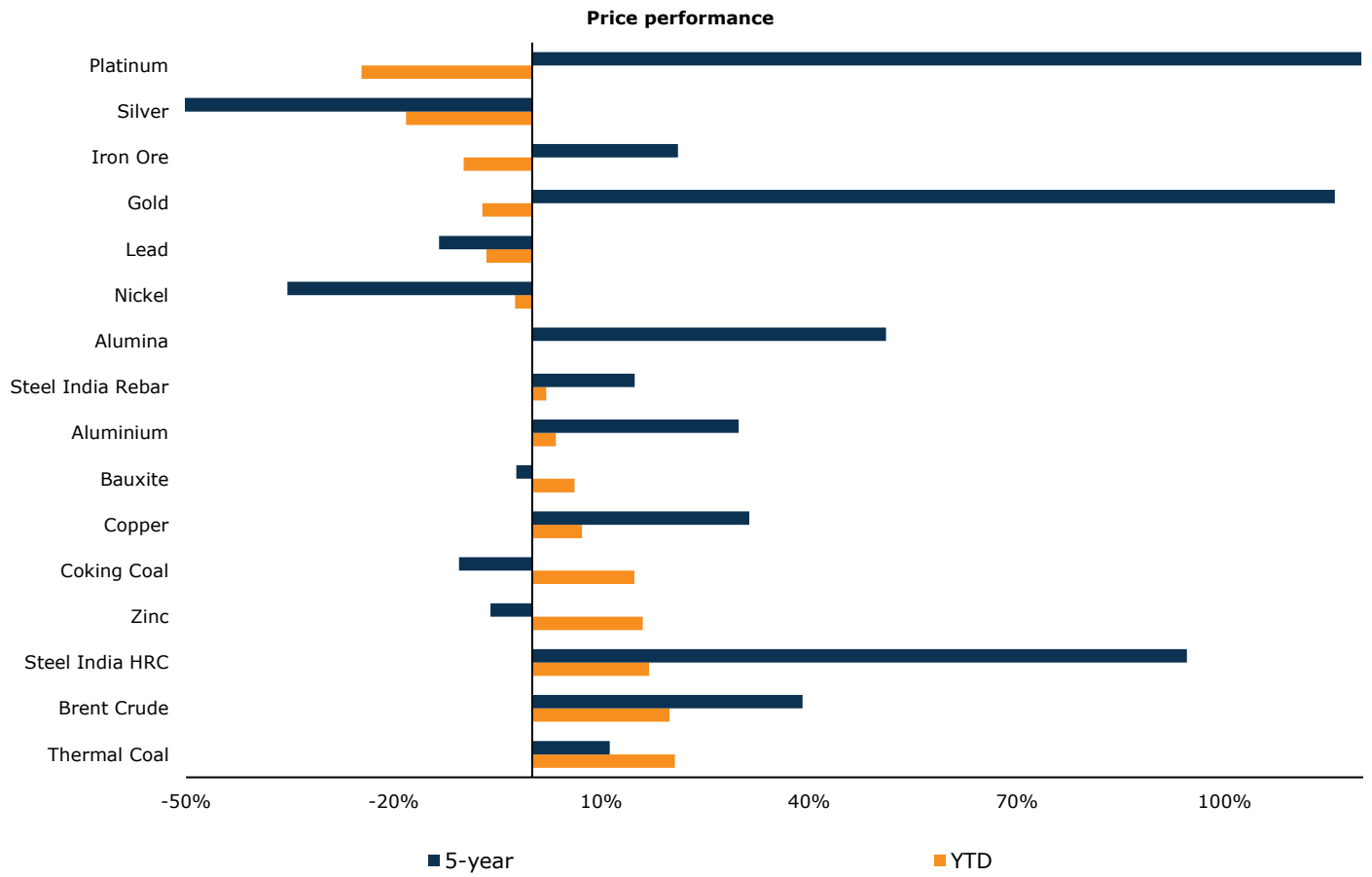
Source: Bloomberg, Emkay Research; Note: LT Real E = Long-term real estimate

Al is the best-performing base metal, with ~9% return in CY25. This was because global Al fundamentals remained supportive, reinforced by China's production nearing the 45mt capacity ceiling, tightening scrap availability amid the EU's CBAM rollout and potential scrap export restrictions, and resilient demand from solar, EVs, and infrastructure. Elevated European power costs continued to constrain smelter operating rates, reinforcing supply tightness and supporting LME Al prices, and resulting in a high of ~\$3,000/t by the end of CY25. However, the commissioning of new smelting capacity in Indonesia and other regions is expected to gradually ease the supply deficit.

Prices of copper also moved up 9% this year. However, alumina was the worst-performing commodity in CY25, with ~21% downward price return, retreating from the high base of 2024 (price spike stemmed from supply disruption in Australia, Jamaica, Indonesia, and Guinea).

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions)

Exhibit 2: Commodities' price performance – Five-year and YTD



Source: Company, Emkay Research

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## Structural tightness keeps Al in deficit

The strength in industrial metals and the associated equity rally is being driven by supply-side constraints and rising energy costs, which have shifted the cost curve higher and raised incentive prices for incremental supply. Policy uncertainty continues to reinforce capital and supply discipline globally, while improving demand and elevated costs are tightening market balances and supporting spot prices. On the supply side, China is operating at ~100% utilization under its 45mt capacity cap, implying limited scope for production growth beyond CY26. Outside China, Indonesia remains the only meaningful source of incremental supply, with 2.5mt of additional production expected over CY25-28. On the demand side, global Al consumption rose ~1.5% YoY in CY25 and is expected to grow 2.0%/2.5% in CY26/CY27, respectively, driven primarily by ex-China demand, particularly from energy-transition related investments. With supply growth lagging demand, we expect the Al market to remain in a modest deficit over CY26-28, keeping prices supportive. Additionally, despite the recent equity rerating, we believe the upcycle remains on a firm footing.

### Global Al market in deficit

***We expect the Al market to remain in a modest deficit over CY26-28***

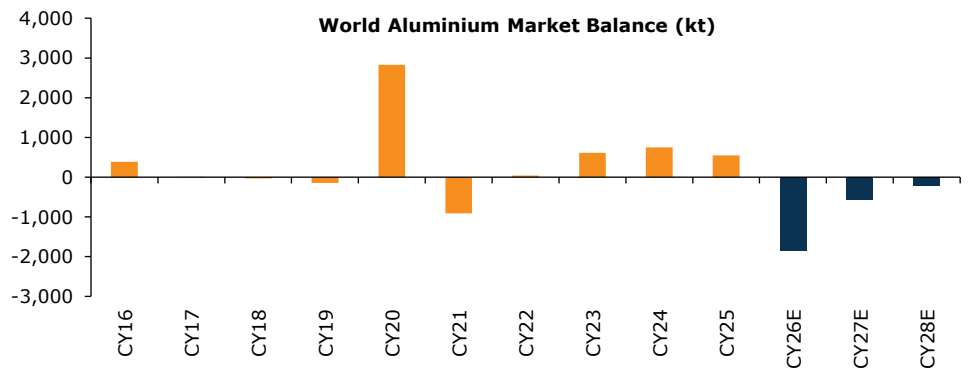
With the West Asia conflict now largely de-escalating, a key overhang on global Al supply is likely to ease. At the peak of the conflict, nearly 8% of global Al production (~74mt) from the Middle East faced disruption risks due to potential blockages at the Strait of Hormuz, contributing to an estimated ~2mt supply deficit in CY26 and driving a sharp rally in prices. While geopolitical risks are receding, we expect supply tightness to persist through FY27, with disrupted smelting capacity likely to come online by Mar-27. Al prices rose ~23% since the onset of the conflict, reaching a four-year high of \$3,851/t before moderating to 3,100/t (up \$100/t from Dec-25-end). We forecast an average price of \$3,225/t for FY27 and expect prices to remain elevated at \$3,000-3,200/t through the remainder of FY27, supported by lingering supply tightness.

We believe the global primary Al market is likely to remain in a structural supply deficit over the next few years, despite the wave of announced capacity additions in Indonesia. While Indonesia has unveiled an ambitious smelting pipeline, we expect project execution to be more gradual than headline announcements suggest, constrained by upstream bauxite availability, alumina feedstock, power infrastructure, financing requirements, and permitting timelines. At the same time, China's Al production is approaching its effective 45mt capacity ceiling, limiting the industry's ability to respond meaningfully to incremental demand growth.

On the demand side, secular consumption drivers—including power transmission, renewable energy, electric vehicles, and lightweight transportation—remain intact, while tightening scrap availability and elevated European power costs continue to constrain secondary and primary supply, respectively. Consequently, we expect the global Al market to remain in deficit till CY28 before it balances in CY29, with the supply-demand balance only beginning to normalize around CY29 as Indonesian projects progressively ramp up. In our view, this should support Al prices at structurally higher levels over the next few years, providing a favorable earnings backdrop for low-cost integrated Al producers before the market transitions toward a more balanced state.

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**Exhibit 3: AI market is going to be in deficit till CY28**

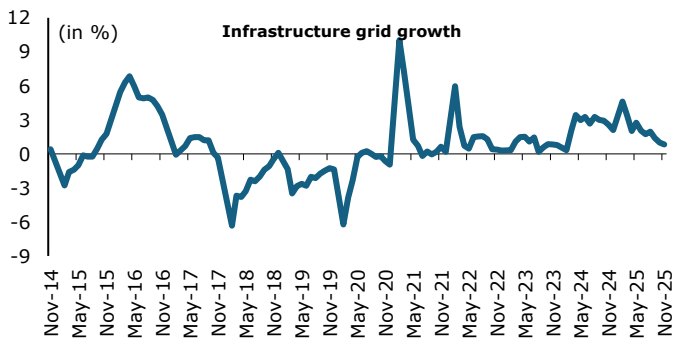


Source: Industry, Emkay Research

### Structural demand drivers remain firmly intact

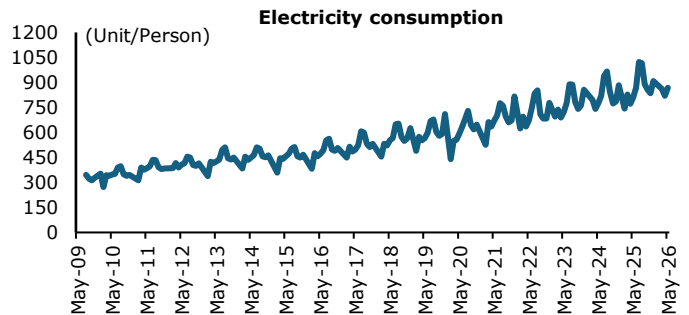
We remain constructive on the medium-term AI demand outlook, supported by accelerating investments in power grid infrastructure, sustained automotive lightweighting, and resilient consumption in China. Grid infrastructure has emerged as one of the fastest-growing end-markets, driven by the global build-out of transmission and distribution networks to accommodate rising renewable energy capacity, electrification, and AI-led data centre demand. AI's superior conductivity-to-weight ratio makes it the preferred material for high-voltage transmission cables, where demand is expected to outpace broader industrial growth.

**Exhibit 4: Grid infrastructure growth has been subdued in recent times, leaving further scope of improvement in AI consumption**



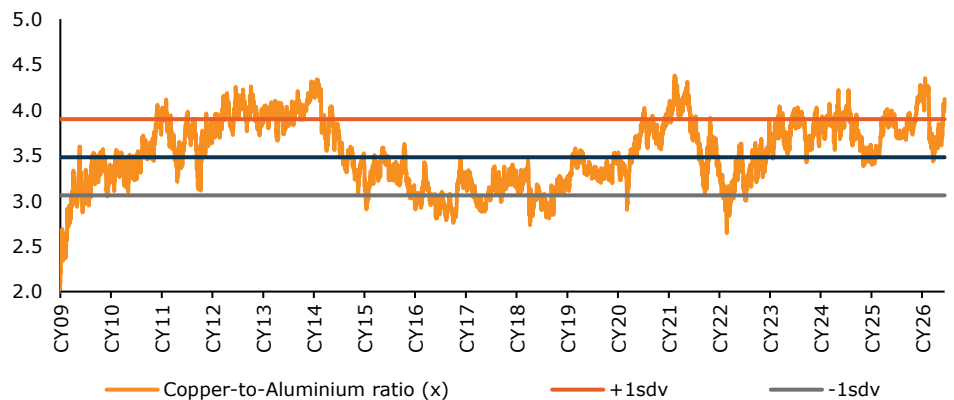
Source: Bloomberg, Emkay Research

**Exhibit 5: Increase in electricity consumption has driven massive demand for AI**



Source: Bloomberg, Emkay Research

**Exhibit 6: Elevated copper prices strengthen the case for AI substitution**



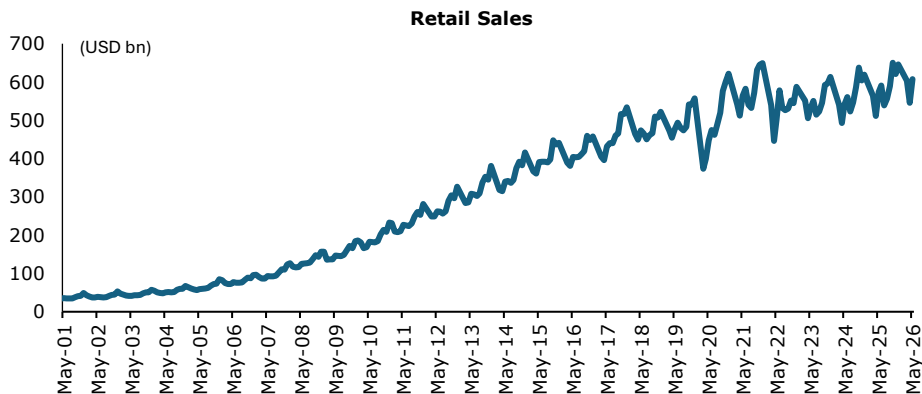
Source: Bloomberg, Emkay Research

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions.com). The automotive sector continues to provide a structural demand tailwind as OEMs increasingly substitute steel with AI to improve fuel efficiency, extend EV driving range, and comply with tightening emission norms. At the same time, concerns around a sharp slowdown in Chinese

AI consumption appear overstated. Despite weakness in the property sector, demand has remained resilient, supported by robust growth in new energy vehicles, solar installations, power infrastructure, and grid investments. Together, these end-use segments are increasingly offsetting the drag from traditional construction, reinforcing China's role as the anchor of global AI demand.

We believe these structural demand drivers should sustain healthy global AI consumption growth over the medium term, providing a supportive backdrop for prices and reinforcing the long-term earnings outlook for low-cost integrated producers such as VAML.

**Exhibit 7: Increase in EV sales has massively increased demand for AI wires instead of copper wires**



Source: Bloomberg, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

## Potential Guinea export curbs pose upside risks to AI

Guinea appears set to tighten the oversight of its rapidly expanding bauxite industry through a more stringent licensing framework rather than an outright resource-nationalist policy. Market reports initially suggested that the government could cap annual bauxite exports at 150mt, triggering a modest rally in alumina prices. However, no formal policy was released on government websites following the initially expected announcement.

Subsequent guidance from Guinean government officials indicates that the policy is likely to be more nuanced than a blanket export cap. Instead, authorities intend to align producers' allowable output with the production levels committed in their original feasibility studies and mining licences. This would enable the government to enforce compliance through licensing approvals and export permits, particularly for miners that have materially expanded production beyond initially sanctioned levels over the past few years.

While the proposed framework is primarily aimed at improving regulatory discipline, the practical implication could still be meaningful. Several operators have significantly increased output amid favorable market conditions and improved logistics, and may now be required to scale back production to approved capacity levels. As a result, Guinea's export growth could moderate even without an explicit nationwide quota.

Exhibit 8: Guinea to consider bauxite export quotas...

### Guinea weighs bauxite export quotas as prices slide and freight costs rise, sources say

By Maxwell Akalaare Adombila

March 16, 2026 11:19 PM GMT+5:30 · Updated March 16, 2026



Source: Reuters, Emkay Research

Exhibit 9: ...to support prices

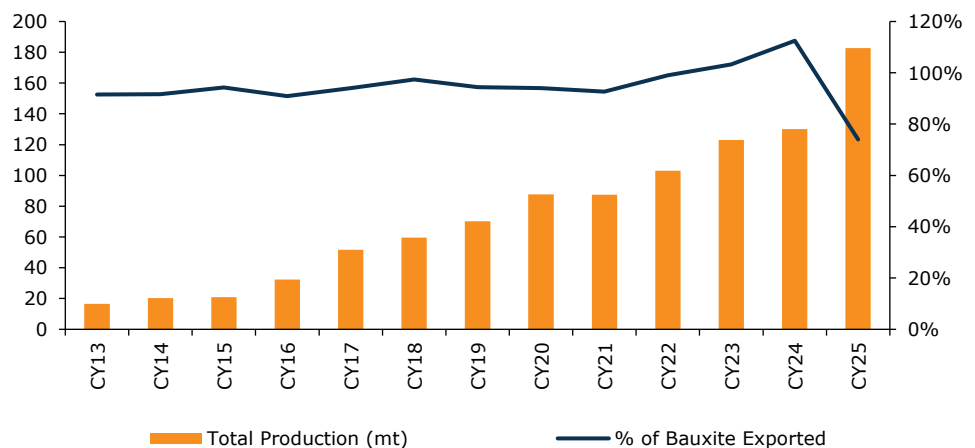
### World's top bauxite producer considers export curbs after supply glut leads to price slump

Guinea, the world's biggest bauxite producer, is considering plans to compel miners to curb exports of bauxite in a bid to halt the slump in the price of the key raw material for aluminium production, sources told Fastmarkets on Monday March 9.

