

May 28, 2025

## Q4FY25 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	ACCUMULATE		ACCUMULATE	
<b>Target Price</b>	75		69	
Sales (Rs. bn)	281	314	258	289
% Chng.	8.9	8.5		
EBITDA (Rs. bn)	98	109	91	103
% Chng.	7.8	5.9		
EPS (Rs.)	8.5	9.5	7.9	8.8
% Chng.	7.5	7.9		

### Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	213	239	281	314
EBITDA (Rs. bn)	73	81	98	109
Margin (%)	34.2	34.1	34.8	34.8
PAT (Rs. m)	58	65	75	84
EPS (Rs.)	19.7	7.4	8.5	9.5
Gr. (%)	24.3	(62.2)	14.3	12.2
DPS (Rs.)	7.3	3.3	3.0	3.3
Yield (%)	10.2	4.7	4.2	4.7
RoE (%)	23.9	23.6	23.3	22.5
RoCE (%)	32.4	31.8	30.9	30.1
EV/Sales (x)	0.5	2.3	1.8	1.6
EV/EBITDA (x)	1.4	6.6	5.2	4.7
PE (x)	3.6	9.5	8.3	7.4
P/BV (x)	0.8	2.1	1.8	1.6

### Key Data NMDC.BO | NMDC IN

52-W High / Low	Rs.92 / Rs.60
Sensex / Nifty	81,312 / 24,752
Market Cap	Rs.623bn / \$ 7,298m
Shares Outstanding	8,792m
3M Avg. Daily Value	Rs.1664.61m

### Shareholding Pattern (%)

Promoter's	60.79
Foreign	11.72
Domestic Institution	15.13
Public & Others	12.36
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	7.8	(6.7)	(17.9)
Relative	6.4	(9.3)	(24.1)

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## Weak qtr; volume ramp up is the key

### Quick Pointers:

- NMDC has guided for ~55mt of sales volume for FY26.
- NMDC is targeting to ramp up KIOCL's 3mtpa pellet plant in FY26.

**NMDC's reported weak Q4FY25 operating performance mainly due to weak pricing and flattish volumes. Realization declined 7% QoQ on product mix deterioration and price cuts of Rs350/t undertaken for lump and fines in Q4FY25. NMDC received lower premium over quoted prices in a weak pricing environment during the quarter. Volumes grew just 1% YoY due to a 14-day employee strike over wage settlement. Higher other expenses (on account of traded steel sales from NMDC Steel and KIOCL's pellet plant costing) and employee costs, impacted EBITDA/t by 4% YoY to Rs1,619 (PLe Rs1,732). With a sharp rise in debtor days due to RINL/NSL, NMDC's cash conversion cycle has also deteriorated in FY25.**

**As Indian steel production growth remains strong, iron ore market is expected to remain tight in near future. Mgmt. is targeting to utilize maximum EC limits in FY26 and produce ~55.4mt however, execution would remain a key. We factor in 49.3/54mt volumes for FY26/27E and raise EBITDA estimates by 8%/6% on price hikes undertaken in May'25. At CMP, the stock is trading at 5.2x/4.7x EV of FY26/27E EBITDA. Maintain 'Accumulate' with a revised TP of Rs75 (earlier Rs69) valuing it at multiple of 5x EV of Mar'27E EBITDA.**

- Revenue aided by pellets & traded steel sales:** Cons revenue grew 8% YoY to Rs70bn (up 7% QoQ; PLe 67.3bn) on account of higher revenue from pellets/ other mineral division (which includes pellets exports of Rs4.5bn and trading sale of steel from NSL worth Rs2bn). Iron ore revenue declined 1% YoY to Rs63.5bn. Iron ore sales were up 1% YoY to 12.67mt while average ore realization declined 7% QoQ to Rs5,012/t (-2% YoY; PLe 5,173) on product mix deterioration as NMDC received lower premium over quoted prices in weak pricing environment during Q4FY25. NMDC had cut lump and fines prices in early Jan by ~6% and raised prices again in May'25 by ~8%.
- Cons EBITDA affected by higher operating costs:** Cons EBITDA declined 2% YoY to Rs20.5bn (-14% QoQ; PLe 21.9bn) on higher other expenses & employee costs. Other expenses per ton increased 25% YoY to Rs837/t (includes Rs2.5bn of KIOCL's pellet plant and Rs2bn of purchase of traded steel), employees cost grew 15% YoY to Rs432/t; while royalty and cess per ton declined 7% YoY to Rs2,292/t. Freight costs per ton increased 54% YoY to Rs126 while Consumption of stores & spare parts was largely in-line at Rs164/t. Resultant, blended EBITDA/t declined 4% YoY to Rs1,619 (down 19% QoQ; PLe Rs 1,732/t). Reported cons PAT grew 3% YoY to Rs14.8bn (-22% QoQ; PLe Rs16.8bn).
- Rise in debtor days due to various projects:** 1) Post NMDC Steel demerger, Rs36.6bn (Rs31.6bn in Q3) is due on account of sale of iron ore and Rs1.4bn (Rs2.1bn in Q3) is due on account of employee services and purchase of HR

