

08 September 2025

India | Equity Research | Company Update

Vedanta

Metals & Mining

JAL acquisition – cart before the horse

Vedanta (VEDL), with its bid amount of ~INR 170bn (staggered over 5 years), has reportedly ([Link](#)) emerged as the highest bidder for acquiring the assets of Jaiprakash Associate (JAL). We understand that VEDL needs to secure a few statutory approvals (CCI, NCLT, etc.), which we believe may take 3–6 months. Upon receiving the necessary approvals, VEDL would need to make an upfront payment of INR 37–38bn; payment of the balance shall be spread over the next five years thereon. The development is rather unexpected, since JAL's businesses are non-core to VEDL's current portfolio. At this juncture, we are not incorporating anything since we require further insights. We maintain **BUY** and our SoTP-based target price of INR 530.

JAL – a complex web of assets

JAL was incorporated on 15 Nov'95 in Noida. The company is the flagship company of Jaypee Group, which has diverse business interests in cement, real estate, hospitality, engineering and construction. JAL also made investments in power and fertilisers through other group companies. In terms of revenues, in FY24, JAL's fertiliser business contributed 45%, followed by construction at 35%. Real estate was a distant third with 15% (marred by project delays and a few legal hurdles). JAL also has 24% stake (promoter) in the listed entity Jaiprakash Power Ventures, which has ~2,200MW of hydro-thermal power capacity (revenues of INR 5,462mn and PAT of INR 811mn, as of FY25). The company also has access to ~10mn tonnes of cement capacity (partially operational). In a nutshell, JAL's business is rather complex and exhibits a fundamental lack of synergy with VEDL's existing operations.

Payment terms favourable, but turnaround visibility obscure

We believe that the payment of INR 170bn is staggered over five years, starting from the date of receiving all approvals; therefore, the first instalment estimated to be INR 37–38bn. VEDL may need to pay INR 27–33bn p.a. for the next five years – this is a favourable side of the acquisition, as it should help VEDL manage its debt and effectively lower the NPV of the acquisition to below INR 170bn. However, most of JAL's businesses are running in losses since several years and a few even mired in legal issues, making the path ahead foggy.

Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	1,437,270	1,529,680	1,585,912	1,766,671
EBITDA	351,980	423,430	484,401	542,561
EBITDA Margin (%)	24.5	27.7	30.5	30.7
Net Profit	42,370	131,190	184,169	203,011
EPS (INR)	11.4	33.6	47.1	51.9
EPS % Chg YoY	(67.8)	275.1	22.1	16.7
P/E (x)	35.0	9.3	7.6	6.6
EV/EBITDA (x)	6.3	5.1	4.6	4.0
RoCE (%)	5.4	19.6	21.8	23.4
RoE (%)	7.3	27.1	36.3	35.5

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Market Data

Market Cap (INR)	1,742bn
Market Cap (USD)	19,734mn
Bloomberg Code	VEDL IN
Reuters Code	VDAN.BO
52-week Range (INR)	527 /362
Free Float (%)	43.0
ADTV-3M (mn) (USD)	43.9

Price Performance (%)	3m	6m	12m
Absolute	1.4	3.9	(4.5)
Relative to Sensex	2.3	(5.6)	(2.7)

ESG Score	2023	2024	Change
ESG score	57.4	57.9	0.5
Environment	39.6	46.9	7.3
Social	66.3	60.6	(5.7)
Governance	62.3	67.2	4.9

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

01-08-2025: [Re-initiating coverage](#)

01-05-2025: [Q4FY25 results review](#)