March 11, 2026

Source: Fastmarkets, Emkay Research

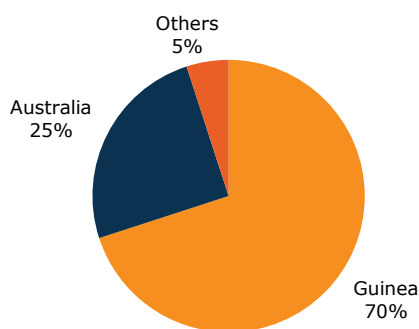
Exhibit 10: Guinea's bauxite production vs exports



Source: Industry, Emkay Research

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**Exhibit 11: China is highly dependent on Guinean bauxite**



Source: Industry, Emkay Research

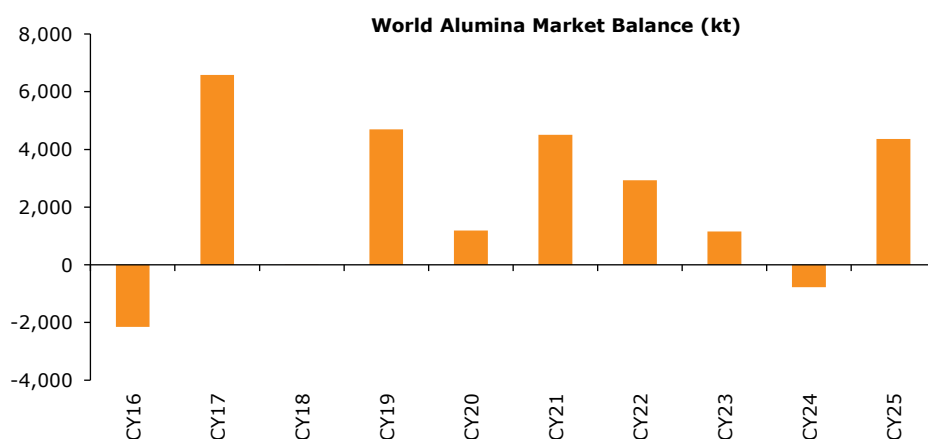
### Implications

A key upside risk to our Al price outlook is the potential implementation of Guinean bauxite export restrictions. Guinean authorities first signaled an export control framework in Mar-26, with implementation reportedly expected during Jun-26, although the final contours of the policy remain uncertain. Should exports ultimately be capped at 150mt in CY26, as suggested by early market rumors, vs 183mt exported in CY25, China would be the largest casualty, given its dependence on Guinea for more than 70% of its imported bauxite requirements. Based on historical trade flows, China's imports of Guinean bauxite could decline to ~132mt in CY26 from 149mt in CY25, tightening feedstock availability for domestic alumina refineries and reducing global alumina production by nearly 10mt.

While the alumina market was estimated to be in a surplus of 4.3mt in CY25, such a disruption would be sufficient to swing the market into a meaningful deficit over CY27/CY28. We believe this could lift alumina prices toward \$350-360/t (equivalent to 11-12% of LME Al prices, assuming Al prices of \$3,100/t), while tighter seaborne bauxite availability is likely to drive a recovery in bauxite prices from the current trough of ~\$65/t.

We believe the combined impact of higher bauxite and alumina costs would push the global Al cost curve higher, providing a meaningful upside risk to our base-case Al price assumptions.

**Exhibit 12: Alumina market remains in surplus of ~4.5mt in CY25, leading to sub-par prices**



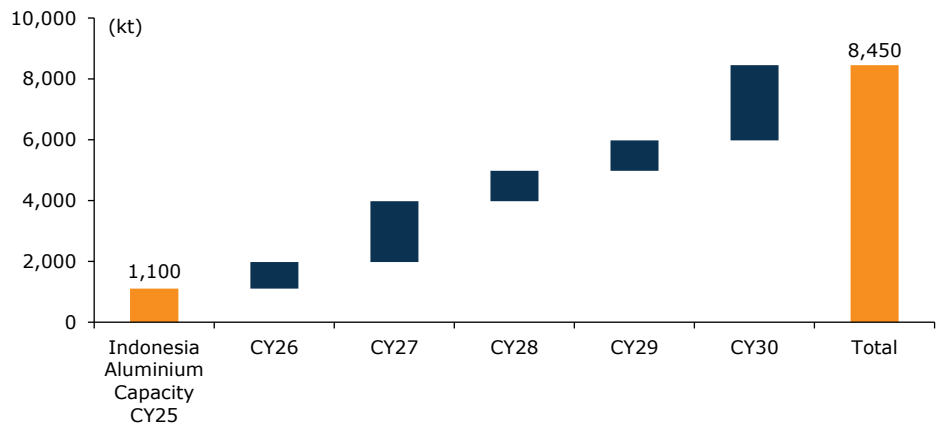
Source: Company, Emkay Research

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## Indonesia's supply story: Execution, not capacity, is the real constraint?

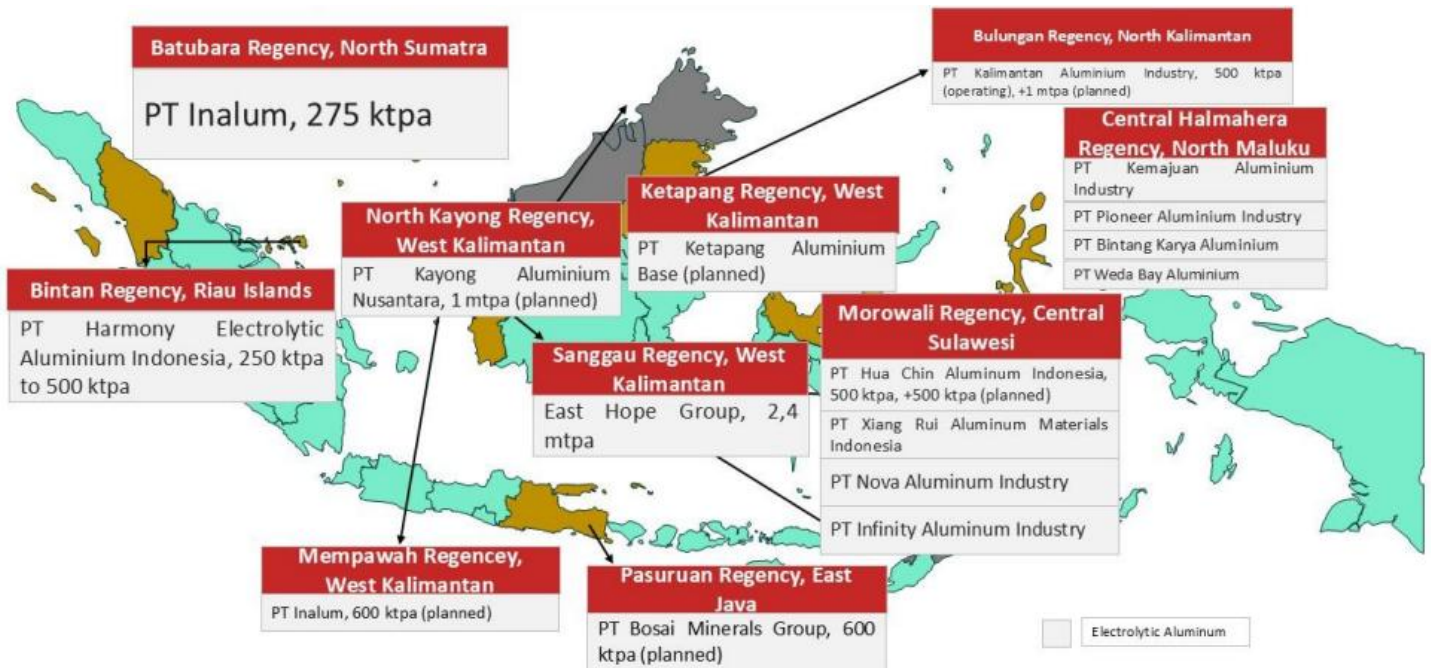
Existing smelters in Indonesia are expected to require ~2.2mt of alumina, with demand projected to increase sharply to ~4mt by end-CY26 as additional smelting capacity is commissioned. Over the medium term, assuming all announced AI smelters are successfully brought online, the country's annual alumina requirement could rise to >30mt, highlighting the significant structural demand emerging for alumina. Given Indonesia's limited domestic refining capacity at present, this widening demand-supply gap is likely to sustain reliance on imports until sufficient upstream alumina capacity is developed.

**Exhibit 13: In the bull case scenario, Indonesia is expected to add 7.4mt of additional capacity by 2030 to take the total capacity to 8.5mt**



Source: Industry, Emkay Research

**Exhibit 14: Indonesia's AI smelter – Existing and planned projects**



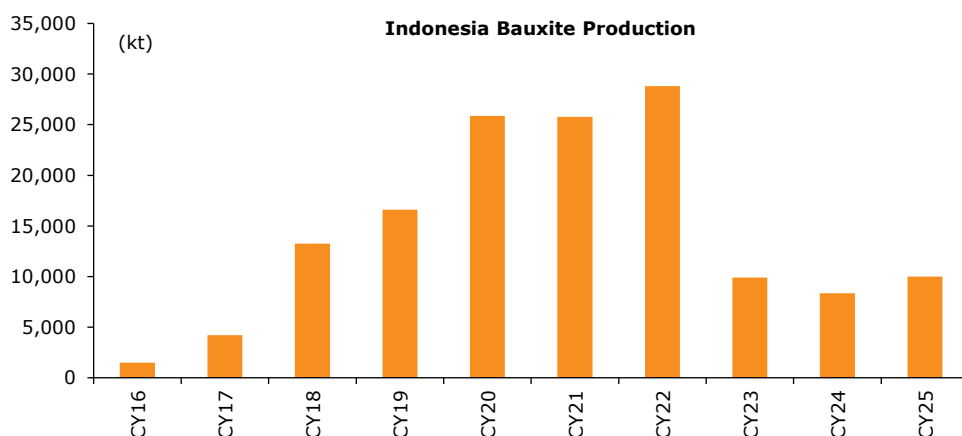
Source: Petromindo Research, Emkay Research

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## Constraint #1 – Bauxite: The upstream is not an enabler, it is a hard ceiling

The foundational assumption embedded in Indonesia's expansion thesis is that domestic bauxite is abundant and accessible. It is abundant in the ground. It is not accessible at the pace the downstream requires. For CY26, bauxite demand is projected at ~25mt (with expanding alumina capacity) against an RKAB quota (the authorized mining production limit issued by the Indonesian ministry) that is expected to remain at 18-20mt, implying a structural supply deficit of 5-7mt even before a single new smelter reaches nameplate capacity. And if the full project pipeline were somehow to execute, the numbers become almost academic: planned capacity expansion would require ~94mt of bauxite per year against current refinery demand of ~36mt – an over 2.5x increase in feedstock requirement that Indonesia's mining sector, even running at fully approved capacity, cannot come close to servicing.

**Exhibit 15: Indonesian bauxite production growth has been muted in recent years**



Source: Industry, Emkay Research

**Exhibit 16: Indonesia AI capacity is expected to reach ~2mt by CY26-end**

Smelter	Expected Operational Date	Current Output (kt)	Capacity by CY26-end (kt)	Potential Capacity (kt)	Location
Inalum	Operational	250	250	600	Sumut and North West Kalimantan
Huachin Aluminium Indonesia	Operational	500	500	1,000	Morowali Industrial Park
Alamtri (Adaro) Kaltara	Operational	100	500	1,500	North West Kalimantan
Tingshan JV Xinha – Juwan	Operational	250	250	250	Weda Bay
Tingshan JV Xinha – Taijing	3QCY26	0	180	600	Morowali Industrial Park
Tingshan JV Xinha – Xianfeng	3QCY26	0	50	250	–
PT Bintan Electrolytic Aluminium (BEA)	3QCY26	0	250	250	Bintan Industrial Estate
Tingshan	4QCY26	0	0	1,000	–
Bosai Minerals Group Electrolytic Aluminium Project	1QCY27	0	0	1,000	–
Shandong Weiqiao and Harita JV	CY27	0	0	1,000	–
Nanshan	CY28	0	0	1,000	Galang Batang Special Economic Zone (Bintan Island)
<b>Total Confirmed Capacity</b>		<b>1,100</b>	<b>1,980</b>	<b>8,450</b>	
PT Borneo Alumindo Prima Kalimantan Utara Electrolytic Aluminium Project	Unconfirmed	0	0	1,000	–
Dharma Inti Bersama (DIB) Harita	Unconfirmed	0	0	1,000	–
East Hope Group	Unconfirmed	0	0	2,400	–
Cita Mineral Investindo Tbk (CITA)	Unconfirmed	0	0	500	–
CMOC Group Electrolytic Aluminium Project	Unconfirmed	0	0	2,000	–
<b>Total Confirmed + Unconfirmed</b>		<b>1,100</b>	<b>1,980</b>	<b>15,350</b>	

Source: Fastmarkets, Emkay Research

## Inalum – Case study

Indonesia's state-owned Al producer, PT Inalum, has urged the government to impose a moratorium on new alumina and Al projects, citing concerns over potential oversupply and depletion of domestic bauxite reserves. The company estimates that planned projects could lift Indonesia's alumina capacity to ~30mt (from ~9mt currently) and primary Al capacity to ~15mt (from ~1.1mt), driving annual bauxite demand to 90-95mt vs 30-35mt required by existing refineries. Inalum cautioned that such aggressive capacity additions could materially shorten the life of Indonesia's proven bauxite reserves to around 10 years, well below the typical 30-year operating life of Al smelters. With global Al demand remaining uncertain, the company also flagged the risk of oversupply and pressure on international Al prices, drawing parallels with the rapid expansion and subsequent oversupply witnessed in Indonesia's nickel industry.

### Constraint #2 – Alumina: The middle of the chain is stalled

Even if the bauxite supply gap were bridged, the alumina refining layer—the critical intermediate between ore and metal—is not ready to handle the volumes being demanded of it. Between CY14 and CY24, alumina refining capacity increased by ~4.1mt, while Al smelting capacity rose by only ~0.3mt – reflecting a decade of chronic downstream underinvestment relative to upstream ambition that leaves the value chain structurally imbalanced. The present situation is no better. Seven major refinery projects currently face implementation delays concentrated in Kalimantan, with operational alumina capacity at ~9mt.

The utilization gap is not a temporary commissioning issue, but reflects the funding constraints, permitting delays, and infrastructure deficits that have plagued the refinery pipeline since the 2023 bauxite export ban redirected ore flows domestically. Indonesia's own state Al producer, Inalum, has called for a moratorium on new approvals, warning lawmakers that installed smelter capacity could reach 1.98mt in CY26 against domestic primary Al demand of only 520-533kt.