Products as of 4QFY25. Another Rs40.5bn (Rs34.6bn in Q3) is due from RINL for supply of iron ore. With NMDC Steel expected to break even in FY26, mgmt. expect debtor days to come down by end FY26. **2)** As of March 31, 2025, trade receivables from RINL stood at Rs40.bn. on account of iron ore supplies. A revival plan of Rs114.4bne was approved by CCEA, and lenders have cleared financial support. Management expects full recovery; however, Rs106.6mn has been provided as expected credit loss for time value of money. **3)** Baster Railway P Ltd (JV company) was formed to build, construct, operate 140km Jagdalpur-Rowghat rail corridor. In Dec'24, Railways board granted in principal approval for taking over of this project. NMDC expects to get the full cost recovered.

### Q4FY25 Concall Highlights:

- NMDC aims to achieve sales volume of 55.4mt in FY26, with the screening plant targeting to operate at over 100% capacity utilisation.
- NMDC is evaluating overseas assets and has opened an office in Dubai to support operations in Africa.
- Two coal blocks (incl. Rohne) and two iron ore JV blocks are expected to become operational in FY26.
- NMDC's Legacy ops have been stabilized in the last 2-3 months and is expected to be profitable in FY26.
- A long-term lease with RINL has been extended. It has ~1,167 acres of land near Gangavaram Port, expected to aid the planned 100mtpa expansion. An 8mtpa slurry pipeline is planned from Kirandul to Bacheli and from Nagarnar to Vizag.
- **Capex:** NMDC incurred a capex of Rs37bn in FY25 and targets Rs40bn in FY26. NMDC is planning cumulative investment of over Rs100bn for next two years.
- The 2mtpa pellet plant at Nagarnar is expected to be completed by the end of CY25.
- Projects worth Rs280bn have already been sanctioned, with another Rs120bn expected to be approved in the coming months. Projects worth Rs310–320bn are in the planning stage.
- Only two sections (20km out of 150km) of the KK line are pending now, and Indian Railways is targeting for completion by Dec'25.
- Other expenses were elevated due to KIOCL pellet exports and a marketing tie-up with NSL, which increased purchase costs.
- KIOCL Pellet volume is expected to increase from 0.5mt in FY25 to 2.5–3mt in FY26.

