



FEATURED OPTIONS RADAR REPORT



Vedanta a Metals Naming Seeing Strong Demand

Ticker/Price: VEDL (\$11.25)

Analysis:

Vedanta (VEDL) an interesting name that saw unusual call buying last week as 3500 April \$10 calls opened near \$1.90 on average and currently trading around \$1.75. VEDL also has 2000 June \$10 calls and 1170 June \$12.50 calls in open interest. The \$10.4B company based in India is a globally diversified natural resources company with low cost operations. VEDL has operations and projects in India, South Africa, Namibia, UAE, Ireland, Australia, Japan, South Korea, Taiwan and Liberia and have over 20,000 employees worldwide. VEDL is primarily engaged in zinc, oil and gas, iron ore, copper, aluminum, commercial power generation and steel businesses and is also developing and operating port operation, glass businesses and infrastructure assets. VEDL is the leading and only integrated zinc producer with a 77.0% market share by sales volume of the Indian zinc market in fiscal year 2020. Copper consumption in India and China is likely to increase, driven by population growth, urbanization, the rise of aspiring middle class and demand for electric vehicles. These trends are supported by enabling government measures and initiatives. On the supply side, there could be further disruptions in copper production due to the smelter upgrades in Chile following the introduction of new environmental regulations. VEDL shares trade 4X FY21 EBITDA with a 6.4% dividend yield. VEDL estimates see 23% EBITDA growth in 2021 and 16% growth in 2022. VEDL shares recently worked out of a weekly bull flag and hit a 50% retracement level of the 2017 highs to 2020 lows, and the flag measures to a \$15 target. VEDL does not really see any Analyst coverage.

Hawk Vision:



Hawk's Perspective: VEDL is a more obscure name but has some clear value here in the Metals group with inflationary pressures, likely nice 30%+ upside remaining.

Confidence Ranking: \$\$