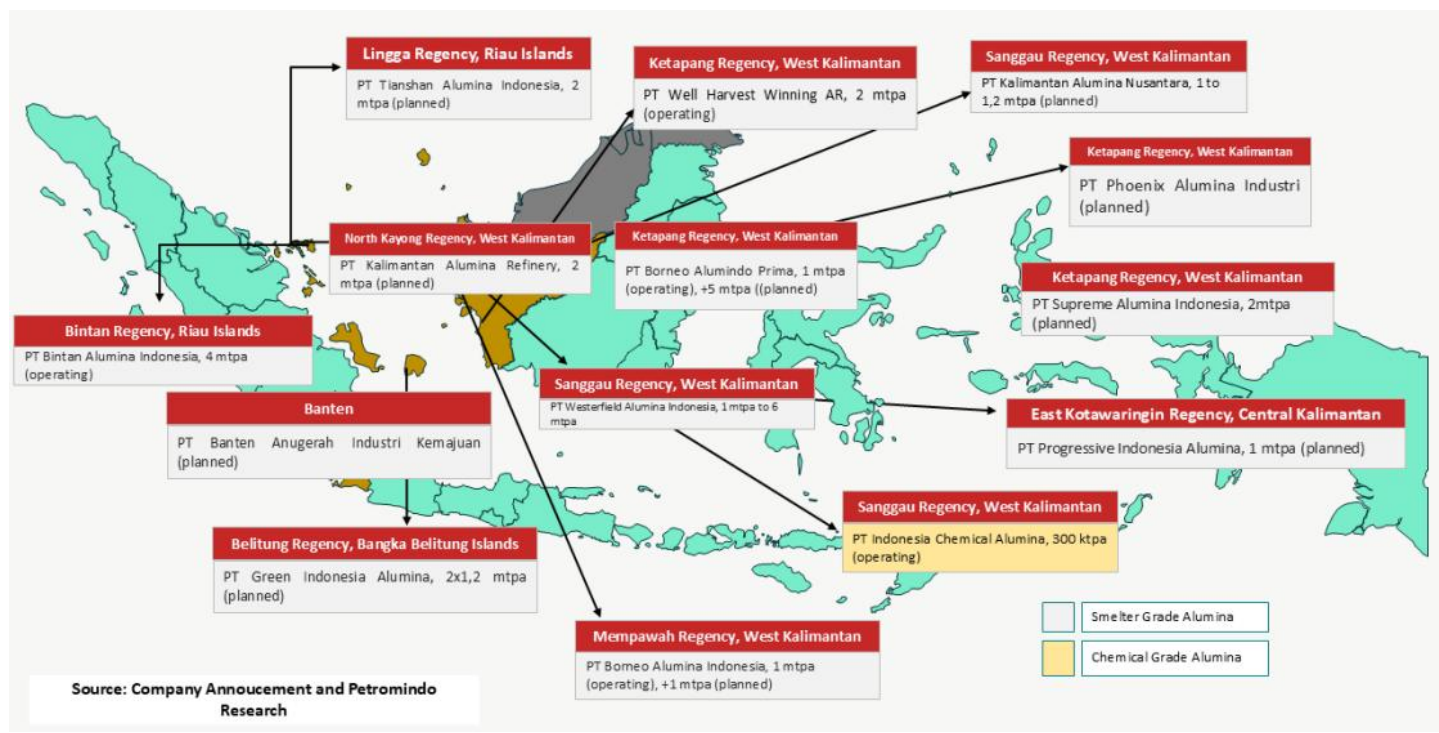
**Exhibit 17: Existing Indonesian alumina capacity would require 27-30mt of bauxite**

Indonesia alumina refineries	Operational?	Current output (tonnes)	Total capacity by end-CY26 (tonnes)	Potential capacity (tonnes)	Location
Well Harvest Winning (Hongqiao)	Yes	2,000,000	2,000,000	2,000,000	Ketapang, West Kalimantan
PT Indonesia Chemical Alumina (ICA)	Yes	300,000	300,000	300,000	Sanggau, West Kalimantan
PT BAI – Borneo Alumina Indonesia (Inalum)	Yes	1,000,000	1,000,000	2,000,000	Mempawah, West Kalimantan
PT BAI Bintan Alumina Indonesia (Nanshan)	Yes	4,000,000	4,000,000	4,000,000	Bintan, Riau Islands
PT Borneo Alumindo Prima – BAP (Jinjiang Group)	Yes	1,750,000	1,750,000	6,000,000	Ketapang, West Kalimantan
PT Kalimantan Alumina Nusantara (KAN)	2027	0	0	1,000,000	Sanggau, West Kalimantan
East Hope Group	Rumor	0	0	6,000,000	Pontianak, West Kalimantan
PT Tianshan Alumina Indonesia	No	0	0	0	Lingga, Riau Islands
PT Quality Sukses Sejahtera (66%)	No	0	0	0	Sanggau, West Kalimantan
PT Dinamika Sejahtera Mandiri (60%)	No	0	0	0	Sanggau, West Kalimantan
PT Parenggean Makmur Sejahtera (58%) – Chemical Alumina	No	0	0	0	East Kotawaringin, Central Kalimantan
PT Persada Pratama Cemerlang (53%)	No	0	0	0	Sanggau, West Kalimantan
PT Sumber Bumi Marau (50%)	No	0	0	0	Ketapang, West Kalimantan
PT Kalbar Bumi Perkasa (37%)	No	0	0	0	Sanggau, West Kalimantan
PT Laman Mining (30%)	No	0	0	4,000,000	Ketapang, West Kalimantan
PT Dharma Inti Bersama (DIB) Harita	No	0	0	2,000,000	—
<b>Total</b>		<b>9,050,000</b>	<b>9,050,000</b>	<b>27,300,000</b>	

Source: Industry, Emkay Research

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Exhibit 18: Indonesia’s Alumina refineries – Existing and planned projects



Source: Petromindo Research, Emkay Research

### Constraint #3 – Power: The binding constraint that does not get enough airtime

Bauxite and alumina are significant constraints. Power is the one that makes the entire expansion thesis structurally fragile, yet it receives a fraction of the analytical attention it deserves. Al smelting is among the most electricity-intensive industrial processes on the planet, requiring 14,000-15,000kWh/t of metal produced – meaning power is not a peripheral input cost, it is the business model.

The scale of what Indonesia is attempting here is extraordinary. The country's Al value-chain power demand is projected to rise from 1.5GW in 2025 to 8.3GW by 2028 – 5.5x in 3-4 years. The near-totality of existing and planned smelting capacity is powered by captive coal-fired generation, which creates not one problem but two.

The first is cost: every \$10/MWh variation in power cost translates to ~\$125–150/t in Al production costs, and coal-fired captive plants operating at \$40–60/MWh are structurally disadvantaged against the geothermal and hydro-powered smelters in Iceland and Norway that set the global cost curve.

The second is capital access: renewable energy adoption remains slow in Indonesia because of long lead times for infrastructure development and high costs, yet the international financing community is rapidly closing the door on coal-intensive industrial configurations.

The hydro alternative, which would genuinely support competitive cost positioning, is years away: Adaro's own roadmap does not see renewable power supporting Phase 3 of Kaltara until CY29 at the earliest, by which point the first two coal-powered phases will have already locked in an uncompetitive cost structure for decades.

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

## Institute for Energy Economics and Financial Analysis – Case study

IEEFA argues that the investment case for Adaro's North Kalimantan Al project remains challenging despite access to low-cost bauxite and integrated hydro and coal-based power. Based on its analysis, the proposed 500kt Al smelter would require Al prices to remain at ~\$2,800/t for more than 8 years to recover the estimated \$2bn capex. Overall, the report concludes that Adaro's Phase I Al project offers limited value creation even under a sustained high Al price environment.

**Exhibit 19: Payback period for Phase 1 Al smelter and coal plant under 2 price scenarios**

Payback Period	Price Per Tonne (US\$)	
	2,500	2,800
Capex for smelter (US\$ million)	728	728
Capex for coal plant (US\$ million)	1,300	1,300
Total capex for smelter and plant (US\$ million)	2,028	2,028
Profit under @US\$750 cost (US\$ million)	104	254
Payback period (years)	20	8
Profit under @US\$900 cost (US\$ million)	29	179
Payback period (years)	70	11

Source: IEEFA, Emkay Research

IEEFA finds that under the aluminum price scenario of \$2,500/t, the payback period can range from 20 to 70 years, which effectively means a sunk cost. At only \$2,800/t level of Al prices, cost economics somewhat benefits the Indonesian player to enter the market.

### Risks to our commodity view

- Removal of China capacity ceiling:** China has implemented a hard limit on Al capacity, set at 45mt. Current installed capacity is at similar levels. We understand from global industry sources that China is unlikely to remove this ceiling in the near future. However, should this ceiling be taken out, allowing more capacity build-up, we could see downside risks to Al prices.
- Decline in per-capita consumption of Al:** It is estimated that China's economy has become less steel-intensive in recent years, and per-capita consumption has moderated. Likewise, if the economy becomes less Al-intensive, supply/demand balances could turn into surplus, resulting in excess production to find way from China to the rest of the world.
- Cyclical downturn:** Commodity cycles have largely coincided with recessions. While the much talked about US/global recession remains elusive till now, this is something we are watchful of, as it could lead to a downturn in commodities and have negative equity implications.

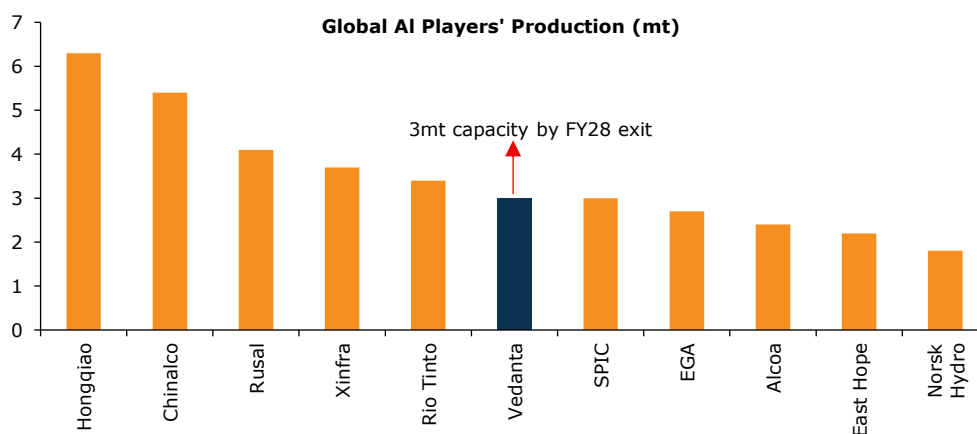
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## Building scale across AI value chain

VAML is embarking on the next phase of capacity expansion across mining, refining, and smelting. The strategy is aimed at increasing production volumes while leveraging the company's integrated raw material base to drive operating leverage and improve cost competitiveness.

The immediate focus is on ramping up the Lanjigarh alumina refinery to its 5mt nameplate capacity, followed by a potential expansion to 6mt, which will support higher levels of captive alumina consumption. On the smelting side, the company is expanding BALCO's AI capacity from 0.59mt to 1.0mt, while evaluating a debottlenecking opportunity at Jharsuguda to increase capacity from 1.85mt to 2.0mt. Collectively, these projects could increase VAML's capacity to ~3mt over the medium term.

**Exhibit 20: VAML will be the 6<sup>th</sup> largest player in the world by FY28**



Source: Company, Emkay Research

Importantly, these expansions are being executed alongside investments in upstream assets, ensuring that incremental AI production is supported by captive bauxite, alumina, and energy rather than external procurement. This integrated approach should allow VAML to grow volumes without materially increasing exposure to raw material inflation, thereby supporting margins even in weaker commodity price environments.

**Exhibit 21: VAML – Backward integration roadmap**

Integration Lever	Aluminium smelting	Alumina requirement	Captive alumina refinery	Sijimali bauxite mine	Karnapodikond a bauxite block	Captive coal mines	Power portfolio
Current Position	2.46mt	4.7-4.9mt	5mt	311mt reserve; 9mt PRC	Preferred bidder	Jamkhani operational; Kuraloi North, Ghogharpalli & Radhikapur West under development	4.61GW captive thermal, 155MW co-generation and ~1.3GW renewable PPAs
Expansion / Status	Expansion planned	5.7-6.0mt at ~3mt aluminium capacity	Potential expansion to 6mt	FY27 commissioning	Under development	FY27-28	Ongoing
Investment Implication	Higher production requires greater captive raw material availability	Drives need for higher captive alumina production	Moves the company towards alumina self-sufficiency, lowering dependence on third-party purchases	Long-term security of refinery feedstock	Additional bauxite security for future expansion	Lower fuel procurement costs and improved supply security	Stable, low-cost and increasingly greener power supply

Source: Company, Emkay Research

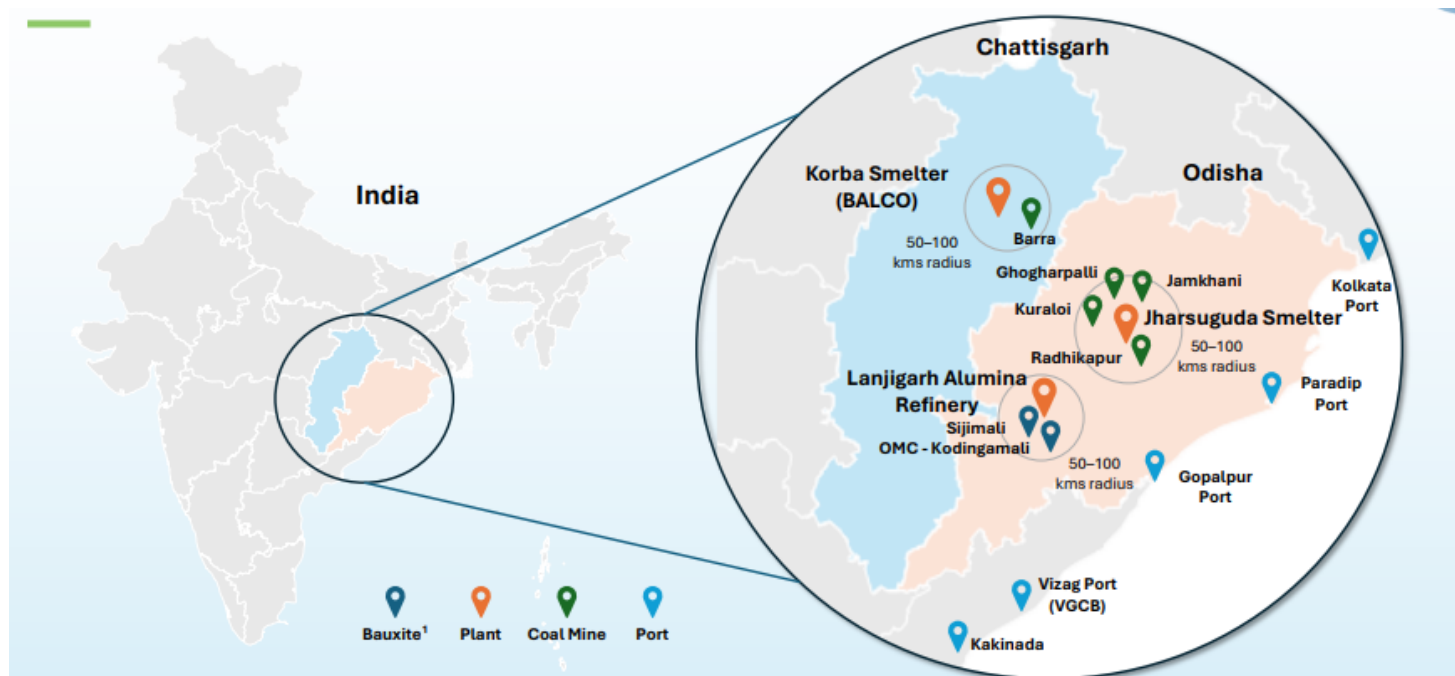
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## Backward integration to shift cost curve

Over recent years, VAML has undertaken multiple operational and cost optimization initiatives aimed at strengthening profitability and improving long-term competitiveness across its integrated AI platform. The management has focused on improving alumina integration through its 3.5mt refining capacity, reducing dependence on imported alumina and lowering raw material cost volatility for its 2.4mt AI operations. The company has also improved operational reliability and maintained healthy smelter utilization levels of ~95% across key assets such as Jharsuguda and BALCO, supporting AI production of 600kt per quarter.

Given that power costs account for nearly 35-40% of AI production costs, VAML has prioritized enhancing captive power efficiencies across its 5GW+ power portfolio, improving coal linkage security, and reducing imported coal dependence to strengthen cost competitiveness. In parallel, the management has focused on reducing logistics costs, increasing automation and digitalization across operations, and expanding the share of value-added products such as billets, wire rods, and alloys catering to infrastructure, automotive, power transmission, and renewable energy sectors. Collectively, these initiatives have supported gradual improvement in EBITDA resilience, operational stability, and free cash flow generation across commodity cycles.