**Exhibit 1: Consolidated Q4FY25 Financial Performance (Rs bn)**

Y/e March	4QFY25	4QFY24	YoY gr. (%)	4QFY25E	% Var.	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
<b>Net Sales</b>	<b>70.0</b>	<b>64.9</b>	<b>7.9</b>	<b>67.3</b>	<b>4.1</b>	<b>65.7</b>	<b>6.6</b>	<b>239.1</b>	<b>213.1</b>	<b>12.2</b>
Raw Material	2.8	(0.9)	(421.9)	2.0	41.5	(0.3)	(912.8)	10.3	5.8	77.4
% of Net Sales	4.0	-1.4		3.0		-0.5		4.3	2.7	
Staff Costs	5.5	4.7	16.6	5.1	8.0	4.4	24.4	18.0	16.3	10.4
% of Net Sales	7.8	7.2		7.5		6.7		7.5	7.6	
Royalty & cess	29.0	30.7	(5.4)	30.9	(6.0)	30.3	(4.2)	97.1	92.1	5.4
% of Net Sales	41.5	47.3		45.9		46.2		40.6	43.2	
Freight & Selling Expenses	1.6	1.0	56.3	1.1	44.7	1.3	20.8	5.4	3.4	59.2
% of Net Sales	2.3	1.6		1.6		2.0		2.3	1.6	
Other Expenses	10.6	8.3	27.1	6.3	68.2	6.3	69.2	26.8	22.6	18.9
% of Net Sales	15.1	12.9		9.4		9.5		11.2	10.6	
Total Expenditure	49.5	43.9	12.9	45.4	9.2	42.0	18.1	157.6	140.2	12.4
<b>EBITDA</b>	<b>20.5</b>	<b>21.0</b>	<b>(2.4)</b>	<b>21.9</b>	<b>(6.5)</b>	<b>23.7</b>	<b>(13.5)</b>	<b>81.5</b>	<b>72.9</b>	<b>11.7</b>
Margin (%)	29.3	32.4		32.6		36.1		34.1	34.2	
Depreciaton	1.4	1.1	27.3	0.4	276.7	1.0	37.2	4.2	3.5	19.9
Other income	4.9	4.2	18	2.4	102	3.8	31.3	15.9	13.7	16
<b>EBIT</b>	<b>24.0</b>	<b>24.1</b>	<b>(0.3)</b>	<b>24.0</b>	<b>0.0</b>	<b>26.4</b>	<b>(9.1)</b>	<b>93.2</b>	<b>83.1</b>	<b>12.1</b>
Interest	0.6	0.2	203.4	-		0.6	7.2	1.8	0.8	127.1
<b>PBT</b>	<b>23.4</b>	<b>23.9</b>	<b>(2.1)</b>	<b>24.0</b>	<b>(2.7)</b>	<b>25.8</b>	<b>(9.5)</b>	<b>91.4</b>	<b>82.3</b>	<b>11.0</b>
Extraordinary income/(expense)	-	(0.3)	NA	-		-	NA	-	(2.8)	NA
<b>PBT (After EO)</b>	<b>23.4</b>	<b>23.6</b>	<b>(0.9)</b>	<b>24.0</b>	<b>(2.7)</b>	<b>25.8</b>	<b>(9.5)</b>	<b>91.4</b>	<b>79.5</b>	<b>15.0</b>
Tax	8.5	9.4	(9.4)	7.2	18.6	6.9	24.4	26.0	23.8	9.4
% PBT	36.6	40.0		30.0		26.6		28.5	29.9	
<b>Reported PAT</b>	<b>14.8</b>	<b>14.2</b>	<b>4.8</b>	<b>16.8</b>	<b>(11.8)</b>	<b>19.0</b>	<b>(21.8)</b>	<b>65.4</b>	<b>55.7</b>	<b>17.4</b>
<b>Adjusted PAT</b>	<b>14.8</b>	<b>14.3</b>	<b>3.5</b>	<b>16.8</b>	<b>(11.8)</b>	<b>19.0</b>	<b>(21.8)</b>	<b>65.4</b>	<b>57.7</b>	<b>13.3</b>

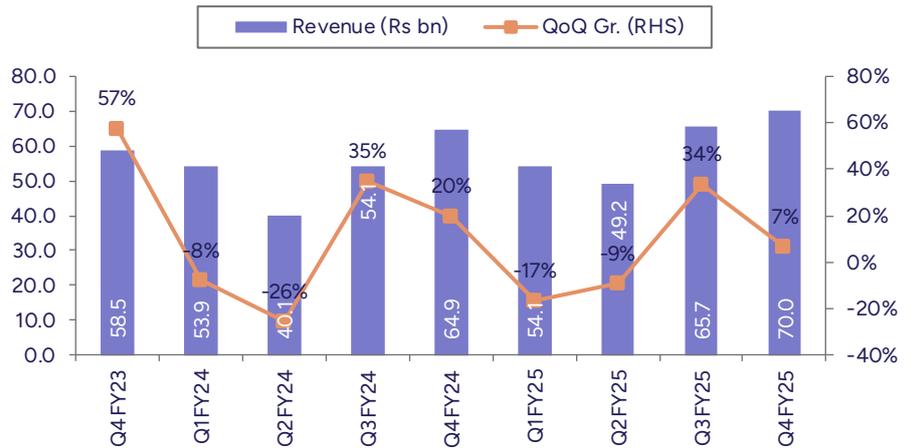
Source: Company, PL

**Exhibit 2: Standalone operating matrix**

Particulars	4QFY25	4QFY24	YoY gr. (%)	4QFY25E	% Var.	3QFY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Sales volume (mt)	12.67	12.51	1.3	12.67	-	11.94	6.1	44.4	44.5	(0.0)
Realization/t (Rs)	5,012	5,138	(2.4)	5,173	(3.1)	5,389	(7.0)	5,149	4,736	8.7
EBITDA/t (Rs)	1,619	1,708	(5.2)	1,658	(2.4)	2,018	(19.8)	1,859	1,654	12.4