Vedanta-JAL – a strategic mismatch

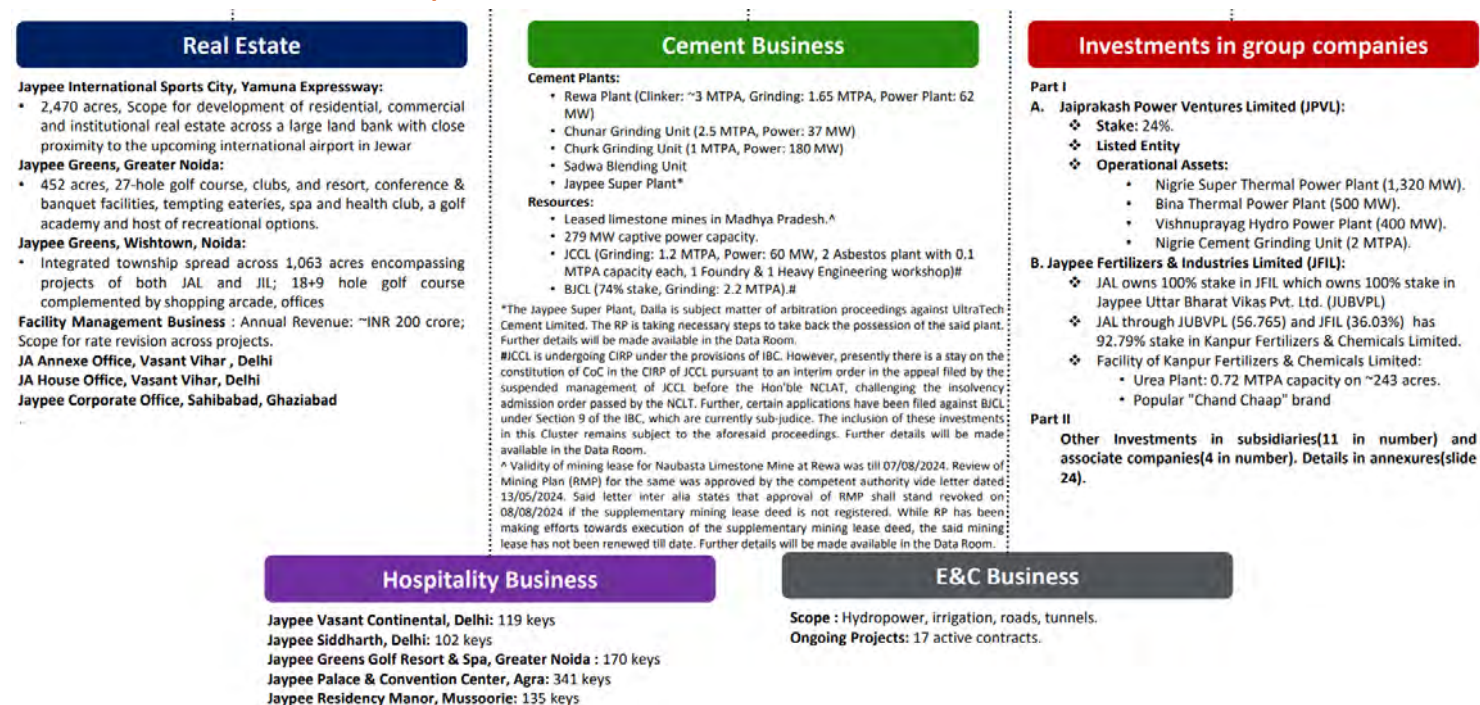
JAL's current business portfolio is a mismatch vis-à-vis VEDL's current business. VEDL is also undergoing demerger with an objective to provide a choice of commodity investment to its investors.

In our view, it appears like the cart has been placed before the horse. At this point, our opinion is that VEDL may look to keep the power, real estate, construction and fertiliser business to them at best and may part with cement and other businesses (since the plant is far from existing steel/power business, use of slag and fly ash does not seem to be an option).

Key Risks

- Fall in commodity prices
- Delays in ramping up of volumes in Zinc and Aluminium business
- Further delays in Aluminium backward integration projects.