Exhibit 22: Proximity of mines from plants to save on logistics costs



Source: Company, Emkay Research

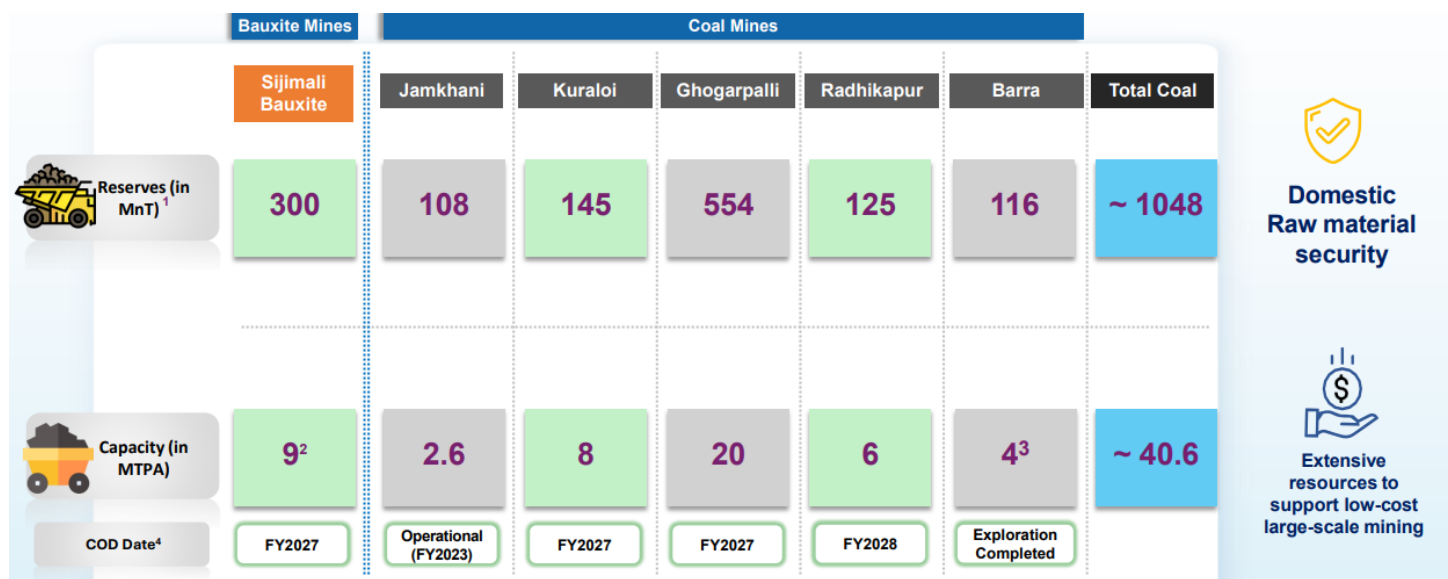
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Exhibit 23: VAML – Mines' status

Mine	Status and overview
Sijimali Bauxite Mine (Odisha)	VAML's flagship captive bauxite project and the company's first major operational bauxite mine. Mining development has commenced after receiving statutory approvals, with production expected to progressively ramp up and supply the expanding 5mt Lanjigarh alumina refinery. It is awaiting EC, which will pave the path for starting operations.
Karnapodikonda Bauxite Block (Odisha)	VAML was declared the preferred bidder for this bauxite block in CY26. The mine is currently in the pre-development stage, with exploration, regulatory approvals, and mine planning underway before commercial production begins.
Jamkhani Coal Mine (Odisha)	VAML's first operational captive coal mine, commissioned in FY23. The mine supplies coal to the company's captive power plants at the Jharsuguda Al smelter, reducing dependence on purchased coal and lowering energy costs.
Radhikapur (West) Coal Block (Odisha)	The block is under development and awaiting phased mine infrastructure and regulatory clearances. Once operational, it will strengthen long-term fuel security for VAML's Al operations.
Kuraloi (A) North Coal Block (Odisha)	Currently in the development phase, with land acquisition and mine infrastructure under progress. The mine is intended to provide captive coal for VAML's thermal power requirements supporting Al production. It has received the mining lease and is expected to start mining operations from 2QFY27.
Ghogarpalli Coal Block (Odisha)	An allocated captive coal block under various stages of development and statutory approvals. The project is part of VAML's strategy to enhance self-sufficiency in fuel supply and reduce exposure to volatile domestic coal markets. EC was recommended in Apr-26. VAML is also targeting FC in this quarter and remains committed to commission this block in the timeline.

Source: Company, Emkay Research

Exhibit 24: VAML – Mines ramp up to support cost reduction



Source: Company, Note: 1 – Reserves as on 31-Mar-26; 2 – Current approvals for 9mt, another 3mt to be pursued post ramp-up; 3 – As per mine plan under approval; 4 – Entire capacity will not be live on COD mentioned

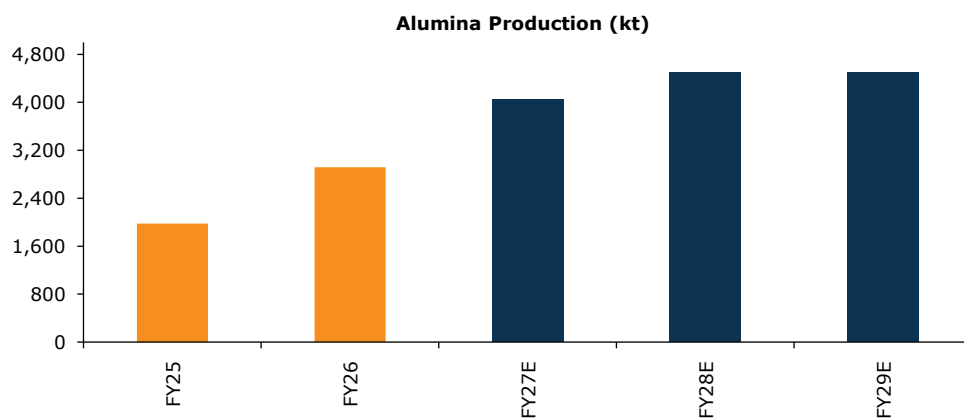
### Moving toward self-sufficiency to structurally lower costs

We believe VAML's next phase of value creation will be driven less by Al price cycles and more by improvements in raw material integration. The company is executing a comprehensive backward integration strategy, spanning bauxite mining, alumina refining, captive coal, and power generation. This should materially reduce its dependence on third-party suppliers, lower input cost volatility, and enhance EBITDA resilience across commodity cycles.

The most important lever is alumina self-sufficiency. VAML currently operates 2.5mt of Al smelting capacity, requiring 4.7-4.9mt of alumina annually. Historically, the company has relied on external alumina procurement to bridge the gap between refinery output and smelter requirements, exposing profitability to volatile alumina prices. The ongoing ramp-up of the Lanjigarh refinery to 5mt, with potential expansion to 6mt, is expected to significantly reduce this dependence, enabling the company to internally meet a substantially larger share of its alumina requirements while supporting future smelter expansion.

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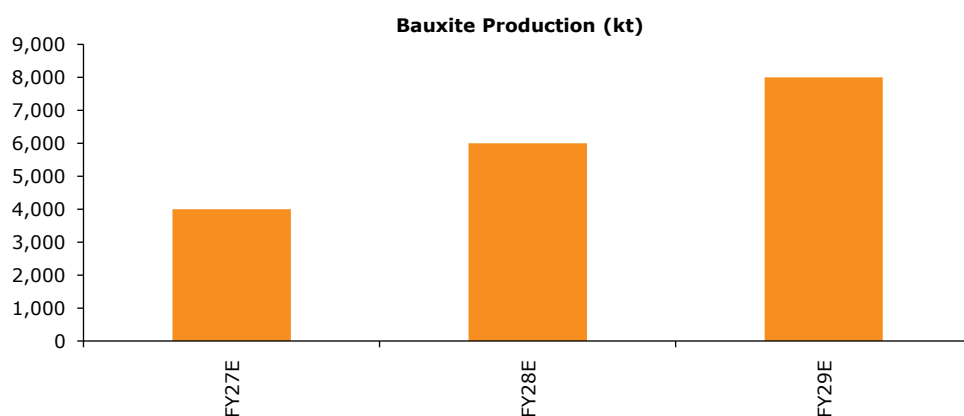
**Exhibit 25: Lanjigarh alumina production is expected to increase to 4.5mt in FY28**



Source: Company, Emkay Research

Equally important is the company's progress in securing long-term bauxite availability. The commissioning of the Sijimali bauxite mine (9mt capacity), together with the recently declared 'Preferred Bidder' for Karnapodikonda bauxite block, should provide sufficient feedstock for the expanded Lanjigarh refinery, reducing reliance on merchant bauxite and imports.






**Exhibit 26: Sijimali bauxite mine is expected to deliver production of 8mt by FY29**



Source: Company, Emkay Research

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Exhibit 27: Backward/forward integration over the years

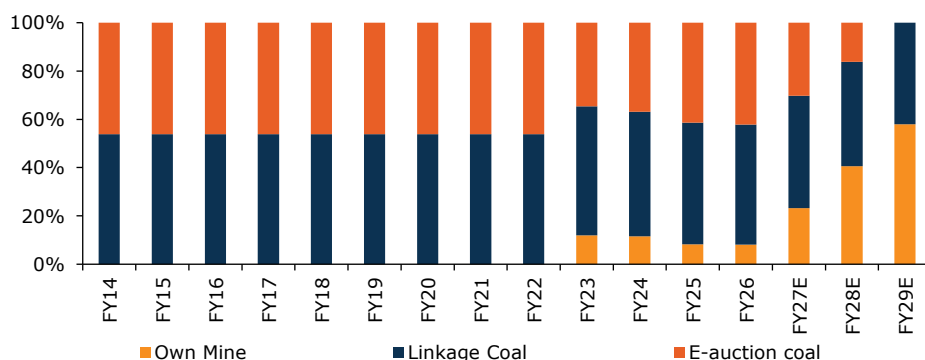
	FY23 exit	FY24 exit	FY25 exit	FY26 exit	FY27 exit	FY28 exit
 SMELTER (MTPA)	2.3	2.4	2.4	2.44 <sup>1</sup>	2.88	3 <sup>2</sup>
 REFINERY (MTPA)	2.0	2.0	3.5	5.0	5.0	5.0
 VAP CAPACITY (%)	61%	61%	71%	71%	90+%	90+%
 CAPTIVE COAL (MTPA) <sup>3</sup>	3.6	3.6	2.6	2.6	13.2	26.0
 BAUXITE (MTPA) <sup>4</sup>	3	3	3	3	8	12

Source: Company, Emkay Research

Energy integration remains another key competitive advantage. Al production is among the most power-intensive industrial processes, with electricity accounting for nearly 35-40% of production costs. VAML already operates 4.6GW of captive thermal power capacity, supplemented by 155MW of co-generation and ~1.3GW of renewable power purchase agreements, providing stable and competitively priced power while supporting its transition toward lower-carbon Al. Simultaneously, the ramp-up of captive coal mines, including Jamkhani, Kuraloi North, Ghogharpalli, and Radhikapur West, is expected to materially reduce dependence on purchased coal and improve fuel cost visibility over the medium term.

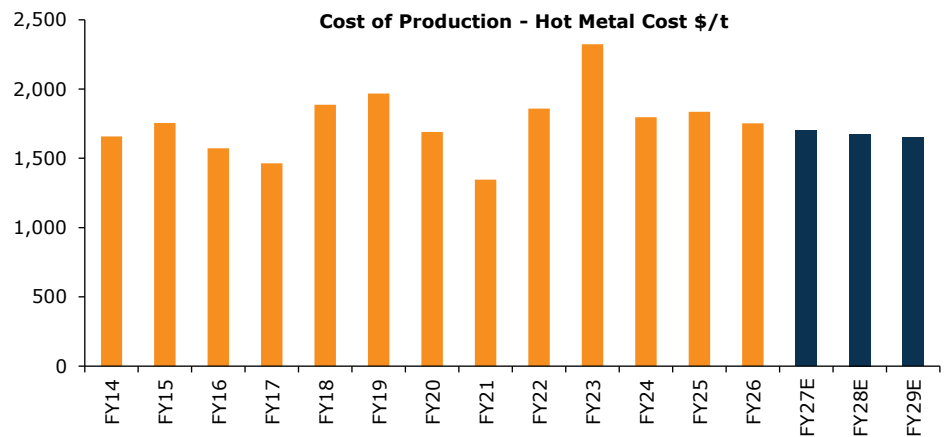
Overall, VAML is evolving into one of the world's most integrated Al producers, with captive assets spanning bauxite → alumina → Al → power. We believe this higher degree of integration should i) structurally lower cash costs; ii) reduce earnings volatility arising from fluctuations in bauxite, alumina, and coal prices; and iii) strengthen the company's competitive position within the global Al cost curve.

**Exhibit 28: Captive coal share is expected to increase significantly over next few years, reducing reliance on e-auction coal and fully eliminating e-auction coal volumes by FY29E**



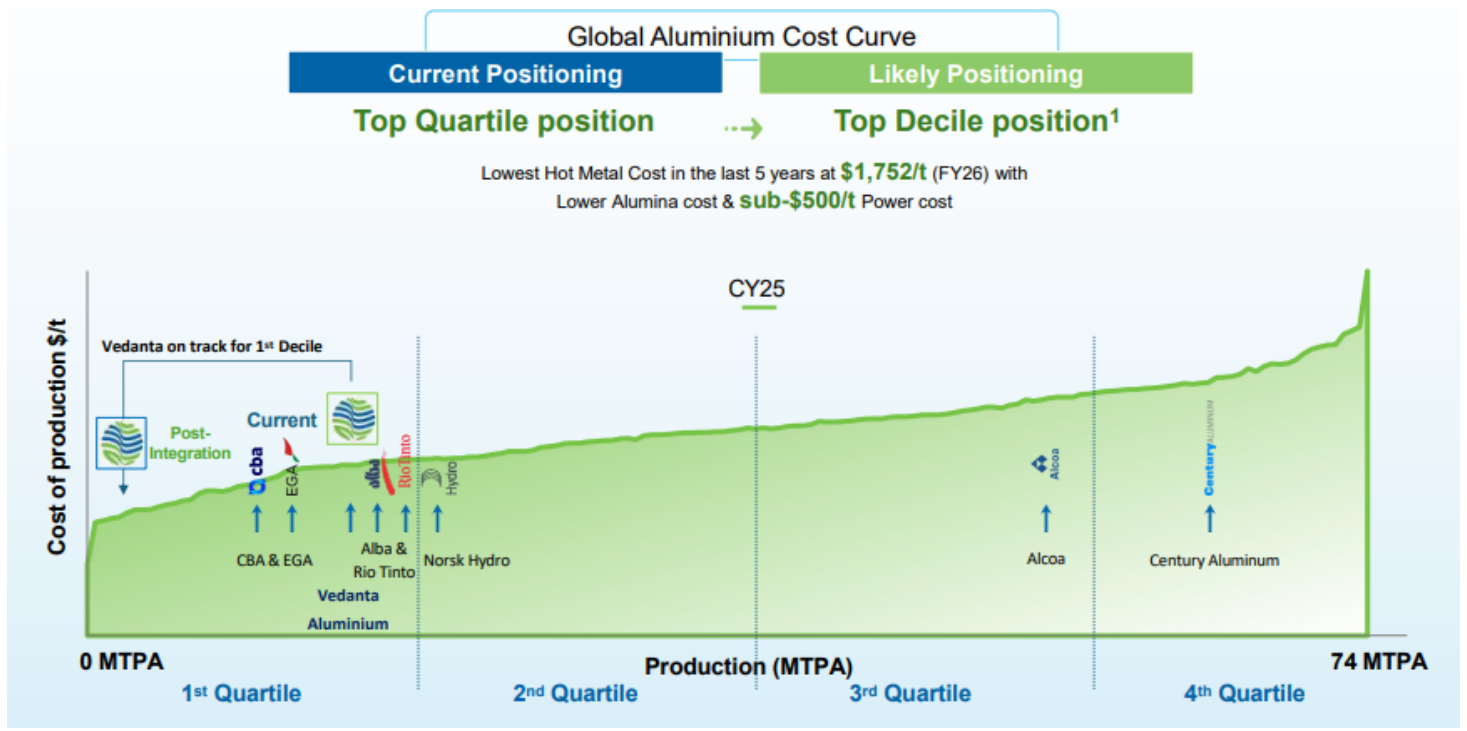
Source: Company, Emkay Research

Exhibit 29: With the backward integration in place, hot metal cost is expected to go down



Source: Company, Emkay Research

Exhibit 30: VAML to improve its position from the 1<sup>st</sup> quartile as of FY26 to 1<sup>st</sup> decile by FY29-30E on the global AI cost curve



Source: Company, Emkay Research

### Investment takeaway

We believe VAML's medium-term earnings growth will increasingly be driven by structural improvements rather than commodity prices alone. The combination of higher alumina self-sufficiency, captive bauxite and coal availability, integrated power generation, and brownfield smelter expansion should lower cash costs, reduce exposure to volatile raw material markets, and improve operating leverage. As the company moves closer to a fully integrated mine-to-metal business model, we expect margins and cash flows to become structurally more resilient across AI price cycles.

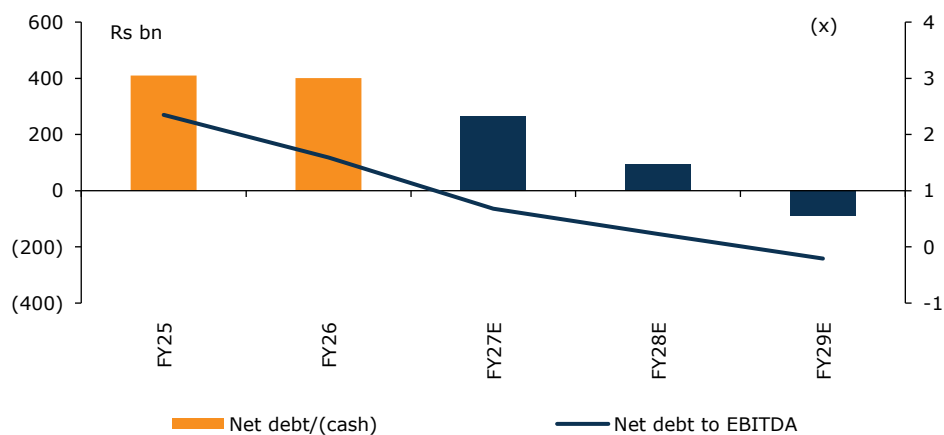
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## Financial flexibility remains a key differentiator

We believe VAML is entering its next growth phase from a position of financial strength. Based on our estimates, the business is expected to generate EBITDA of ~Rs414bn and operating cash flow of over Rs329bn in FY28, supported by stable Al prices, improving cost competitiveness, and higher captive raw material integration. Despite an ongoing brownfield expansion program, we expect leverage to remain comfortable, with net debt/EBITDA declining to ~1.3x by FY28, while return ratios continue to improve. The combination of healthy free cash flow generation, moderate leverage, and disciplined capital allocation should provide ample headroom to fund future growth, accelerate deleveraging, and enhance shareholder returns.