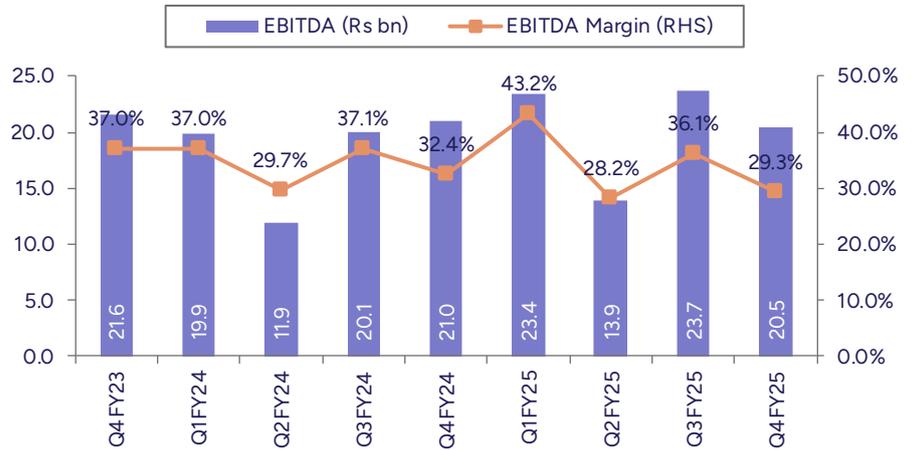
Source: Company, PL

**Exhibit 3: Cons revenue grew 8% YoY aided by pellet & traded steel sales**



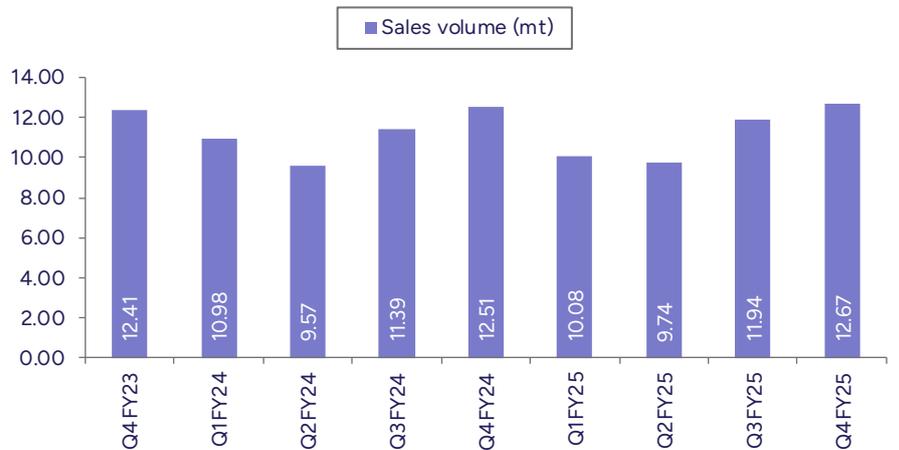
Source: Company, PL

**Exhibit 4: Cons EBITDA declined 2% YoY due to increase in operating costs**



Source: Company, PL

**Exhibit 5: Volume grew 1% YoY impacted by employees strike in March**



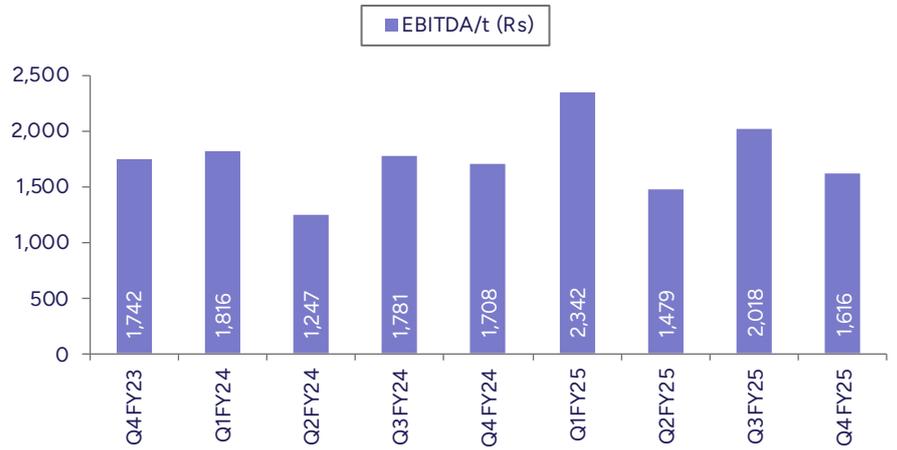
Source: Company, PL

**Exhibit 6: Std. realization declined 7% QoQ on price cuts undertaken in Jan'24**



Source: Company, PL

**Exhibit 7: Std. EBITDA/t declined 5% YoY on other and employee expenses**



Source: Company, PL

## Financials

### Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>213</b>	<b>239</b>	<b>281</b>	<b>314</b>
YoY gr. (%)	20.6	12.2	17.6	11.6
Cost of Goods Sold	(1)	3	-	-
Gross Profit	214	236	281	314
Margin (%)	100.4	98.8	100.0	100.0
Employee Cost	16	18	21	22
Other Expenses	125	137	163	182
<b>EBITDA</b>	<b>73</b>	<b>81</b>	<b>98</b>	<b>109</b>
YoY gr. (%)	20.5	11.7	20.2	11.6
Margin (%)	34.2	34.1	34.8	34.8
Depreciation and Amortization	4	4	6	7
<b>EBIT</b>	<b>69</b>	<b>77</b>	<b>92</b>	<b>102</b>
Margin (%)	32.6	32.3	32.8	32.5
Net Interest	1	2	1	1
Other Income	14	16	12	15
<b>Profit Before Tax</b>	<b>80</b>	<b>91</b>	<b>103</b>	<b>116</b>
Margin (%)	37.3	38.3	36.7	36.9
Total Tax	24	26	28	32
Effective tax rate (%)	29.9	28.5	27.5	27.5
<b>Profit after tax</b>	<b>56</b>	<b>65</b>	<b>75</b>	<b>84</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>58</b>	<b>65</b>	<b>75</b>	<b>84</b>
YoY gr. (%)	24.3	13.3	14.3	12.2
Margin (%)	27.1	27.4	26.6	26.7
Extra Ord. Income / (Exp)	(2)	-	-	-
<b>Reported PAT</b>	<b>56</b>	<b>65</b>	<b>75</b>	<b>84</b>
YoY gr. (%)	0.6	17.4	14.3	12.2
Margin (%)	26.2	27.4	26.6	26.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	56	65	75	84
<b>Equity Shares O/s (bn)</b>	<b>3</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>EPS (Rs)</b>	<b>19.7</b>	<b>7.4</b>	<b>8.5</b>	<b>9.5</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>54</b>	<b>74</b>	<b>114</b>	<b>164</b>
