



TM

SYSTEMATIX INSTITUTIONAL EQUITIES

Systematix

Institutional Equities

19 August 2025

NMDC

Consistent volume growth to drive rerating

NMDC reported 1QFY26 EBITDA of Rs 24.8bn (+6%/+21% YoY/QoQ), 4% below our estimate. Increase in EBITDA was majorly driven by reduced other expenditure, employee benefits and lower than expected realizations during the quarter. Iron ore production and sales for the quarter were 12mt (+30.6%/-9.6% YoY/QoQ), and 11.5mt (+14.3%/-9.1% YoY/QoQ), respectively. Realizations averaged Rs 5,353/t in 1Q, flat/+6.9% YoY/QoQ, 5% below our estimate of Rs 5,634/t. EBITDA margin during the quarter was 36.8% compared to 29.3% in 4QFY25 and 43.2% in 1QFY25. Cost of production excl. selling expenses and royalty stood at Rs 1,263/t (+34%/-15% YoY/QoQ). Employee costs per ton decreased to Rs 357/t this quarter versus Rs 432/t in 4QFY25. We upgrade NMDC to BUY with a revised TP of Rs 83/share based on 5.5x FY27E EV/EBITDA, implying an upside of 20% from CMP.

Valuation and view: NMDC has reported robust volumes this year aligning closer to the management's aspiration to deliver 55mt volumes. Over the April to July FY26 period, NMDC has posted 33% and 14% YoY growth in iron ore production and sales, respectively. Further, NMDC commenced pellet exports in 4Q, recording notable increase in topline contribution (8% in 1QFY26 versus 1% CPLY) and turned profitable this quarter. The company also revised iron ore prices by 7%-8% MoM for August deliveries. We revise our FY26/FY27 EBITDA estimate higher by 12%/13% based on 14% and 8% sales volume growth in FY26 and FY27, respectively. We value NMDC at 5.5x FY27E EV/EBITDA with a revised target price of Rs 83/share, implying an upside of 20% from CMP. The company is progressing towards its 100mt capacity target with a revised estimated outlay of Rs 720bn. NMDC spent Rs 34bn capex in FY25 and expects over Rs 100bn in capex spending for the next two years. **Upgrade to BUY.**

Risks and re-rating levers: Weak global iron ore pricing, sluggish volumes, or extended monsoons are key risks. Demonstration of continued monthly volume growth is likely to be a rerating driver.

RESULT UPDATE

Sector: Metals

Rating: BUY

CMP: Rs 69

Target Price: Rs 83

Stock Info

Sensex/Nifty	81,303/ 24,917
Bloomberg	NMDC IN
Equity shares (mn)	8,792
52-wk High/Low	Rs 82.8/59.5
Face value	Rs 1
M-Cap	Rs 610bn/USD 7.0bn

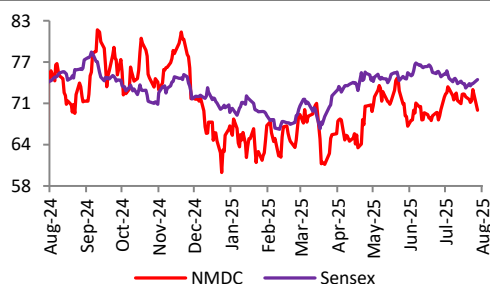
Financial Snapshot (Rs bn)

Y/E Mar	FY25	FY26E	FY27E
Sales	239.1	305.0	341.4
EBITDA	85.7	110.0	121.9
PAT	69.6	77.6	79.8
EPS (Rs)	7.9	8.8	9.1
PE (x)	8.8	7.9	7.7
EV/EBITDA (x)	6.4	5.0	4.5
RoE (%)	25%	24%	21%
RoCE (%)	28%	30%	26%
Dividend yield (%)	4.7%	2.5%	2.6%

Shareholding Pattern (%)

	Jun'25	Mar'25	Dec'24
Promoter	60.8	60.8	60.8
-Pledged	0	0.0	0.0
FII	12.2	11.7	12.1
DII	14.5	15.1	14.5
Others	12.5	12.4	12.6