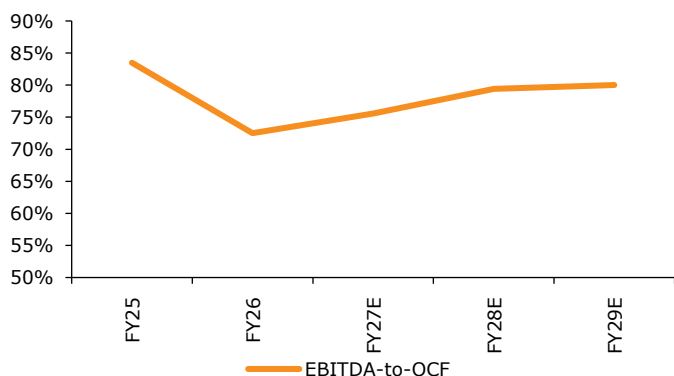
In our view, the combination of robust cash generation, disciplined capital allocation, and a strengthening balance sheet meaningfully reduces financial risk and enhances earnings resilience across commodity cycles. As the benefits of captive bauxite and coal assets are progressively realized, we expect stronger cash conversion, improving return ratios, and greater capacity for shareholder distributions, reinforcing VAML's position as a high-quality, cash-generative upstream Al franchise.

**Exhibit 31: VAML's net debt-to-EBITDA to improve on the back of improved cash flow generation**



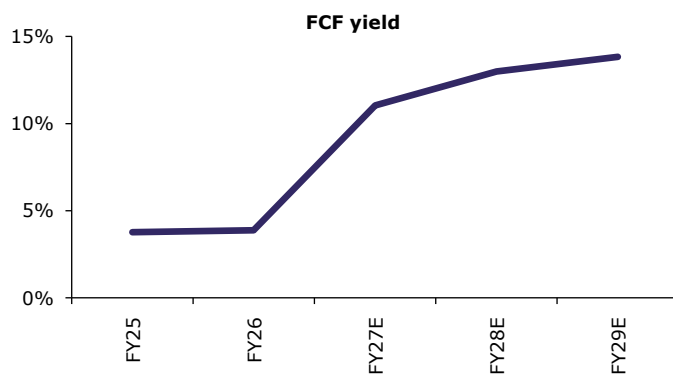
Source: Company, Emkay Research

**Exhibit 32: EBITDA-to-OCF conversion to improve over the years...**



Source: Company, Emkay Research

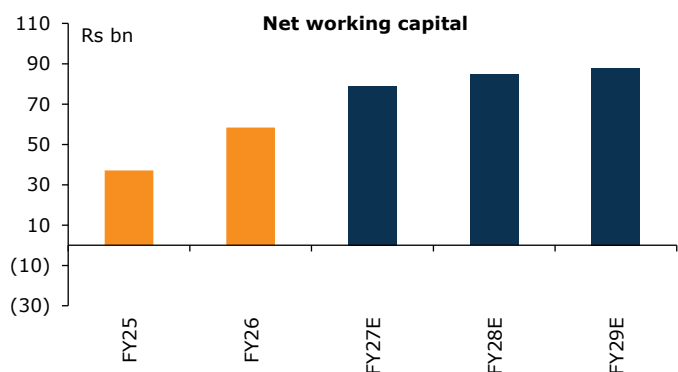
**Exhibit 33: ...leading to higher FCF yield generation**



Source: Company, Emkay Research

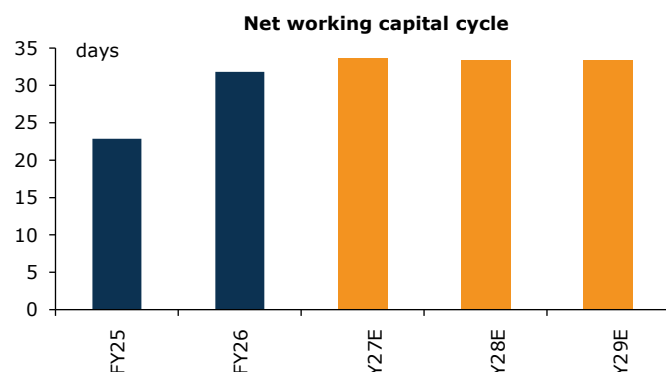
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Exhibit 34: NWC requirement to remain modest over FY27-29E...



Source: Company, Emkay Research

Exhibit 35: ...accordingly, NWC days to remain at sub-30



Source: Company, Emkay Research

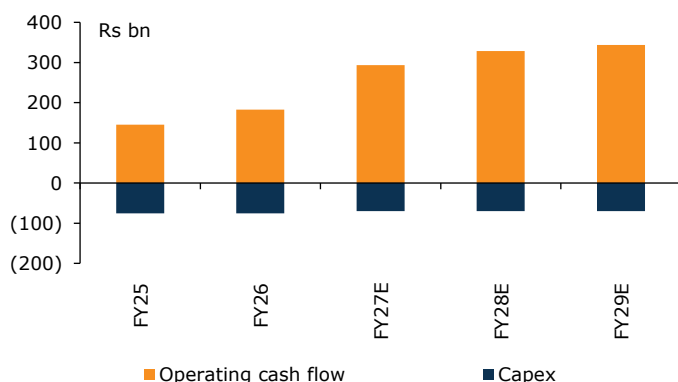
### Ample headroom for growth

Unlike most global AI producers that have historically relied on leverage to fund capacity additions, VAML enters its next investment cycle with a robust balance sheet and strong internal cash generation. We believe this provides significant financial flexibility to execute its brownfield expansion pipeline while maintaining a prudent capital structure.

Over FY24-26, the company has consistently generated healthy operating cash flows, supported by industry-leading EBITDA margins and favourable AI prices. This has enabled a meaningful reduction in leverage despite continued investments across mining, refining, and smelting operations. Consequently, VAML is well-positioned to fund its upcoming capex largely through internal accruals, limiting dependence on incremental debt.

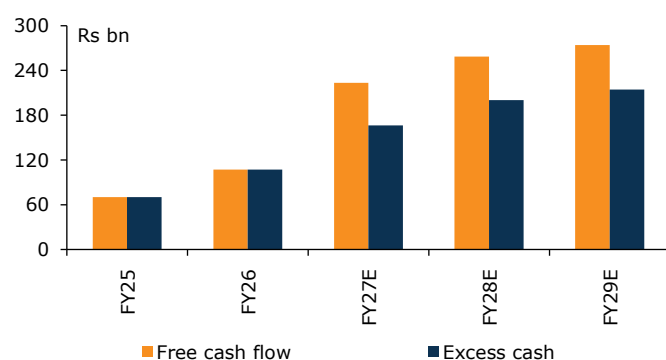
As AI capacity expands toward ~3mt, we expect operating leverage, lower input costs, and higher integration benefits to translate into stronger returns on capital and sustained deleveraging over the medium term.

Exhibit 36: As per planned capex programs, VAML would be able to fund capex from its OCF



Source: Company, Emkay Research

Exhibit 37: FCF generation is enough to accommodate aggressive dividend payment, leaving VAML with excess cash for further expansion

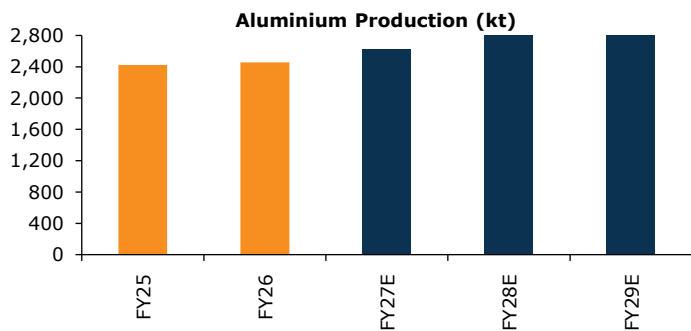


Source: Company, Emkay Research

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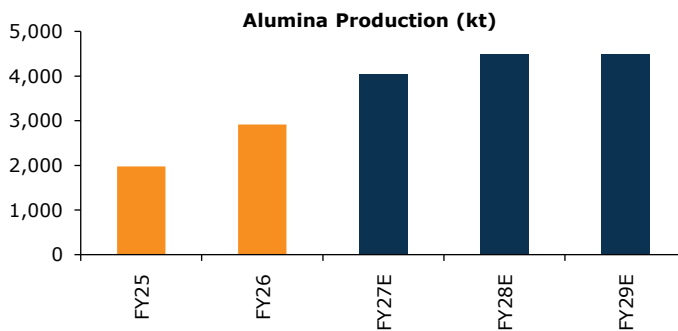
# VAML – Financial analysis