Tangibles	54	74	114	164
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>20</b>	<b>24</b>	<b>30</b>	<b>37</b>
Tangibles	20	24	30	37
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>34</b>	<b>50</b>	<b>85</b>	<b>127</b>
Tangibles	34	50	85	127
Intangibles	-	-	-	-
Capital Work In Progress	32	47	47	57
Goodwill	-	-	-	-
Non-Current Investments	10	10	10	10
Net Deferred tax assets	3	3	3	3
Other Non-Current Assets	63	66	66	66
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	28	26	32	36
Trade receivables	35	77	77	86
Cash & Bank Balance	124	101	126	128
Other Current Assets	-	-	-	-
<b>Total Assets</b>	<b>354</b>	<b>407</b>	<b>472</b>	<b>539</b>
<b>Equity</b>				
Equity Share Capital	3	9	9	9
Other Equity	254	288	337	391
<b>Total Networkth</b>	<b>257</b>	<b>297</b>	<b>345</b>	<b>400</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	16	16	16	16
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	81	93	109	122
Other current liabilities	3	4	4	4
<b>Total Equity &amp; Liabilities</b>	<b>354</b>	<b>407</b>	<b>472</b>	<b>539</b>

Source: Company Data, PL Research

**Cash Flow (Rs bn)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	80	91	103	116
Add. Depreciation	4	4	6	7
Add. Interest	1	2	1	1
Less Financial Other Income	14	16	12	15
Add. Other	(10)	(16)	(12)	(15)
Op. profit before WC changes	73	81	98	109
Net Changes-WC	19	(33)	11	0
Direct tax	(18)	(26)	(28)	(32)
<b>Net cash from Op. activities</b>	<b>74</b>	<b>23</b>	<b>80</b>	<b>77</b>
Capital expenditures	(18)	(15)	(40)	(60)
Interest / Dividend Income	10	16	12	15
Others	(52)	-	-	-
<b>Net Cash from Invt. activities</b>	<b>(61)</b>	<b>1</b>	<b>(28)</b>	<b>(45)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	12	-	-	-
Dividend paid	(25)	(29)	(26)	(29)
Interest paid	(1)	(2)	(1)	(1)
Others	1	-	-	-
<b>Net cash from Fin. activities</b>	<b>(13)</b>	<b>(31)</b>	<b>(28)</b>	<b>(30)</b>
<b>Net change in cash</b>	<b>0</b>	<b>(7)</b>	<b>25</b>	<b>2</b>
Free Cash Flow	55	8	40	17