Stock Performance (1-year)



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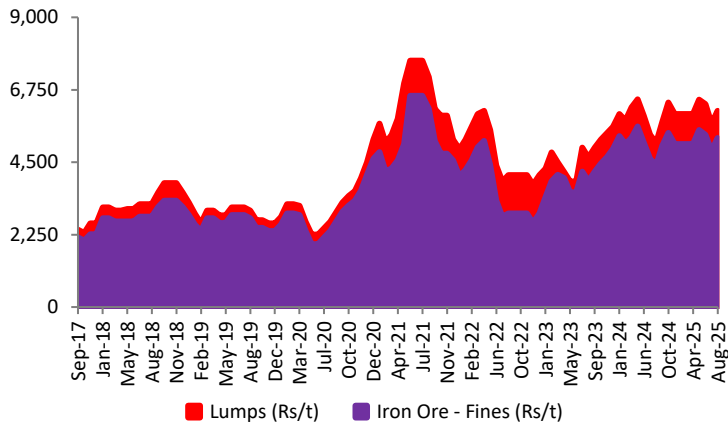
Investors are advised to refer disclosures made at the end of the research report.

Exhibit 1: Quarterly snapshot

(Rs bn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26
Net revenues	54	49	66	70	67
<i>YoY change (%)</i>					24%
<i>QoQ change (%)</i>					-4%
Expenditure	31	35	42	50	43
EBITDA	23	14	24	21	25
<i>YoY change (%)</i>					6%
<i>QoQ change (%)</i>					21%
EBITDA Margin (%)	43	28	36	29	37
Adj. PAT	20	12	19	15	20
<i>YoY change (%)</i>					0%
<i>QoQ change (%)</i>					33%

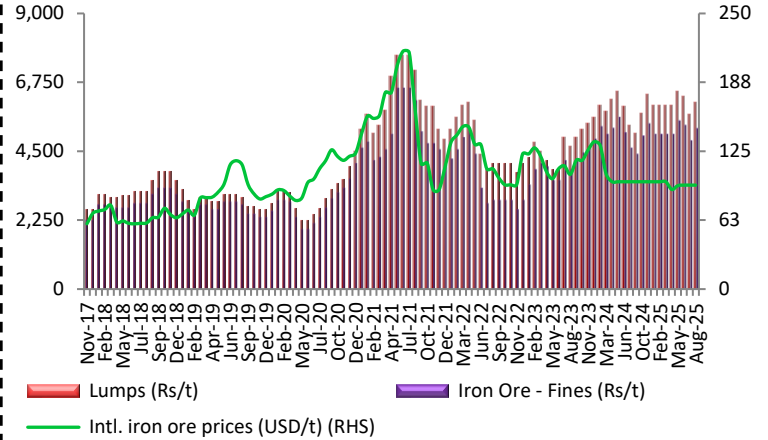
Source: Systematix Institutional Research

Exhibit 2: NMDC's realisation trend for lumps and fines



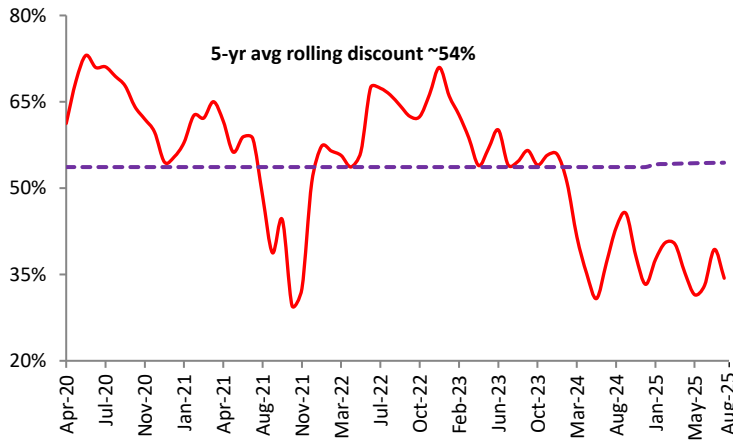
Source: Company, Systematix Institutional Research