**Exhibit 38: AI production is targeted to reach 3mt on FY28 exit**



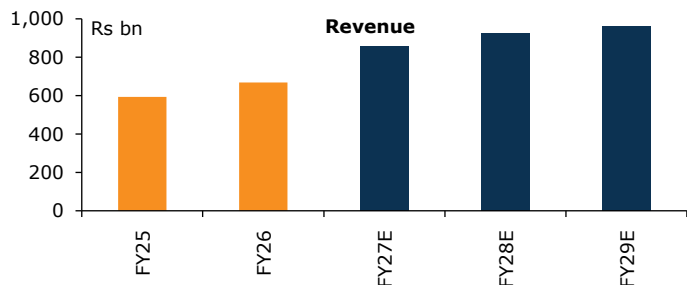
Source: Company, Emkay Research

**Exhibit 39: Alumina capacity expansion to improve integration**



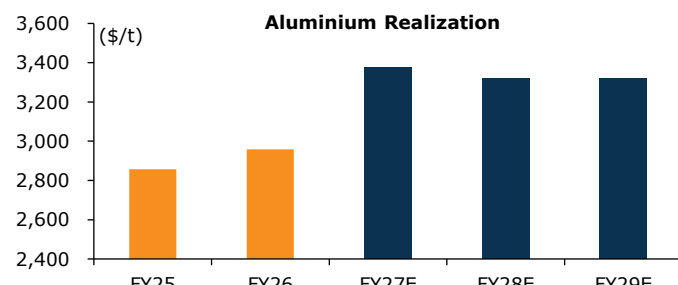
Source: Company, Emkay Research

**Exhibit 40: Revenue is expected to see 13.3% CAGR...**



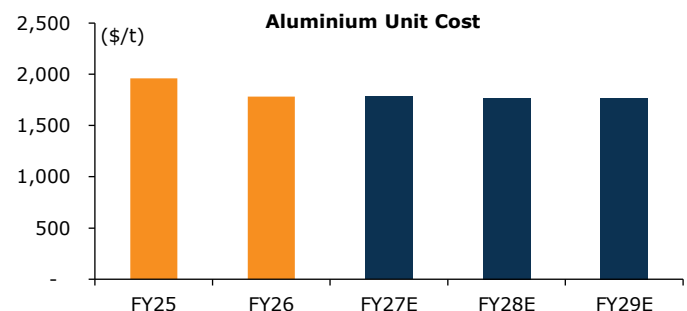
Source: Company, Emkay Research

**Exhibit 41: ...while realizations will remain rangebound**



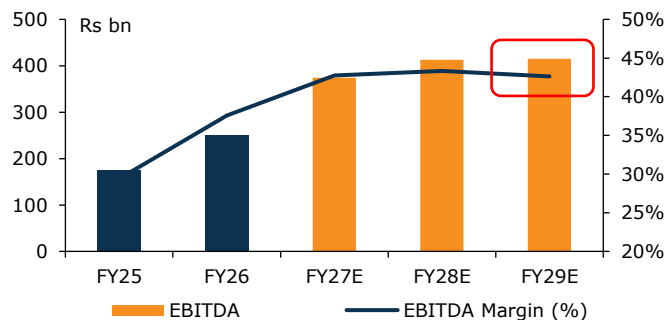
Source: Company, Emkay Research

**Exhibit 42: AI cost/t to improve over FY27-29E, driven by backward integration efforts**



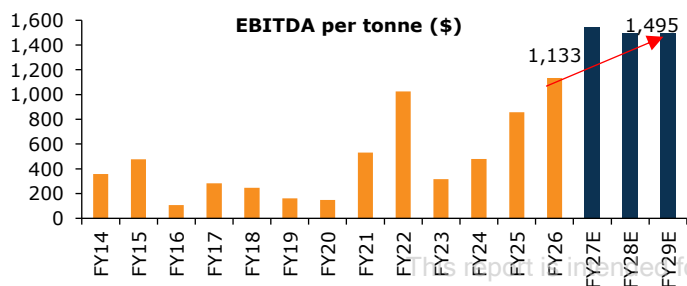
Source: Company, Emkay Research

**Exhibit 43: EBITDA levels to increase, driven by higher realization, while margins will further improve from FY27E**



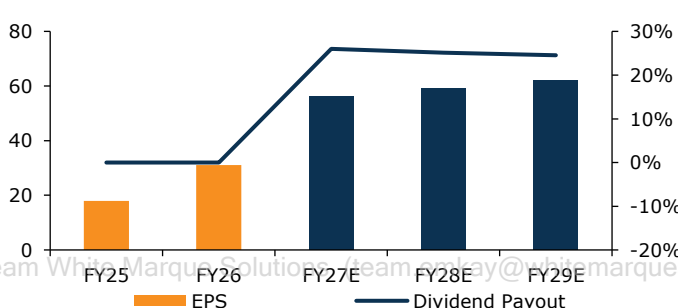
Source: Company, Emkay Research

**Exhibit 44: EBITDA/t to increase from \$1,133 in FY26 to \$1,495 in FY29E...**



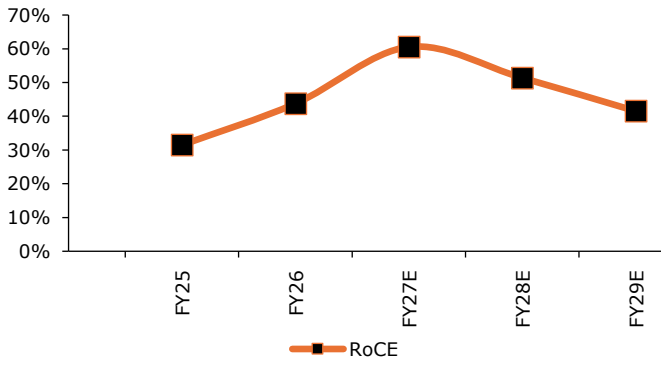
Source: Company, Emkay Research

**Exhibit 45: ...consequently, resulting in higher EPS growth and dividend payout**



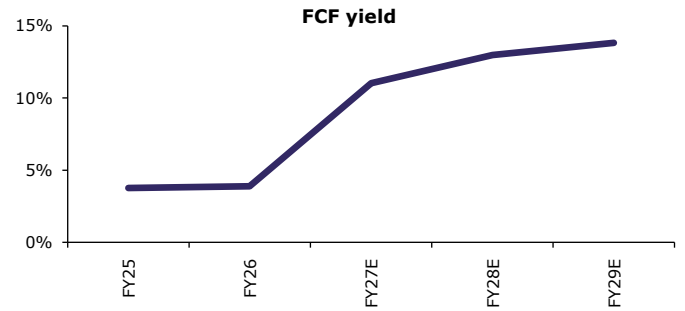
Source: Company, Emkay Research

**Exhibit 46: VAML's RoCE to remain attractive**



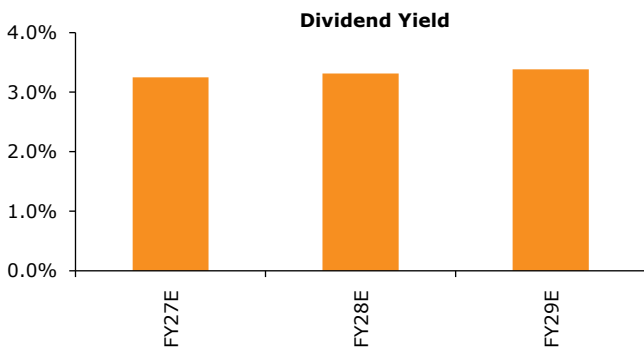
Source: Company, Emkay Research

**Exhibit 47: VAML is expected to generate positive FCF yield despite capex of Rs210bn over FY27-29E**



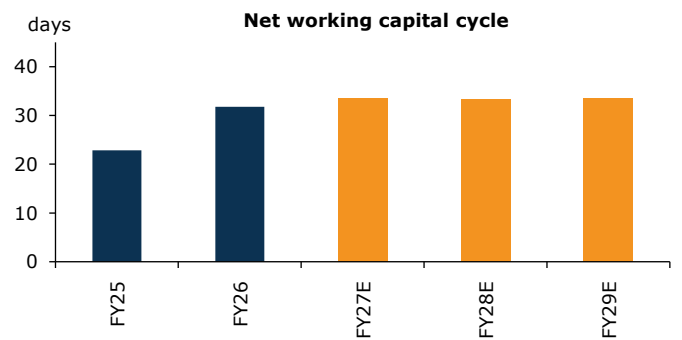
Source: Company, Emkay Research

**Exhibit 48: Dividend yield to be in the range of 3-4%**



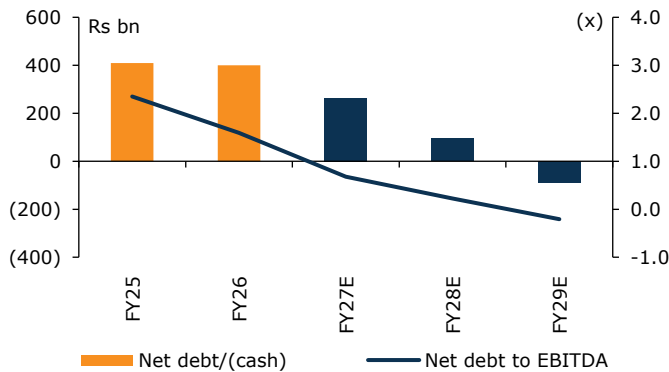
Source: Company, Emkay Research

**Exhibit 49: NWC days to broadly remain at the same level**



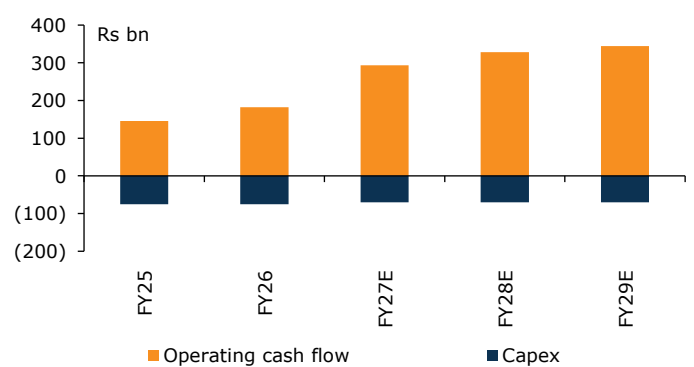
Source: Company, Emkay Research

**Exhibit 50: Net debt/EBITDA to improve over the years**



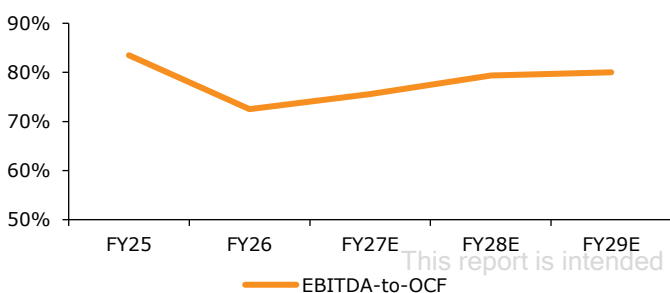
Source: Company, Emkay Research

**Exhibit 51: Operating cash flow enough to fund capex**



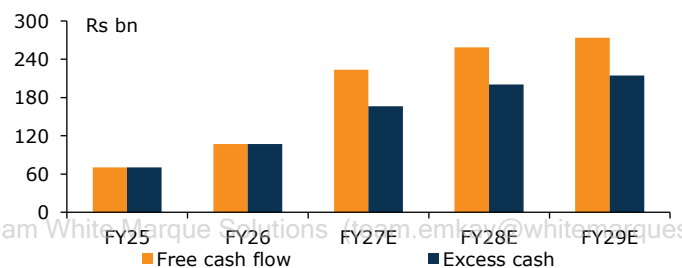
Source: Company, Emkay Research

**Exhibit 52: EBITDA-to-OCF conversion to improve over FY27-29E**



Source: Company, Emkay Research

**Exhibit 53: FCF to generate enough excess cash to fund further capex**



Source: Company, Emkay Research

## Exhibit 54: Vedanta Aluminium – Summary of estimates

Consolidated (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E		FY25	FY26	FY27E	FY28E	FY29E
<b>P&amp;L</b>						<b>Operational metrics</b>					
Net sales	592,790.0	668,910.0	856,673.1	924,496.9	959,321.0	<b>Aluminium (USD/t)</b>	<b>2,525.3</b>	<b>2,772.9</b>	<b>3,225.0</b>	<b>3,100.0</b>	<b>3,100.0</b>
Cost of sales	418,530.0	417,490.0	468,487.0	510,704.0	529,589.3	<b>Production (kt)</b>	<b>2,422.0</b>	<b>2,456.0</b>	<b>2,625.0</b>	<b>2,825.0</b>	<b>2,875.0</b>
<b>Adj EBITDA</b>	<b>174,260.0</b>	<b>251,420.0</b>	<b>388,186.1</b>	<b>413,792.8</b>	<b>429,731.7</b>	Jharsuguda	1,830.0	1,857.0	1,825.0	1,825.0	1,875.0
<b>EBITDA margin</b>	<b>29.4%</b>	<b>37.6%</b>	<b>45.3%</b>	<b>44.8%</b>	<b>44.8%</b>	Balco	592.0	599.0	800.0	1,000.0	1,000.0
Depreciation	26,960.0	28,070.0	29,674.8	31,086.1	32,448.1	<b>Aluminium Sales (kt)</b>	<b>2,414.0</b>	<b>2,451.0</b>	<b>2,625.0</b>	<b>2,825.0</b>	<b>2,875.0</b>
EBIT	158,840.0	233,350.0	371,361.5	396,574.1	411,673.4	<b>RM requirement (mt)</b>					
Interest and taxes	74,250.0	88,330.0	116,931.8	123,962.0	128,413.2	Alumina	4.8	4.9	5.3	5.7	5.8
Minority interest	14,550.0	23,640.0	35,237.4	41,050.4	41,366.0	Bauxite	5.7	8.5	11.7	13.1	13.1
<b>Net earnings post MI</b>	<b>70,040.0</b>	<b>121,380.0</b>	<b>219,192.3</b>	<b>231,561.8</b>	<b>241,894.2</b>	Coal	31.7	32.2	34.4	37.0	37.7
<b>EPS (Rs)</b>	<b>17.9</b>	<b>31.0</b>	<b>56.1</b>	<b>59.2</b>	<b>61.9</b>	<b>Cost of Production (USD/t)</b>	<b>1,959.8</b>	<b>1,783.7</b>	<b>1,785.7</b>	<b>1,767.9</b>	<b>1,766.7</b>
Dividend (Rs)	0.0	0.0	14.6	14.9	15.2	<b>EBITDA (USD/t)</b>	<b>856.8</b>	<b>1,133.2</b>	<b>1,541.4</b>	<b>1,493.9</b>	<b>1,494.9</b>
Dividend Payout (%)	0.0%	0.0%	26.0%	25.1%	24.5%	<b>Financial metrics</b>					
<b>Balance sheet</b>						EBITDA margin	29.4%	37.6%	45.3%	44.8%	44.8%
Gross block	1,342,829.6	1,431,459.3	1,501,459.3	1,571,459.3	1,641,459.3	ROE	93.6%	115.4%	103.6%	61.0%	43.4%
Net working capital	37,150.0	58,290.0	78,846.7	84,667.7	87,885.9	ROCE	31.5%	43.8%	60.5%	51.4%	41.5%
Cash	14,840.0	17,420.0	58,967.7	228,705.0	411,892.3	Gross debt (Rs mn)	424,270.0	417,650.0	322,650.0	322,650.0	322,650.0
Total assets	768,660.0	853,050.0	959,545.5	1,177,487.5	1,402,997.1	Net debt/(cash) (Rs mn)	409,430.0	400,230.0	263,682.3	93,945.0	-89,242.3
Total liabilities	634,270.0	642,370.0	551,435.8	554,905.7	556,457.9	Net debt-to-EBITDA (x)	2.3	1.6	0.7	0.2	-0.2
<b>Total Equity</b>	<b>134,390.0</b>	<b>210,680.0</b>	<b>408,109.7</b>	<b>622,581.9</b>	<b>846,539.2</b>	<b>Valuation</b>					
<b>Cash flow</b>						P/E (x)	9.3	14.6	8.1	7.6	7.3
Operating cash before WC	174,010.0	252,730.0	401,036.2	427,660.3	444,121.5	EV/EBITDA (x)	6.4	8.9	5.5	4.9	4.4
Working capital and other	-28,520.0	-70,420.0	-107,643.4	-99,131.2	-100,173.0	Dividend yield	0.0%	0.0%	3.2%	3.3%	3.4%
<b>Operating cash flow</b>	<b>145,490.0</b>	<b>182,310.0</b>	<b>293,392.9</b>	<b>328,529.0</b>	<b>343,948.5</b>	<b>Methodology</b>					
Capex	-75,270.0	-75,270.0	-70,000.0	-70,000.0	-70,000.0	<b>Rs bn</b>	<b>2,482.8</b>	<b>634.9</b>			
<b>Investing cash flow</b>	<b>-81,380.0</b>	<b>-76,820.0</b>	<b>-70,000.0</b>	<b>-70,000.0</b>	<b>-70,000.0</b>	less net debt, minorities	379.2	97.0			
Borrowings/(repayments)	0.0	-6,620.0	-95,000.0	0.0	0.0	<b>Blended fair value</b>		<b>550.0</b>			
Equity changes	0.0	0.0	-57,000.0	-58,140.0	-59,302.8	<b>Target price</b>					
<b>Financing cash flow</b>	<b>-63,630.0</b>	<b>-104,970.0</b>	<b>-181,845.1</b>	<b>-88,791.8</b>	<b>-90,761.2</b>	Current price		452.0			
<b>Net change in cash</b>	<b>480.0</b>	<b>520.0</b>	<b>41,547.7</b>	<b>169,737.3</b>	<b>183,187.3</b>	Price return		21.7%			
Ending cash	1,090.0	17,420.0	58,967.7	228,705.0	411,892.3	Dividend return		3.2%			
<b>Free cash flow</b>	<b>70,220.0</b>	<b>107,040.0</b>	<b>223,392.9</b>	<b>258,529.0</b>	<b>273,948.5</b>	<b>Expected total return</b>		<b>24.9%</b>			

Source: Company, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarqueresolutions.com)

## Valuation: Growth yet to be priced in

### Improving fundamentals to offer attractive risk-reward

We believe VAML's business remains attractively valued relative to its long-term earnings potential, strategic asset base, and favorable structural demand outlook. Current valuations continue to be weighed down by concerns around commodity cyclicality, coal dependency, and broader group-level leverage. However, in our view, the market continues to underappreciate the strength of VAML's integrated operating model, expanding domestic AI demand opportunity, improving raw material security, rising value-added share, large-scale operational efficiencies, and substantial long-term free cash flow generation potential.

With higher levels of vertical integration, continued operational optimization, and sustained cash flow generation, we believe the AI business is well-positioned for a gradual rerating over the medium term. Key rerating drivers could include improving earnings visibility and quality, stronger return ratios, a structurally competitive cost position, and favorable long-term AI demand fundamentals, supported by rising domestic consumption across infrastructure, power, renewable energy, transportation, and packaging sectors.

### Earnings visibility supports 6.0x FY28E EV/EBITDA

**We value the stock at 6.0x  
FY28E EV/EBITDA**

We value VAML at 6.0x FY28E EV/EBITDA, based on our EBITDA estimate of Rs414bn, implying an enterprise value of Rs2.5trn. After adjusting for net debt and minority interests, we arrive at an equity value of Rs2.1trn, translating into a fair value of Rs538/share. We assign a rounded-off target price of Rs550, implying an upside potential of 24.9% from current levels.

We believe the market is yet to fully appreciate VAML's earnings potential, emphasized by a supportive AI price environment and structurally lower cost per tonne as the company deepens raw material integration. Given its improving earnings visibility, cost leadership, and robust cash flow generation, we believe 6.0x FY28E EV/EBITDA is fair and justified.

**Exhibit 55: We value VAML at target price of Rs550, based on 6.0x FY28E EBITDA**

VALUATION	Time - period	Multiple (x)	Value (Rs bn)	Value/sh(Rs)
<b>EV/EBITDA</b>				
Enterprise Value	FY28	6.0	2,482.8	634.9
less net debt, minorities, other			379.2	97.0
<b>Equity value</b>			<b>2,103.6</b>	<b>537.9</b>
<b>Rounded target price</b>				<b>550.0</b>
Current share price				452.0
Expected price return				21.7%
Expected dividend yield				3.2%
<b>Expected total return</b>				<b>24.9%</b>

Source: Company, Emkay Research

**Exhibit 56: AI/alumina price sensitivity on FY28E EBITDA**

FY28 Aluminium EBITDA	Alumina (USD/t)						
	280.0	300.0	320.0	340.0	360.0	380.0	400.0
413,792.8							
2,600.0	290,293.8	288,743.4	287,193.0	285,642.6	284,092.2	282,541.8	280,991.4
2,800.0	341,088.7	339,538.3	337,987.9	336,437.5	334,887.1	333,336.7	331,786.3
3,000.0	391,883.7	390,333.3	388,782.9	387,232.5	385,682.1	384,131.7	382,581.3
3,200.0	442,678.7	441,128.3	439,577.9	438,027.5	436,477.1	434,926.7	433,376.3
3,400.0	493,473.7	491,923.3	490,372.9	488,822.5	487,272.1	485,721.7	484,171.3
3,600.0	544,268.7	542,718.3	541,167.9	539,617.5	538,067.1	536,516.7	534,966.3
3,800.0	595,063.6	593,513.2	591,962.8	590,412.4	588,862.0	587,311.6	585,761.2

Source: Company, Emkay Research

**Exhibit 57: Percentage change in sensitivity over FY28E EBITDA**

FY28 Aluminium EBITDA	Alumina (USD/t)						
	280.0	300.0	320.0	340.0	360.0	380.0	400.0
2,600.0	-29.8%	-30.2%	-30.6%	-31.0%	-31.3%	-31.7%	-32.1%
2,800.0	-17.6%	-17.9%	-18.3%	-18.7%	-19.1%	-19.4%	-19.8%
3,000.0	-5.3%	-5.7%	-6.0%	-6.4%	-6.8%	-7.2%	-7.5%
3,200.0	7.0%	6.6%	6.2%	5.9%	5.5%	5.1%	4.7%
3,400.0	19.3%	18.9%	18.5%	18.1%	17.8%	17.4%	17.0%
3,600.0	31.5%	31.2%	30.8%	30.4%	30.0%	29.7%	29.3%
3,800.0	43.8%	43.4%	43.1%	42.7%	42.3%	41.9%	41.6%

Source: Company, Emkay Research

## Risks

### Business vulnerabilities

- AI remains a globally traded commodity and profitability remains highly sensitive to LME AI price movements. Any prolonged decline in global AI prices could materially impact EBITDA, cash flows, and returns.
- Power costs remain a critical component of AI production economics. Rising domestic coal prices, fuel shortages, lower linkage availability, or higher imported coal dependence could adversely impact cost competitiveness.
- Availability of bauxite and alumina remains strategically important for long-term profitability. Delays in mining approvals, regulatory hurdles, or lower-than-expected raw material integration could affect margins and earnings stability.

### Potential regulatory risks

- The AI business remains exposed to increasing ESG scrutiny due to dependence on coal-based captive power generation. Global decarbonization trends and tightening environmental regulations could increase future compliance costs and influence long-term valuation multiples.
- Mining approvals, environmental clearances, land acquisition issues, and regulatory interventions remain important risks across the mining and metals sector. Any adverse regulatory developments could impact operations or expansion plans.

### Events that could change our thesis

- Prolonged weakness in AI prices
- Higher energy costs
- Regulatory disruptions
- Weaker operational execution




This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

## Peer comparison

VAML has emerged as one of the world's largest integrated AI producers, with 2.5mt of primary AI capacity, placing it among the top six producers globally. Unlike many peers that are either upstream-focused (Alcoa, Rusal) or downstream-oriented (Novelis), VAML operates an integrated mine-to-metal business encompassing bauxite mining (expansion through Sijimali mine), alumina refining, AI smelting, and captive power generation.

The company's investment proposition is supported by three structural advantages. First, increasing backward integration through captive bauxite, alumina, and coal is expected to improve cost competitiveness and reduce exposure to volatile raw material markets. Second, brownfield expansion at BALCO and Lanjigarh should enable volume growth with significantly lower capital intensity than greenfield projects. Third, a strong balance sheet and healthy operating cash flow provide the financial flexibility to execute the growth pipeline without materially increasing leverage.