Exhibit 1: Details of the business part of the deal



Source: Source: Public Domain, official Company website, JAL annual reports and financial statements

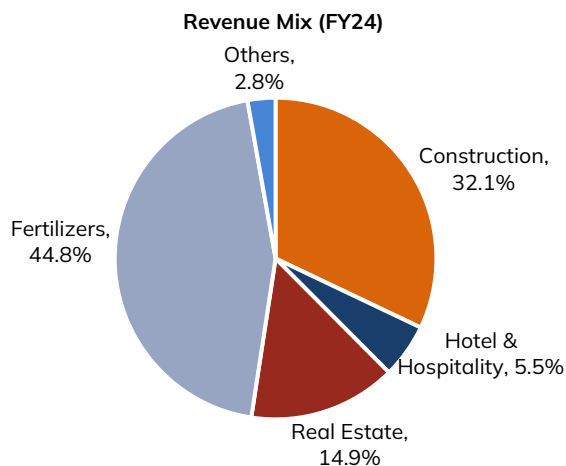
Exhibit 2: Consolidated financials

INR mn	FY21	FY22	FY23	FY24
Revenue	64,060	57,520	72,630	65,680
EBIDTA	6,810	-1,090	6,250	3,660
EBIDTA (%)	10.6%	-1.9%	8.6%	5.6%
Profit after tax / (Loss)	-6,670	-14,980	-13,520	-13,390
Total Non-Current Liabilities	215,500	221,790	211,560	209,120
Total Current Liabilities	122,700	141,680	134,240	133,780
Fixed Assets	97,020	88,640	51,510	48,960
Inventories	129,030	139,930	152,080	157,330

Source: Company data, I-Sec research

JAL annual reports and financial statements

Exhibit 3: Revenue mix (FY24)



Source: JAL, I-Sec research

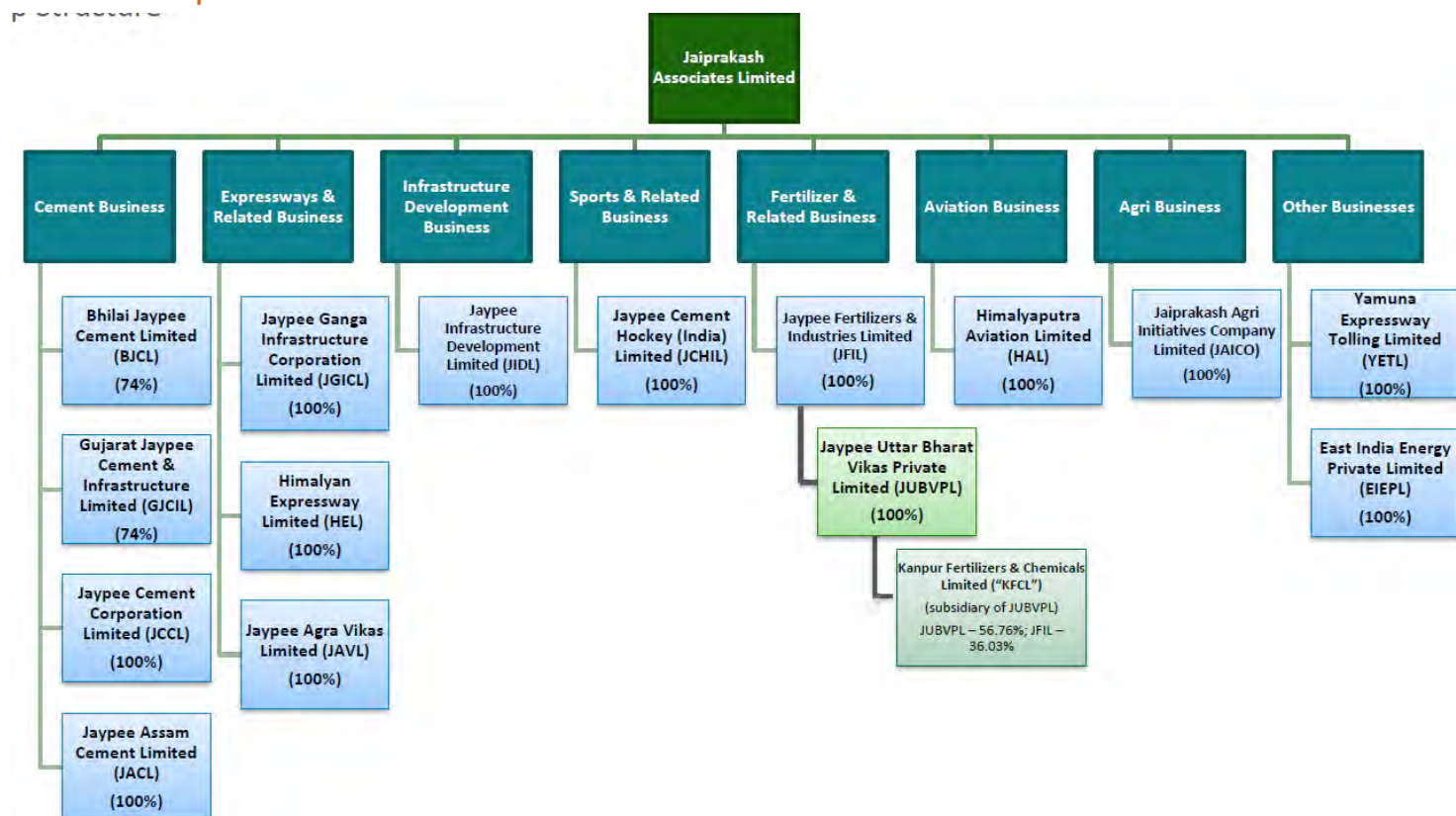
Exhibit 4: Total assets (FY24)