Exhibit 3: In comparison to standard iron ore pricing benchmarks



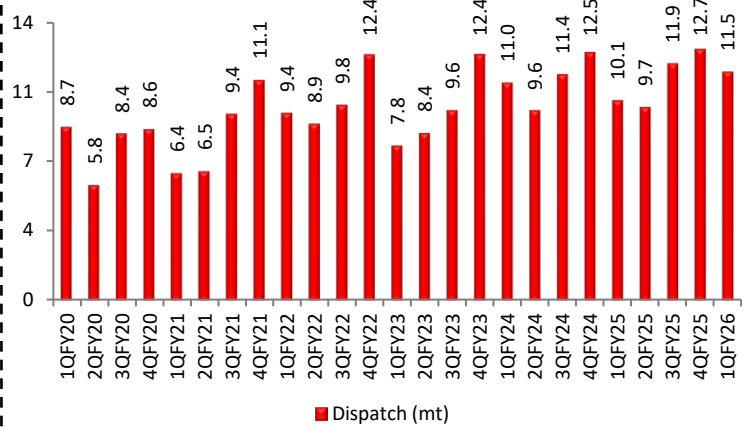
Source: Company, Systematix Institutional Research

Exhibit 4: Discount to international prices has contracted



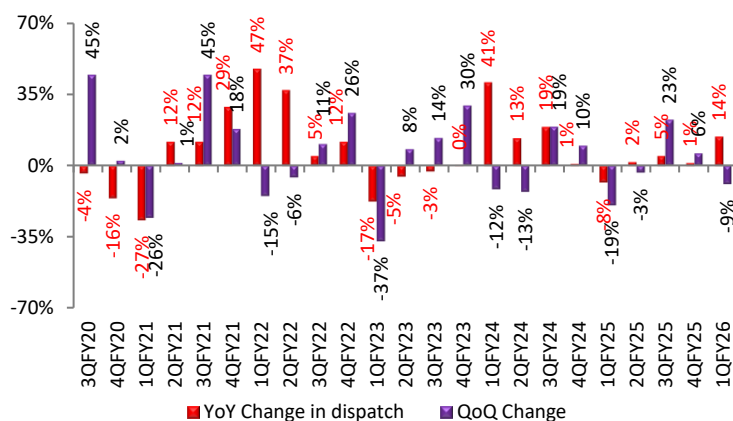
Source: Company, Systematix Institutional Research

Exhibit 5: Dispatch volumes have picked up YoY



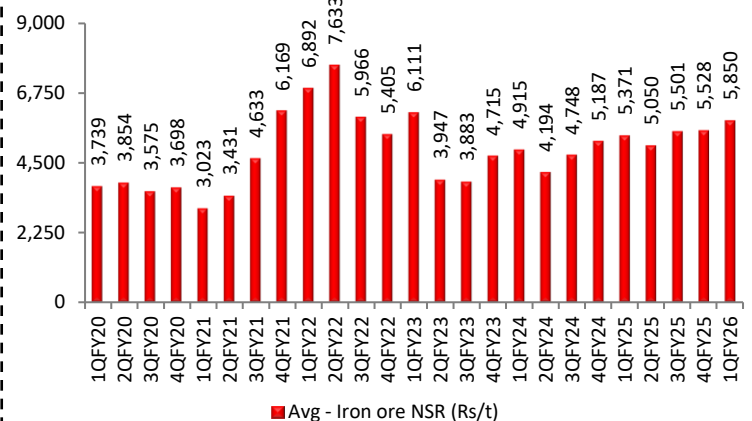
Source: Company, Systematix Institutional Research