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Net Revenue</b>	<b>54</b>	<b>49</b>	<b>66</b>	<b>70</b>
YoY gr. (%)	0.4	22.5	21.4	7.9
Raw Material Expenses	1	7	-	3
Gross Profit	53	42	66	67
Margin (%)	98.0	86.3	100.5	96.0
<b>EBITDA</b>	<b>23</b>	<b>14</b>	<b>24</b>	<b>21</b>
YoY gr. (%)	17.4	16.4	18.2	(2.4)
Margin (%)	43.2	28.2	36.1	29.3
Depreciation / Depletion	1	1	1	1
<b>EBIT</b>	<b>23</b>	<b>13</b>	<b>23</b>	<b>19</b>
Margin (%)	41.9	26.1	34.6	27.3
Net Interest	-	-	1	1
Other Income	4	4	4	5
<b>Profit before Tax</b>	<b>26</b>	<b>16</b>	<b>26</b>	<b>23</b>
Margin (%)	48.2	32.8	39.3	33.4
Total Tax	6	4	7	9
Effective tax rate (%)	24.7	25.9	26.6	36.6
<b>Profit after Tax</b>	<b>20</b>	<b>12</b>	<b>19</b>	<b>15</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>20</b>	<b>12</b>	<b>19</b>	<b>15</b>
YoY gr. (%)	18.2	16.7	14.4	3.5
Margin (%)	36.3	24.3	28.9	21.2
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>20</b>	<b>12</b>	<b>19</b>	<b>15</b>
YoY gr. (%)	18.2	16.7	29.0	4.8
Margin (%)	36.3	24.3	28.9	21.2
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>20</b>	<b>12</b>	<b>19</b>	<b>15</b>
Avg. Shares O/s (bn)	3	3	9	9
<b>EPS (Rs)</b>	<b>6.7</b>	<b>4.1</b>	<b>2.2</b>	<b>1.7</b>

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	19.7	7.4	8.5	9.5
CEPS	20.9	7.9	9.1	10.4
BVPS	87.6	33.8	39.3	45.5
FCF	18.9	0.9	4.6	2.0
DPS	7.3	3.3	3.0	3.3
<b>Return Ratio(%)</b>				
RoCE	32.4	31.8	30.9	30.1
ROIC	36.6	28.8	31.6	28.3
RoE	23.9	23.6	23.3	22.5
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.4)	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	(32)	17	0	0
<b>Valuation(x)</b>				
PER	3.6	9.5	8.3	7.4
P/B	0.8	2.1	1.8	1.6
P/CEPS	3.4	9.0	7.7	6.8
EV/EBITDA	1.4	6.6	5.2	4.7
EV/Sales	0.5	2.3	1.8	1.6
Dividend Yield (%)	10.2	4.7	4.2	4.7

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales volume (mt)	44.5	44.4	49.3	54.0
Realisation/t (Rs)	4,794	5,380	5,093	5,077
EBITDA/ton (Rs)	1,641	1,834	1,988	2,024

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	23-Apr-25	Accumulate	69	68
2	08-Apr-25	Accumulate	69	61
3	11-Feb-25	Accumulate	70	64
4	09-Jan-25	Accumulate	80	65
5	13-Nov-24	Accumulate	84	74
6	07-Oct-24	Accumulate	89	79
7	17-Aug-24	Accumulate	84	72
8	07-Jul-24	Accumulate	92	84
9	30-May-24	Accumulate	93	86

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,383	1,938
2	Ambuja Cement	BUY	658	545
3	Dalmia Bharat	Accumulate	2,117	1,974
4	Hindalco Industries	Accumulate	724	663
5	Jindal Stainless	BUY	678	580
6	Jindal Steel & Power	Accumulate	978	893
7	JSW Steel	Accumulate	1,068	1,009
8	National Aluminium Co.	BUY	212	185
9	NMDC	Accumulate	69	68
10	Nuvoco Vistas Corporation	Accumulate	374	343
11	Shree Cement	Reduce	28,336	30,788
12	Steel Authority of India	Hold	118	116
13	Tata Steel	BUY	176	149
14	Ultratech Cement	BUY	13,668	12,114

PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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