INR Mn – FY24	Total Assets
Cement and Cement Products	46,360
Construction	57,170
Power	17,240
Hotel & Hospitality	7,800
Real Estate	191,190
Infrastructure	2,320
Fertilizers	11,730
Others (including investments)	27,600
Total	361,400

Total Assets is incl of Fixed Assets, Intangible assets, Financial Assets and Current Assets.

Source: JAL, I-Sec research

Exhibit 5: Group Structure



Source: Company data, I-Sec research

Sources and references

- [Live Mint](#)
- [Business Standard](#)
- [Economic Times](#)

Exhibit 6: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	56.4	56.4	56.4
Institutional investors	27.4	27.5	27.1
MFs and others	7.2	8.0	8.3
FIs/Banks	0.0	0.1	0.0
Insurance	7.6	7.6	7.5
FIIIs	12.6	11.8	11.3
Others	16.2	16.1	16.5

Source: Bloomberg, I-Sec research

Exhibit 7: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	1,437,270	1,529,680	1,585,912	1,766,671
Operating Expenses	641,220	616,030	570,332	630,778
EBITDA	351,980	423,430	484,401	542,561
EBITDA Margin (%)	24.5	27.7	30.5	30.7
Depreciation & Amortization	107,230	110,960	118,279	125,745
EBIT	244,750	312,470	366,122	416,816
Interest expenditure	-	-	-	-
Other Non-operating Income	25,500	36,750	38,588	40,517
Recurring PBT	175,600	250,080	308,050	359,374
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	128,260	63,420	80,093	93,437
PAT	47,340	186,660	227,957	265,937
Less: Minority Interest	(33,000)	(55,470)	(43,788)	(62,926)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	42,370	131,190	184,169	203,011
Net Income (Adjusted)	42,370	131,190	184,169	203,011