Exhibit 6: YoY/QoQ change in quarterly dispatch volumes



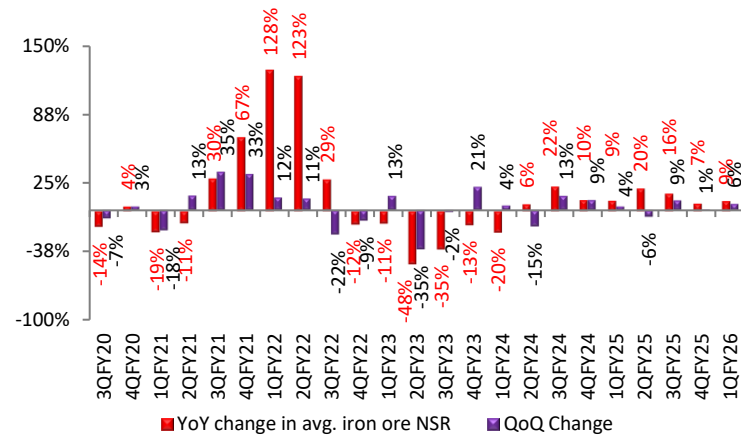
Source: Company, Systematix Institutional Research

Exhibit 7: Quarterly average NSR trend



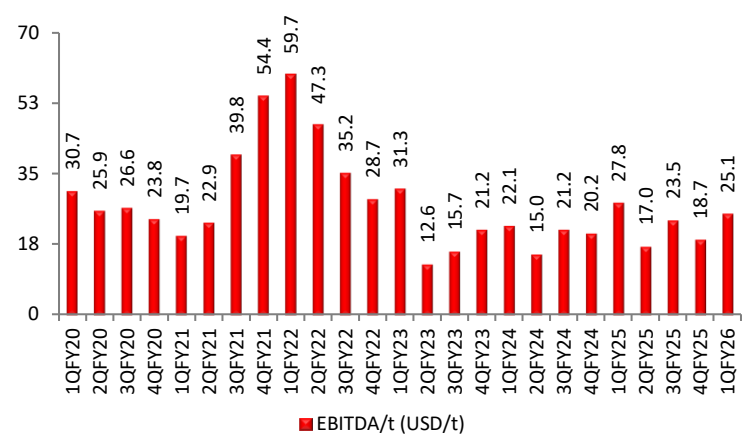
Source: Company, Systematix Institutional Research

Exhibit 8: YoY/QoQ change in quarterly average NSR



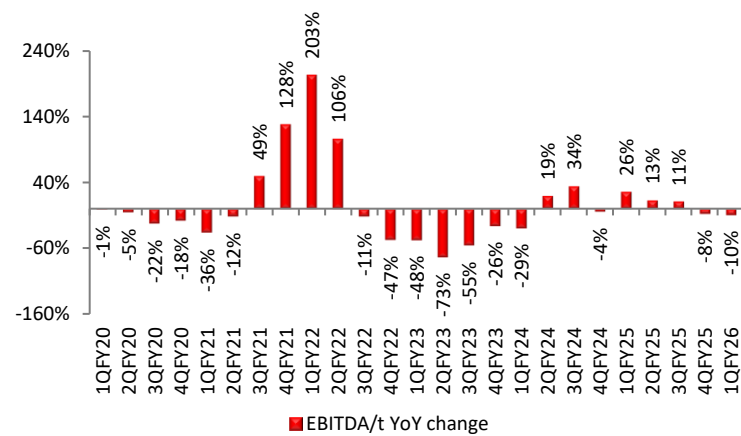
Source: Company, Systematix Institutional Research

Exhibit 9: EBITDA/t improved QoQ



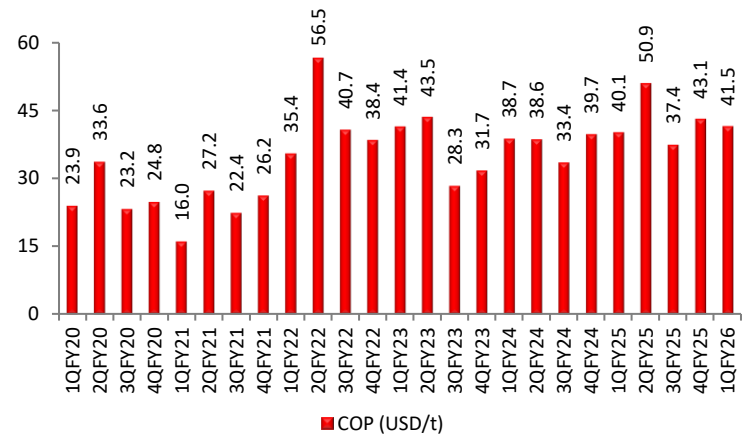
Source: Company, Systematix Institutional Research