Exhibit 58: Non-ferrous comparative analysis

	 <b>Vedanta Aluminium</b>	 <b>Hindalco</b>	 <b>Nalco</b>
Capacity	Ramp up to ~3mt	Increase to 1.5mt by FY29	Remain flat at 460kt
Volumes	5.4% CAGR growth	4.2% CAGR growth	Remain flat
Alumina Integration	80% by FY29E	100%	100%
Bauxite Integration	61% from captive sources	100% integrated	100% integrated
Coal Integration	58% from captive sources	21% from captive sources	53% from captive sources
VAP	Target >90% by FY29E	29% tied to VAP	11% value-added volumes
Cost Profile	Improve significantly	Improve	Improve
Margins	~\$1,500/t by FY28-29E	~\$1,700-1,800/t	Better than VAML and HNDL
Cash Generation	Remains strong	Moderate	Moderate
Balance Sheet	Strong	1.7x Net debt-to-EBITDA	Strong

Source: Company, Emkay Research

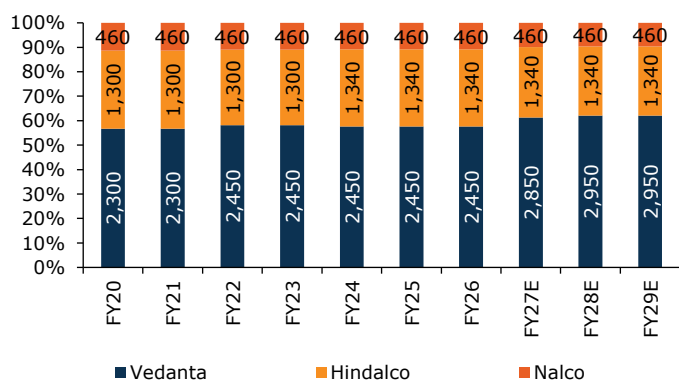
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Relative to VAML, Hindalco and NALCO enjoy higher levels of backward integration in upstream Al. Hindalco also benefits from a more diversified earnings profile through its downstream rolled products and recycling business under Novelis. While VAML currently trails both peers in raw material self-sufficiency, we expect this gap to narrow materially over the medium term as the Sijimali bauxite mine and captive coal blocks are commissioned, improving integration, lowering costs, and enhancing earnings quality.

Compared with global peers such as Rio Tinto, Norsk Hydro, and Alcoa, VAML benefits from its large-scale operations and expanding captive resource base, although Western producers continue to enjoy a structural advantage on carbon intensity due to their hydro-powered smelting operations. The industry remains firmly focused on decarbonization, with leading Al producers accelerating investments in renewable power, recycling, and next-generation smelting technologies to improve sustainability and enhance long-term competitiveness.

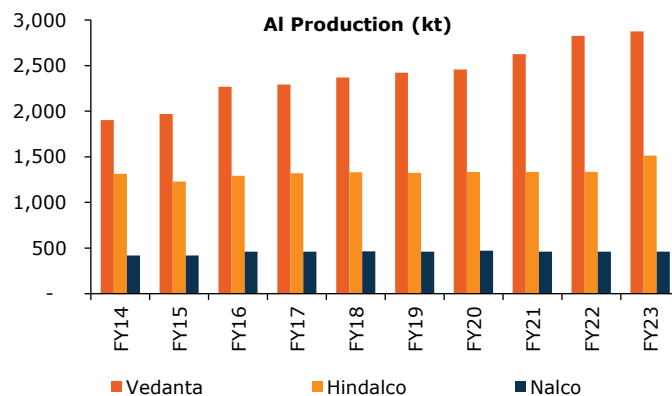
Overall, we believe VAML is favorably positioned among global Al producers, supported by its industry-leading scale, visible brownfield expansion pipeline, improving raw material integration, and significant cost reduction opportunities. As captive bauxite, alumina, and coal capacities ramp up, we expect the company to strengthen its position on the global cost curve and deliver superior earnings growth over the medium term.

**Exhibit 59: VAML to increase capacity from 2.5mt to ~3mt by FY28; HNDL’s and NACL’s capacity to be flat during same period...**



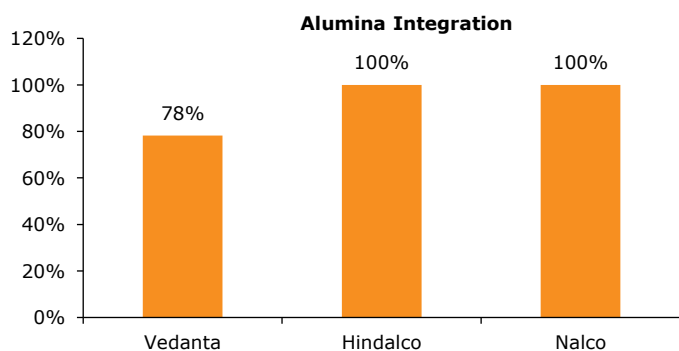
Source: Company, Emkay Research

**Exhibit 60: ...consequently, production level is also expected to increase at a similar pace**



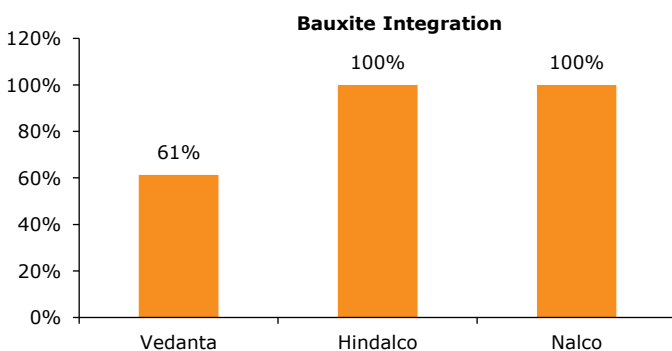
Source: Company, Emkay Research

**Exhibit 61: VAML’s alumina integration to lag peers, at 80% for FY29E**



Source: Company, Emkay Research

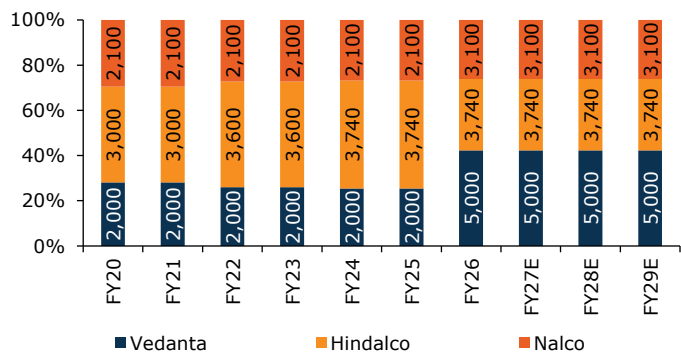
**Exhibit 62: By FY29, 35% of VAML’s bauxite requirement to be met through Sijimali mine commissioning in 1HFY27E**



Source: Company, Emkay Research

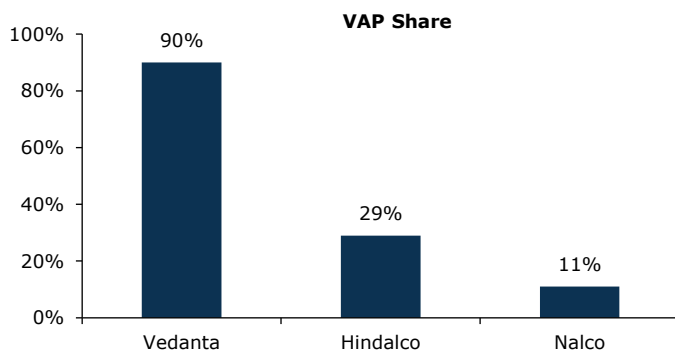
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**Exhibit 63: VAML has increased its alumina capacity from 2mt to 5mt and is further planning to increase it to 6mt**



Source: Company, Emkay Research

**Exhibit 64: VAML to further increase its VAP share to >90% by FY29E, leaving its Indian counterparts far behind**



Source: Company, Emkay Research

**Exhibit 65: Global AI valuation comparison**

Company	Currency	CMP	M Cap (USD bn)	Stock perf YTD	P/E (x)			EV/EBITDA (x)			ROE (%)			Div Yield (%)			FCF Yield (%)		
					FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
<b>India</b>																			
Hindalco	INR	939.7	22.2	6%	9.2	8.9	7.9	6.6	6.2	5.6	15.3	13.8	13.6	0.6	0.7	0.7	-11.1	-11.1	-11.1
Vedanta	INR	452.0	18.6	na	8.1	7.6	7.3	5.5	4.9	4.4	103.6	61.0	43.4	3.2	3.3	3.4	11.0	12.9	13.7
NALCO	INR	334.7	6.5	6%	9.3	8.9	8.9	5.8	5.5	6.0	27.6	24.1	21.0	3.6	3.7	4.1	7.7	7.7	7.7
<b>US</b>																			
Alcoa	USD	47.2	12.5	-11%	6.9	7.2	6.3	3.6	3.6	3.4	24.1	18.4	16.0	0.8	1.4	2.3	-0.2	-0.2	-0.2
Constellium	USD	30.9	4.2	64%	8.6	10.9	5.8	5.9	6.2	6.0	42.2	25.2	20.7	0.0	0.0	na	4.1	4.1	4.1
Kaiser Aluminum	USD	189.7	3.1	65%	18.4	17.5	14.2	10.0	9.9	8.8	19.6	17.4	18.6	1.6	1.6	1.6	0.8	0.8	0.8
<b>Europe</b>																			
Norsk Hydro	NOK	88.0	17.6	13%	9.6	9.3	10.2	5.3	5.1	5.4	16.8	15.9	14.0	6.0	6.5	5.8	3.3	3.3	3.3
<b>MENA</b>																			
Aluminium Bahrain	BHD	1.0	3.7	-12%	4.4	3.1	4.6	3.0	2.4	3.1	14.2	17.7	10.7	7.6	11.9	13.0	30.2	30.2	30.2
Saudi Arabian Mining	SAR	59.7	61.8	-2%	23.8	21.7	22.6	14.1	13.3	14.1	15.0	13.3	12.2	0.0	0.0	0.0	1.8	1.8	1.8
<b>China</b>																			
CHALCO	HKD	7.5	19.7	-39%	4.9	4.9	5.1	3.4	3.6	3.7	29.0	26.0	22.7	7.9	8.6	8.7	22.1	22.1	22.1
Hongqiao Group	HKD	20.1	25.1	-39%	5.1	4.9	4.7	3.2	3.2	3.1	23.3	21.8	20.5	12.7	12.8	13.2	14.7	14.7	14.7
<b>Australia</b>																			
Rio Tinto	AUD	170.8	162.2	16%	13.9	13.7	13.7	6.1	6.0	5.8	20.8	19.1	18.0	4.2	4.4	4.4	2.8	2.8	2.8
South32	AUD	4.3	13.3	20%	15.2	11.0	11.3	6.9	5.8	6.0	10.1	12.5	11.3	2.6	3.7	3.5	3.0	3.0	3.0
<b>Weighted Average India</b>					8.8	8.4	7.8	6.1	5.6	5.2	51.7	33.8	26.4	2.1	2.1	2.2	0.1	0.9	1.2
<b>Weighted Average Global</b>					11.2	10.9	10.7	5.6	5.4	5.2	24.1	20.2	18.0	3.9	4.1	4.2	4.3	4.4	4.5

Source: Company, Bloomberg, Emkay Research

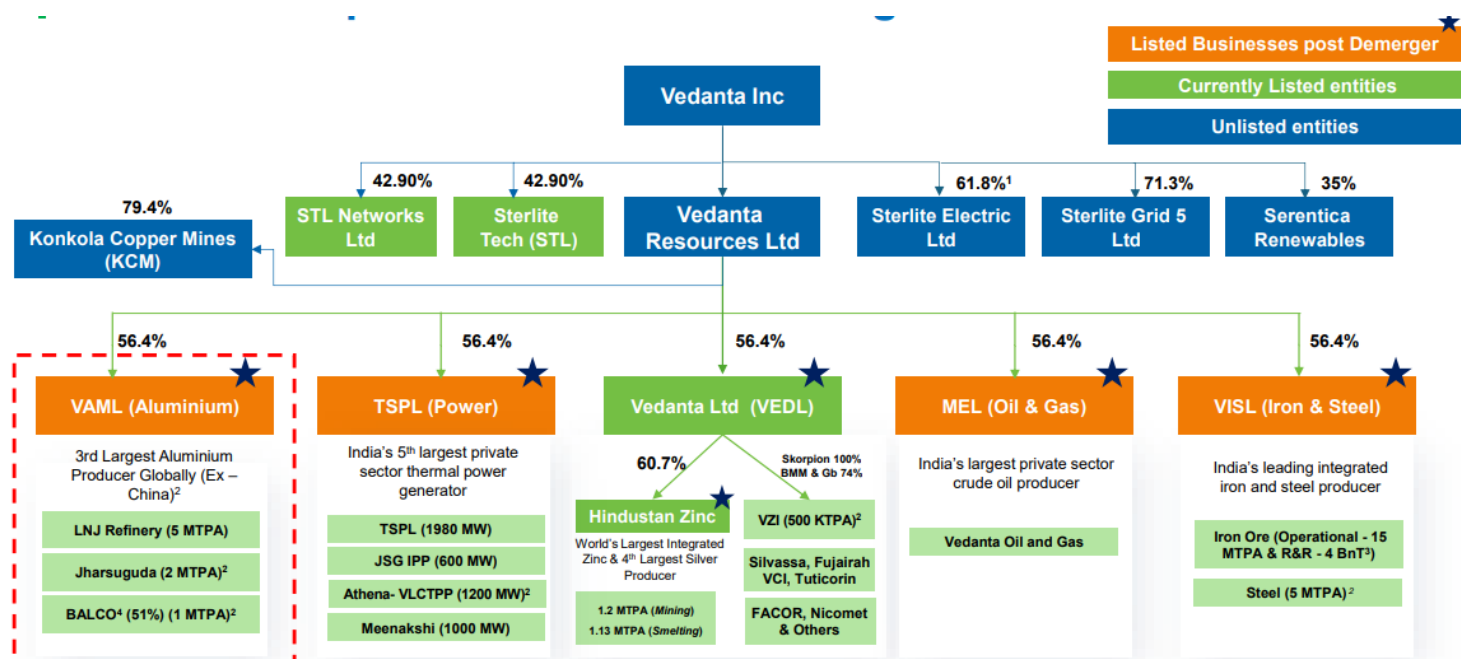
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# VAML: Company overview

## History

VAML has evolved into one of India’s largest integrated Al producers through a combination of greenfield expansions, acquisitions, and backward integration initiatives over the past two decades. The business initially expanded through the development of large-scale Al smelting and alumina refining operations in Odisha and Chhattisgarh, followed by the strategic acquisition and expansion of Bharat Aluminium Company (BALCO). Over time, VAML significantly increased its Al production capacity from a relatively small domestic player to an integrated platform with 2.5mt Al capacity and 3.5mt alumina refining capacity. The company also invested heavily in captive thermal power generation, logistics infrastructure, and downstream Al capabilities to improve cost competitiveness and operational integration. Today, VAML remains among the largest contributors to India’s domestic Al production and continues benefiting from India’s long-term industrial and infrastructure growth trajectory.

Exhibit 66: Vedanta group structure – Post-demerger



Source: Company, Emkay Research

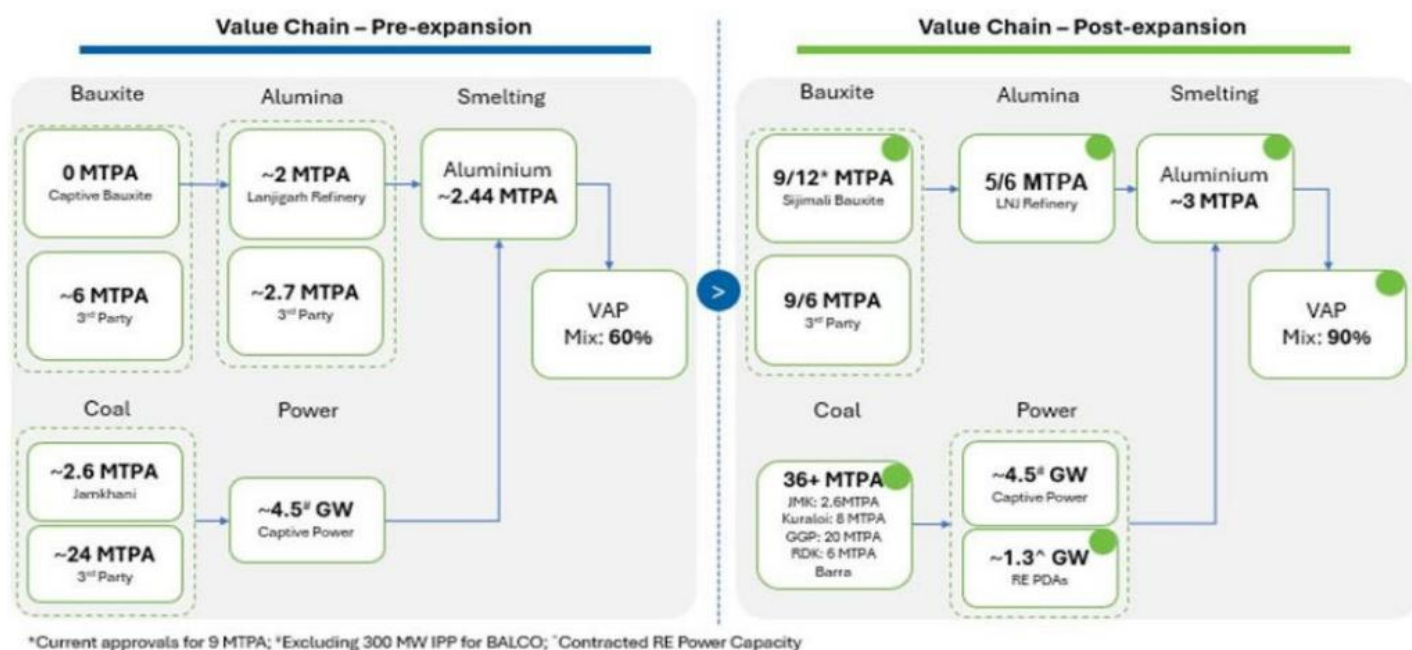
## Business operations

VAML operates an integrated business model spanning the entire Al value chain, including bauxite sourcing, alumina refining, Al smelting, captive power generation, and downstream value-added products. The company’s operations are strategically structured to improve raw material security, reduce cost volatility, and enhance operating efficiencies. VAML manufactures a wide range of Al products, including billets, wire rods, primary foundry alloys, rolled products, and other downstream products catering to sectors such as power transmission, infrastructure, automotive, packaging, railways, construction, and renewable energy. The business derives meaningful operating leverage from its integrated structure, particularly through captive power availability and improving alumina self-sufficiency.