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	410,420	388,560	418,728	529,265
of which cash & cash eqv.	43,270	78,400	97,167	171,053
Total Current Liabilities & Provisions	575,360	524,340	529,223	588,125
Net Current Assets	(164,940)	(135,780)	(110,494)	(58,860)
Investments	118,690	145,320	80,775	80,775
Net Fixed Assets	967,150	978,340	1,076,634	1,111,462
ROU Assets	-	-	-	-
Capital Work-in-Progress	203,310	309,390	229,390	204,390
Total Intangible Assets	48,060	50,280	50,280	50,280
Other assets	24,450	16,340	16,340	16,340
Deferred Tax Assets	26,890	33,530	35,207	36,967
Total Assets	1,332,710	1,508,590	1,559,576	1,631,582
Liabilities				
Borrowings	717,580	738,530	748,530	758,530
Deferred Tax Liability	101,520	130,430	136,952	143,799
provisions	31,050	32,230	33,842	35,534
other Liabilities	61,870	69,870	74,806	81,400
Equity Share Capital	3,720	3,910	3,910	3,910
Reserves & Surplus	303,500	408,210	432,365	475,362
Total Net Worth	307,220	412,120	436,275	479,272
Minority Interest	113,470	125,410	129,172	133,047
Total Liabilities	1,332,710	1,508,590	1,559,576	1,631,582

Source Company data, I-Sec research

Exhibit 10: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	363,030	384,650	328,313	467,604
Working Capital Changes	6,370	15,770	(69,260)	13,393
Capital Commitments	(173,020)	(230,450)	(136,573)	(135,573)
Free Cashflow	190,010	154,200	191,740	332,031
Other investing cashflow	29,180	23,320	108,790	42,285
Cashflow from Investing Activities	(143,840)	(207,130)	(27,783)	(93,288)
Issue of Share Capital	36,770	100,265	(39,926)	(58,951)
Interest Cost	(94,650)	(99,140)	(96,659)	(97,959)
Inc (Dec) in Borrowings	56,840	28,950	14,936	16,594
Dividend paid	(267,420)	(172,465)	(160,115)	(160,115)
Others	-	-	-	-
Cash flow from Financing Activities	(268,460)	(142,390)	(281,763)	(300,430)
Chg. in Cash & Bank balance	(49,270)	35,130	18,767	73,886
Closing cash & balance	43,270	78,400	97,167	171,053

Source Company data, I-Sec research

Exhibit 11: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	12.7	47.7	58.3	68.0
Adjusted EPS (Diluted)	11.4	33.6	47.1	51.9
Cash EPS	40.2	61.9	77.4	84.1
Dividend per share (DPS)	49.9	43.5	35.0	35.0
Book Value per share (BV)	82.6	105.4	111.6	122.6
Dividend Payout (%)	392.3	91.1	60.0	51.5
Growth (%)				
Net Sales	(2.4)	6.4	3.7	11.4
EBITDA	2.3	20.3	14.4	12.0
EPS (INR)	(67.8)	275.1	22.1	16.7
Valuation Ratios (x)				
P/E	35.0	9.3	7.6	6.6
P/CEPS	11.1	7.2	5.8	5.3
P/BV	5.4	4.2	4.0	3.6
EV / EBITDA	6.3	5.1	4.6	4.0
P / Sales	1.2	1.1	1.0	0.9
Dividend Yield (%)	0.1	0.1	0.1	0.1
Operating Ratios				
Gross Profit Margins (%)	69.1	68.0	66.5	66.4
EBITDA Margins (%)	24.5	27.7	30.5	30.7
Effective Tax Rate (%)	73.0	25.4	26.0	26.0
Net Profit Margins (%)	3.3	12.2	14.4	15.1
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	1.3	1.0	1.0	0.8
Net Debt / EBITDA (x)	1.6	1.2	1.2	0.9
Profitability Ratios				
RoCE (%)	5.4	19.6	21.8	23.4
RoE (%)	7.3	27.1	36.3	35.5
RoC (%)	6.7	23.6	25.7	28.0
Fixed Asset Turnover (x)	-	-	-	-
Inventory Turnover Days	34	36	36	37
Receivables Days	9	9	9	9
Payables Days	33	28	26	27

Source Company data, I-Sec research

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