Exhibit 10: YoY change in quarterly EBITDA/t



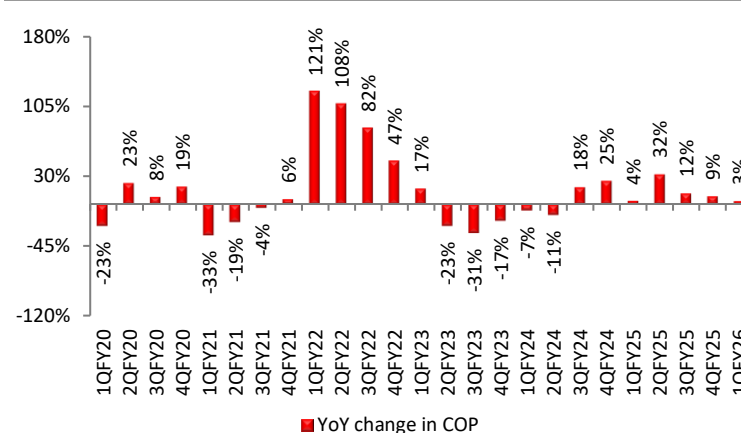
Source: Company, Systematix Institutional Research

Exhibit 11: Cost of production



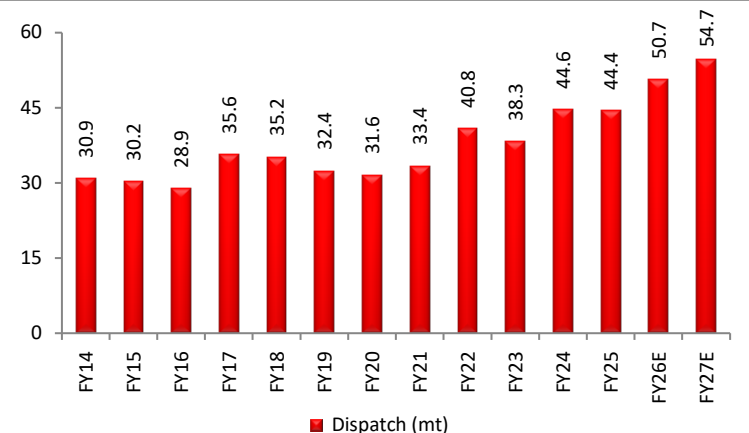
Source: Company, Systematix Institutional Research

Exhibit 12: YoY change in CoP



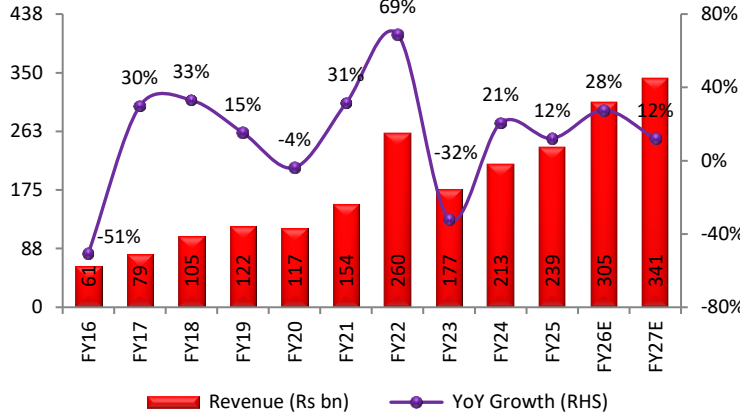
Source: Company, Systematix Institutional Research