Operational priorities remain focused on improving smelter utilization, lowering cost/t, increasing value-added product mix, and strengthening raw material integration to improve EBITDA resilience across commodity cycles.

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Exhibit 67: VAML’s fully integrated business model to result in lower operating costs



Source: Company, Emkay Research

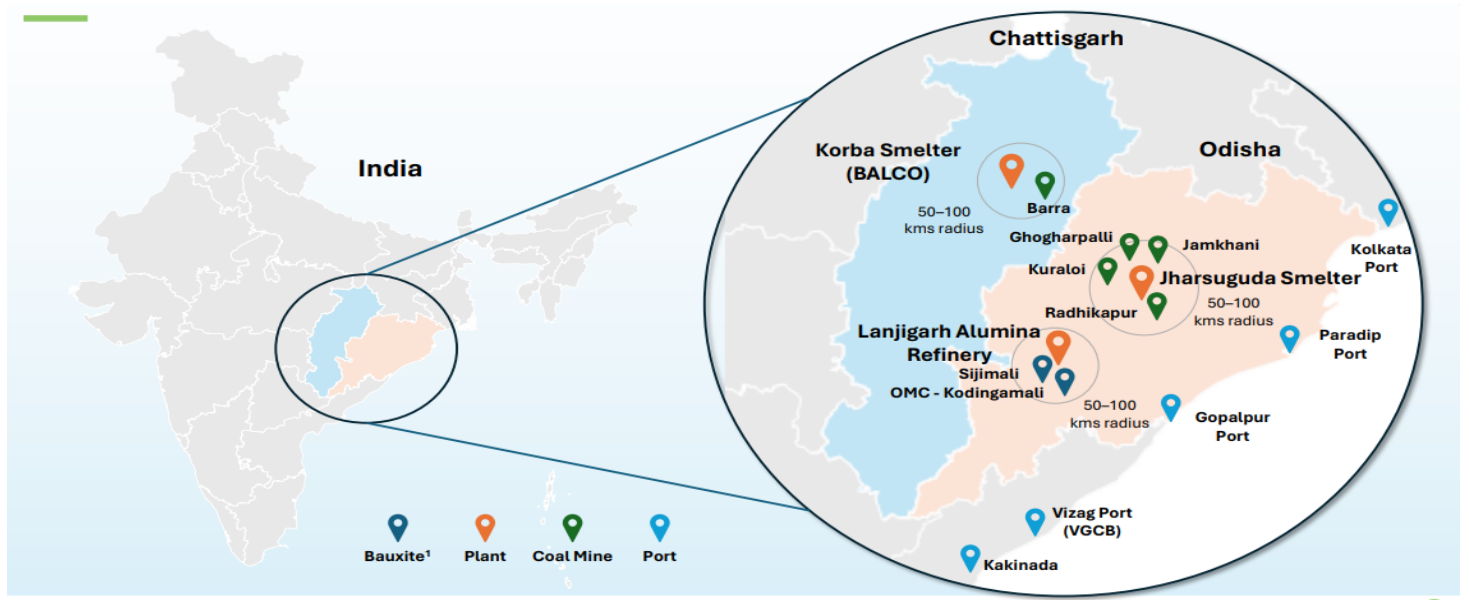
### Manufacturing facilities

VAML possesses one of the largest AI manufacturing footprints in India, supported by large-scale smelting, refining, and captive power assets. The Jharsuguda smelter in Odisha remains one of the world’s largest AI smelting complexes, with 1.8mt AI production capacity. BALCO’s integrated operations in Chhattisgarh contribute an additional 600kt AI smelting capacity, along with captive power infrastructure and downstream manufacturing capabilities.

The company also operates the Lanjigarh alumina refinery with 2mt refining capacity, which plays a critical role in improving internal alumina availability and reducing dependence on imported raw materials. In aggregate, VAML operates more than ~5GW of captive thermal power capacity, supporting its energy-intensive AI production facilities. The company’s manufacturing ecosystem also includes downstream plants producing wire rods, billets, rolled products, and alloys, enabling higher value addition and stronger domestic market penetration.

This report is intended for Team White Marquee Solutions (team.emkay@whitemarquesolutions)

Exhibit 68: VAML – Manufacturing facilities



Source: Company, Emkay Research

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## Management profile

Exhibit 69: VAML – Key management personnel

Name	Role	Profile Summary
Anil Agarwal	Non-Executive Chairman (Promoter)	Founder of the Vedanta Group (1976) and Executive Chairman of Vedanta Resources since 2005; over four decades of entrepreneurial experience. Grew Vedanta from a domestic miner into a global natural resources group spanning oil and gas, zinc, silver, Al, copper, nickel, iron and steel, and power. Has invested over \$35bn in India's resource sector and is a signatory to The Giving Pledge, committing 75% of his wealth to social causes.
Akarsh K Hebbar	Non-Executive Vice-Chairman	President in the Chairman's Office, working on Group strategy and value creation. Chairs V-Spark DeepTech Ventures; is Managing Director of AvanStrate Inc; and leads Vedanta's semiconductor and display initiatives. Prior experience at Oracle, Google, and McKinsey. Holds a BE (Mumbai University) and an MBA (London Business School).
Rajesh Kumar	Whole-Time Director and CEO	Joined BALCO as CEO and Whole-Time Director in Feb-23; over 35 years of experience across Tata Steel's Indian and Thai units in operations, project implementation, and productivity improvement. Holds BTech in Mechanical Engineering (IIT-BHU) and is a finance gold medalist with an MBA from XLRI Jamshedpur.
Anup Agarwal	Chief Financial Officer	A qualified Chartered Accountant with over 28 years of experience in large-scale industrial businesses. He has been associated with Vedanta since 2002, holding leadership roles across BALCO, Power, and Copper businesses, and rejoined the company in Sep-21 after a brief stint outside. Previously led the Financial Planning and Analysis function and now oversees financial planning, budgeting, and fiscal governance, with a strong track record in cost optimization, margin improvement, and driving business strategy and performance.
C Chandru	CEO, Vedanta Jharsuguda	A metallurgical engineer from PSG College of Technology with over two decades of experience in the metals and mining industry. He has held leadership roles at Vedanta since 2003, having previously worked at Hindustan Zinc. Brings deep techno-commercial expertise across large-scale Al smelting and manufacturing, with a strong track record in driving capacity expansion, cost competitiveness, operational excellence, energy efficiency and value-added Al production.
Pranab Kumar Bhattacharyya	CEO, Alumina Business	A chemical engineer with over three decades of experience across the fertilizers, metals, and chemicals sectors. An alumnus of the University of Calcutta and SP Jain, and a Kellogg Executive Scholar, he previously held leadership positions at Paradeep Phosphates and Hindalco. He is responsible for driving business performance, EBITDA and free cash flow, while leading growth initiatives with strong focus on safety, sustainability, ESG excellence, and vertical integration of the alumina business.

Source: Company, Emkay Research

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## Vedanta Aluminium Metal: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
<b>Revenue</b>	<b>592,790</b>	<b>668,910</b>	<b>856,673</b>	<b>924,497</b>	<b>959,321</b>
Revenue growth (%)	0	12.8	28.1	7.9	3.8
<b>EBITDA</b>	<b>174,260</b>	<b>251,420</b>	<b>388,186</b>	<b>413,793</b>	<b>429,732</b>
EBITDA growth (%)	0	44.3	54.4	6.6	3.9
Depreciation & Amortization	26,960	28,070	29,675	31,086	32,448
<b>EBIT</b>	<b>147,300</b>	<b>223,350</b>	<b>358,511</b>	<b>382,707</b>	<b>397,284</b>
EBIT growth (%)	0	51.6	60.5	6.7	3.8
Other operating income	7,540	10,440	14,320	15,454	16,036
Other income	11,540	10,000	12,850	13,867	14,390
Financial expense	45,730	39,050	29,845	30,652	31,458
<b>PBT</b>	<b>113,110</b>	<b>194,300</b>	<b>341,516</b>	<b>365,922</b>	<b>380,215</b>
Extraordinary items	0	(2,940)	0	0	0
Taxes	28,520	49,280	87,087	93,310	96,955
Minority interest	(14,550)	(23,640)	(35,237)	(41,050)	(41,366)
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>70,040</b>	<b>118,440</b>	<b>219,192</b>	<b>231,562</b>	<b>241,894</b>
PAT growth (%)	0	69.1	85.1	5.6	4.5
<b>Adjusted PAT</b>	<b>70,040</b>	<b>121,380</b>	<b>219,192</b>	<b>231,562</b>	<b>241,894</b>
<b>Diluted EPS (Rs)</b>	<b>17.9</b>	<b>31.0</b>	<b>56.1</b>	<b>59.2</b>	<b>61.9</b>
Diluted EPS growth (%)	0	73.3	80.6	5.6	4.5
<b>DPS (Rs)</b>	<b>0</b>	<b>0</b>	<b>14.6</b>	<b>14.9</b>	<b>15.2</b>
<b>Dividend payout (%)</b>	<b>0</b>	<b>0</b>	<b>26.0</b>	<b>25.1</b>	<b>24.5</b>
EBITDA margin (%)	29.4	37.6	45.3	44.8	44.8
EBIT margin (%)	24.8	33.4	41.8	41.4	41.4
Effective tax rate (%)	25.2	25.4	25.5	25.5	25.5
<b>NOPLAT (pre-IndAS)</b>	<b>110,159</b>	<b>166,702</b>	<b>267,091</b>	<b>285,116</b>	<b>295,976</b>
Shares outstanding (mn)	3,910	3,910	3,910	3,910	3,910

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
PBT (ex-other income)	113,110	194,300	341,516	365,922	380,215
Others (non-cash items)	(250)	1,310	0	0	0
Taxes paid	(28,520)	(49,280)	(87,087)	(93,310)	(96,955)
Change in NWC	0	(21,140)	(20,557)	(5,821)	(3,218)
<b>Operating cash flow</b>	<b>145,490</b>	<b>182,310</b>	<b>293,393</b>	<b>328,529</b>	<b>343,948</b>
Capital expenditure	(75,270)	(75,270)	(70,000)	(70,000)	(70,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	0	0	0	0	0
<b>Investing cash flow</b>	<b>(81,380)</b>	<b>(76,820)</b>	<b>(70,000)</b>	<b>(70,000)</b>	<b>(70,000)</b>
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	0	(6,620)	(95,000)	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(45,730)	(39,050)	(29,845)	(30,652)	(31,458)
Dividend paid (incl tax)	0	0	(57,000)	(58,140)	(59,303)
Others	(17,900)	(59,300)	0	0	0
<b>Financing cash flow</b>	<b>(63,630)</b>	<b>(104,970)</b>	<b>(181,845)</b>	<b>(88,792)</b>	<b>(90,761)</b>
Net chg in Cash	480	520	41,548	169,737	183,187
OCF	145,490	182,310	293,393	328,529	343,948
Adj. OCF (w/o NWC chg.)	145,490	203,450	313,950	334,350	347,167
FCFF	70,220	107,040	223,393	258,529	273,948
FCFE	24,490	67,990	193,548	227,877	242,490
OCF/EBITDA (%)	83.5	72.5	75.6	79.4	80.0
FCFE/PAT (%)	35.0	57.4	88.3	98.4	100.2
<b>FCFF/NOPLAT (%)</b>	<b>63.7</b>	<b>64.2</b>	<b>83.6</b>	<b>90.7</b>	<b>92.6</b>

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY25	FY26	FY27E	FY28E	FY29E
Share capital	16,160	75,340	75,340	75,340	75,340
Reserves & Surplus	58,670	55,070	217,262	390,684	573,276
<b>Net worth</b>	<b>74,830</b>	<b>130,410</b>	<b>292,602</b>	<b>466,024</b>	<b>648,616</b>
Minority interests	59,560	80,270	115,507	156,558	197,924
Non-current liab. & prov.	53,740	39,760	39,760	39,760	39,760
<b>Total debt</b>	<b>424,270</b>	<b>417,650</b>	<b>322,650</b>	<b>322,650</b>	<b>322,650</b>
<b>Total liabilities &amp; equity</b>	<b>660,550</b>	<b>706,660</b>	<b>809,090</b>	<b>1,023,562</b>	<b>1,247,519</b>
Net tangible fixed assets	454,760	532,070	572,395	611,309	648,861
Net intangible assets	15,010	20,640	20,640	20,640	20,640
Net ROU assets	0	0	0	0	0
Capital WIP	140,100	93,190	93,190	93,190	93,190
Goodwill	-	-	-	-	-
Investments [JV/Associates]	36,050	33,910	33,910	33,910	33,910
<b>Cash &amp; equivalents</b>	<b>14,840</b>	<b>17,420</b>	<b>58,968</b>	<b>228,753</b>	<b>411,892</b>
Current assets (ex-cash)	107,900	144,440	169,062	178,305	183,124
Current Liab. & Prov.	108,110	135,010	139,076	142,546	144,098
<b>NWC (ex-cash)</b>	<b>(210)</b>	<b>9,430</b>	<b>29,987</b>	<b>35,808</b>	<b>39,026</b>
<b>Total assets</b>	<b>660,550</b>	<b>731,190</b>	<b>833,619</b>	<b>1,048,092</b>	<b>1,272,049</b>
Net debt	409,430	400,230	263,682	93,945	(89,242)
Capital employed	660,550	706,660	809,090	1,023,562	1,247,519
<b>Invested capital</b>	<b>469,560</b>	<b>586,670</b>	<b>647,552</b>	<b>692,287</b>	<b>733,057</b>
BVPS (Rs)	19.1	33.3	74.8	119.2	165.9
Net Debt/Equity (x)	5.5	3.1	0.9	0.2	(0.1)
Net Debt/EBITDA (x)	2.3	1.6	0.7	0.2	(0.2)
Interest coverage (x)	3.5	6.0	12.4	12.9	13.1
<b>RoCE (%)</b>	<b>56.9</b>	<b>39.3</b>	<b>54.6</b>	<b>47.3</b>	<b>38.9</b>

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY25	FY26	FY27E	FY28E	FY29E
P/E (x)	25.2	14.9	8.1	7.6	7.3
EV/CE(x)	3.9	3.5	3.0	2.3	1.9
P/B (x)	23.6	13.6	6.0	3.8	2.7
EV/Sales (x)	3.7	3.3	2.6	2.4	2.3
EV/EBITDA (x)	12.5	8.7	5.6	5.3	5.1
EV/EBIT(x)	14.8	9.7	6.1	5.7	5.5
EV/IC (x)	4.6	3.7	3.4	3.1	3.0
FCFF yield (%)	3.2	4.9	10.3	11.9	12.6
FCFE yield (%)	1.4	3.8	11.0	12.9	13.7
Dividend yield (%)	0	0	3.2	3.3	3.4
<b>DuPont-RoE split</b>					
Net profit margin (%)	11.8	18.1	25.6	25.0	25.2
Total asset turnover (x)	1.8	1.0	1.1	1.0	0.8
Assets/Equity (x)	8.8	6.8	3.7	2.5	2.1
<b>RoE (%)</b>	<b>187.2</b>	<b>118.3</b>	<b>103.6</b>	<b>61.0</b>	<b>43.4</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	18.6	24.9	31.2	30.8	30.9
IC turnover (x)	2.5	1.3	1.4	1.4	1.3
<b>RoIC (%)</b>	<b>46.9</b>	<b>31.6</b>	<b>43.3</b>	<b>42.6</b>	<b>41.5</b>
<b>Operating metrics</b>					
Core NWC days	(0.1)	5.1	12.8	14.1	14.8
<b>Total NWC days</b>	<b>(0.1)</b>	<b>5.1</b>	<b>12.8</b>	<b>14.1</b>	<b>14.8</b>
Fixed asset turnover	1.0	0.5	0.6	0.6	0.6
Opex-to-revenue (%)	70.6	62.4	54.7	55.2	55.2

Source: Company, Emkay Research

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<b>ADD</b>	5-15% upside
<b>REDUCE</b>	5% upside to 15% downside
<b>SELL</b>	>15% downside

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