Exhibit 13: Annual dispatch expected to pick up



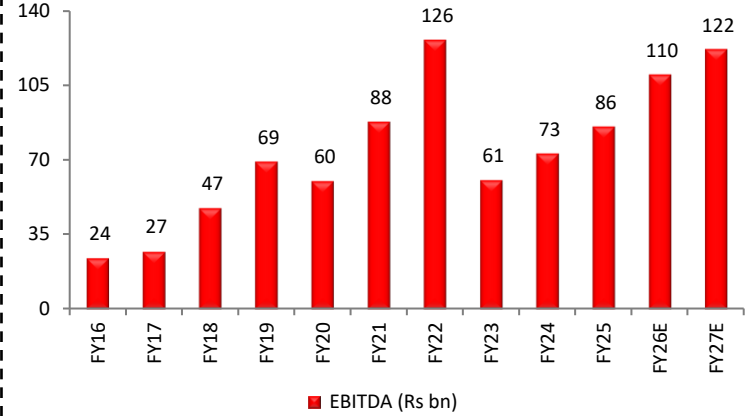
Source: Company, Systematix Institutional Research

Exhibit 14: Revenue growth to be in line with volumes



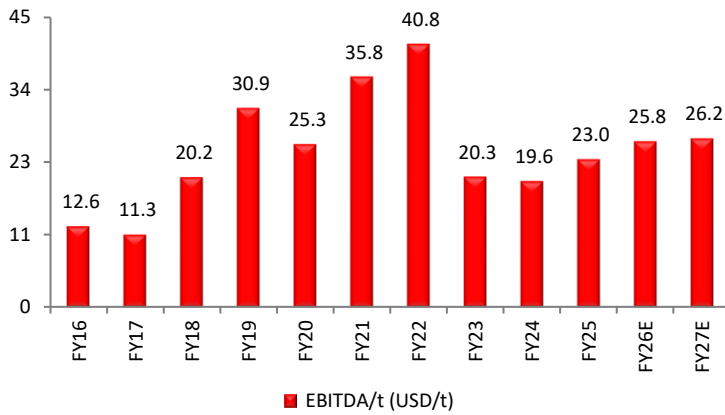
Source: Company, Systematix Institutional Research

Exhibit 15: EBITDA trend



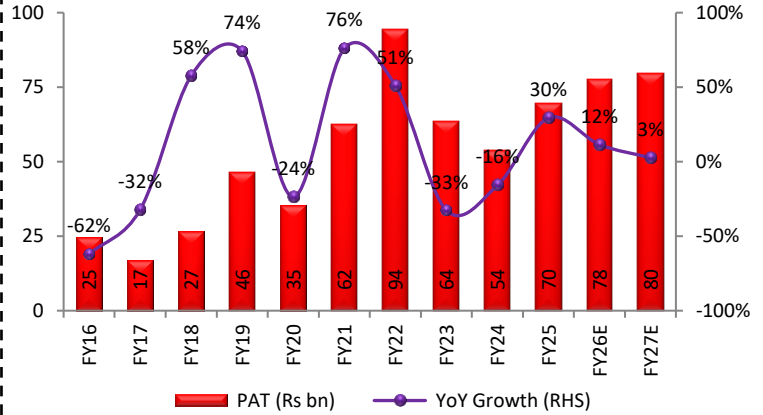
Source: Company, Systematix Institutional Research

Exhibit 16: EBITDA/t



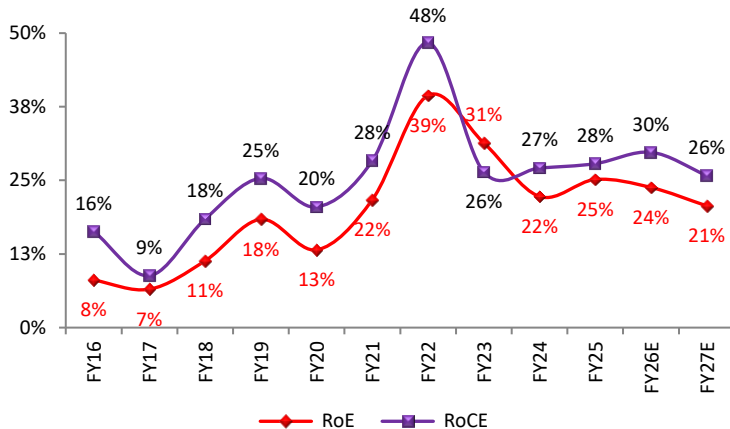
Source: Company, Systematix Institutional Research

Exhibit 17: Profit After Tax



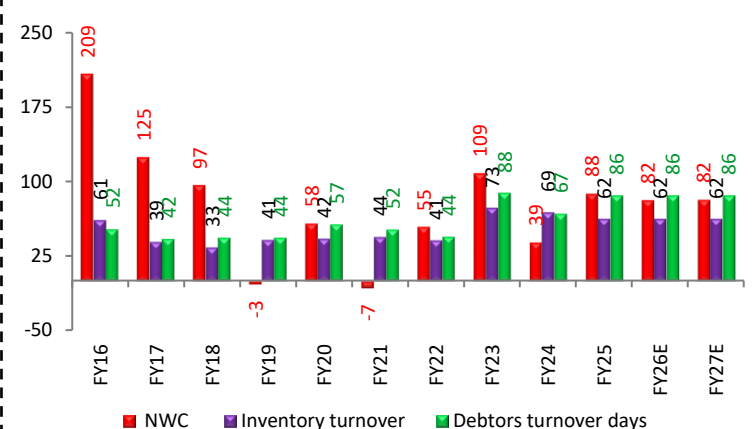
Source: Company, Systematix Institutional Research

Exhibit 18: RoE and RoCE trend

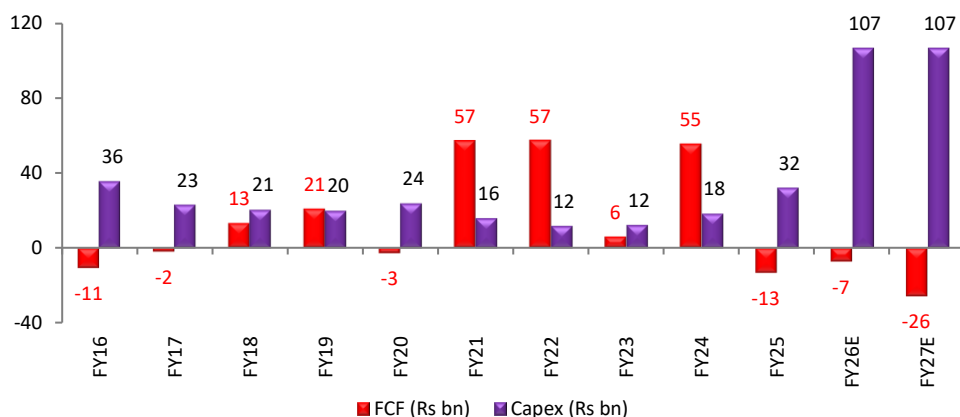


Source: Company, Systematix Institutional Research

Exhibit 19: Working capital cycle



Source: Company, Systematix Institutional Research

Exhibit 20: FCF turns negative with rising capex

Source: Company, Systematix Institutional Research

Exhibit 21: Key assumptions

	FY22	FY23	FY24	FY25	FY26E	FY27E
Iron ore production volume (mt)	41	38	45	44	51	55
Iron ore sales volume (mt)	41	38	45	44	51	55
Avg. iron ore realization (USD/t)	78	48	54	64	65	67
Avg. iron ore realization (Rs/t) (Incl. Royalty)	5,927	3,781	4,543	5,368	5,520	5,686
EBITDA/tonne (Rs/t)	3,096	1,582	1,634	1,928	2,171	2,228
EBITDA/tonne (USD/t)	41	20	20	23	26	26
Cost/tonne (USD/t)	37	28	35	41	40	41

Source: Systematix Institutional Research

Exhibit 22: NMDC Valuation: EV/EBITDA method (FY27E)

	Discount (%)	Particulars (Rs bn)	Multiple (x)	Ent. value (Rs bn)	Per share (Rs)
EBITDA		121.9	5.5	670	76
Net cash (FY25)		63	1.00	63	7
Target price per share				83	

Source: Systematix Institutional Research

Exhibit 23: Revised estimates

(Rs bn)	Previous		Revised		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	283	308	305	341	8%	11%
EBITDA	98	108	110	122	12%	13%
PAT	70	72	78	80	11%	11%
Avg. iron ore realization (USD/t)	64	63	65	67	2%	6%
Iron ore sales volume (mt)	48.0	51.8	50.7	54.7	6%	6%

Source: Systematix Institutional Research

FINANCIALS (CONSOLIDATED)

Profit & Loss Statement

YE: Mar (Rs bn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	177	213	239	305	341
Expenditure	116	140	153	195	220
EBITDA	61	73	86	110	122
Depreciation	3	4	4	7	11
EBIT	57	69	81	103	111
Interest and other income	7	13	14	4	(0)
Exceptionals	(12)	3	-	-	-
PBT	76	80	96	108	111
Taxes	21	24	26	30	31
Adj. PAT	64	54	70	78	80
No of shares	2,931	2,931	8,792	8,792	8,792
Adj. EPS	21.7	18.3	7.9	8.8	9.1

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs bn)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	3	3	9	9	9
Reserves and surplus	223	254	288	347	408
Net worth	226	257	297	356	416
Debt	21	34	38	48	58
Other liabilities	23	33	35	35	35
Total liabilities and equity	300	357	410	494	602
Inventories	27	28	26	36	39
Debtors	44	35	77	53	56
Cash and bank	71	124	101	99	99
Loans and advances	5	3	3	3	3
Total current assets	176	213	234	217	223
Net block	30	25	26	70	109
CWIP	20	32	47	104	167
Investments	9	10	10	10	10
Current liabilities	59	84	97	111	124
Provisions	14	16	16	16	16
Net deferred tax	3	3	3	3	(7)
Other assets	21	33	39	42	42
Total assets	300	357	410	494	602

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs bn)	FY23	FY24	FY25	FY26E	FY27E
PBT	76	80	91	108	111
Add: Depreciation	3	4	4	7	11
Add: Interest	(5)	(10)	(12)	(4)	0
Less: taxes paid	(21)	(18)	(25)	(30)	(31)
Add: Other adjustments	1	1	2	0	0
Less: WC changes	(36)	19	(43)	20	(4)
Total OCF	18	74	19	99	87
OCF w/o WC changes	55	55	62	80	91
Capital expenditure	(12)	(18)	(32)	(107)	(113)
Change in investments	0	(0)	(0)	-	-
Interest/Dividend Recd	6	10	12	4	(0)
Total ICF	2	(61)	3	(102)	(113)
Free Cash Flows	6	55	(13)	(7)	(26)
Dividend payment	(11)	(25)	(25)	(19)	(19)
Change in borrowings	(1)	(0)	(2)	-	-
Buyback	-	-	-	-	-
Total Financing CF	(21)	(13)	(22)	1	26
Net change in cash	(0)	0	(0)	(2)	(0)
Opening cash & CE	1	1	1	1	(1)
Closing cash & CE	0.9300	1.0939	0.8483	(0.8101)	(0.9604)

Source: Company, Systematix Institutional Research

Ratios

YE: Mar	FY23	FY24	FY25	FY26E	FY27E
YoY growth in Revenue	-32%	21%	12%	28%	12%
YoY growth in EBITDA	-52%	20%	17%	28%	11%
YoY growth in Net income	-33%	-16%	30%	12%	3%
EBITDA margin	34%	34%	36%	36%	36%
PAT margin	36%	25%	29%	25%	23%
ROE	31%	22%	25%	24%	21%
ROCE	26%	27%	28%	30%	26%
Net debt to equity (x)	(0.22)	(0.35)	(0.21)	(0.14)	(0.10)
Per share numbers (Rs)					
Reported earnings	21.7	18.3	7.9	8.8	9.1
Dividend	6.6	6.6	3.3	1.8	1.8
Free cash	2.0	18.9	(1.5)	(0.8)	(2.9)
Book value	77	88	34	40	47
Valuations (x)					
P/E	3.2	3.8	8.8	7.9	7.7
EV/EBITDA	9.1	7.5	6.4	5.0	4.5
EV to sales	3.1	2.6	2.3	1.8	1.6
P/B	2.7	2.4	2.1	1.7	1.5

Source: Company, Systematix Institutional Research

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Served as an officer, director or employee	No

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Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in

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Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI : ARN - 64917