

CMP: ₹ 95

Target: ₹ 105 (11%)

Target Period: 12 months

HOLD

June 2, 2026

Healthy performance, on a stable growth trajectory

About the stock: NMDC Ltd, formerly National Mineral Development Corporation, est. in 1958, is Navratna Public Sector Enterprise (PSE) under Ministry of Steel. Its largest iron ore mining company in India, with ~50 MT of iron production in FY26.

- It operates seven iron ore mining leases with total reserve of ~1,700 million tonne (MT), having the average Fe grade of ~64%.

Q4FY26 Results: NMDC reported a healthy performance in Q4FY26. Total operating income for the quarter came in at ₹11,343 crore (up 49% QoQ) includes ₹2,947 crores revenue from trading activity @ NMDC Steel. Iron ore sales volume of 15.3 million tonne (up 21% YoY). Reported EBITDA stood at ₹2,644 crore with corresponding EBITDA/tonne was at ₹1,731/tonne in Q4FY26 vs. ₹1,687/tonne in Q3FY26. PAT stood at ₹2,027 crore (up 37% YoY).

Investment Rationale

- Low per capita steel consumption presents significant growth potential:** Despite being the world's 2nd largest steel consumer, India's per capita steel consumption of ~103 kg remains below global average of ~215 kg. To bridge this gap, the government has set a target to rise per capita steel consumption to 160 kg by FY31, while expanding crude steel production capacity to 300 MT. This is expected to drive domestic iron ore demand to ~430 MT. Backed by over six decades of expertise in iron ore mining, NMDC is well positioned to capitalize on this structural growth opportunity.
- 100 MT production target remains on track amid healthy iron ore demand:** NMDC reported a robust 13% YoY growth in iron ore production, reaching 50 MT in FY26. It has guided for 60 MT production in FY27, supported by ramp-up of newly commissioned mines. Furthermore, NMDC remains on track to achieve its long-term production target of 100 MTPA by FY30. To support this expansion, it plans to invest ~₹50,000 crore across its mining operations, focusing on capacity enhancement at Kirandul, Bachel, and Donimalai through additional crushing, screening, and beneficiation facilities, along with the development of a 15 MTPA slurry pipeline and upgrades to evacuation infrastructure.
- Broadening product portfolio beyond iron ore mining space:** NMDC is strategically expanding beyond iron ore by pursuing opportunities in critical minerals such as gold, diamonds, lithium, nickel, cobalt, and rare earth elements. It has also commenced operations at the Tokisud North coal block, which has a peak production capacity of ~2.3 MTPA. In addition, the Rohne coking coal mine, with a peak capacity of ~8 MTPA, is expected to be commissioned by Q3FY27. These initiatives are expected to diversify revenue streams and enhance long-term earnings resilience.

Rating and Target Price

- NMDC remains well-positioned for a healthy growth trajectory, supported by its ambitious 100 MT of iron ore production by FY30. However, near-term challenges such as range-bound iron ore prices, elevated capex spends in the near term and uncertainty on additional mining taxes continue to act as key overhangs. With this, we maintain our **HOLD** rating on the stock with a target price of **₹105**, based on 7x FY28E EV/EBITDA.



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NMDC Limited

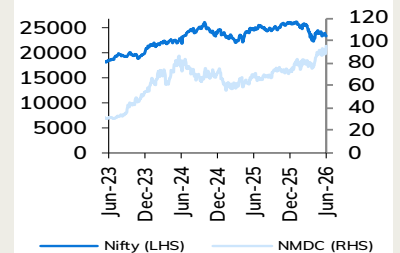
Particulars

Particulars	₹ crore
Market capitalisation	83,522
Total Debt (FY26P)	5,874
Cash & Investment (FY26P)	11,387
EV (₹ crore)	78,009
52 week H/L (₹)	97 / 67
Equity capital (₹ crore)	879.2
Face value (₹)	1.0

Shareholding pattern

	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	60.8	60.8	60.8	60.8
FII	12.2	13.0	13.5	13.6
DII	14.5	14.4	14.1	13.8
Other	12.5	11.8	11.7	11.9

Price Chart



Recent event & key risks

- Guide 60 MT of production volume in FY27, with long term volume target of 100 MT by 2030.
- Key Risk:** (i) Delay in ramp up of iron ore mines will impact medium term volume growth target (ii) higher than expected rise in EBITDA/ton beating our estimates.

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Key Financial Summary

Key Financials (₹ crore)	FY22	FY23	FY24	FY25	FY26P	5 year CAGR (FY21-26)	FY27E	FY28E	3 year CAGR (FY26-28E)
Net Sales	25,965	17,667	21,308	23,906	32,071	15.8%	35,250	40,418	12.3%
EBITDA	12,624	6,053	7,293	8,149	9,260	1.0%	11,138	12,741	17.3%
EBITDA Margins (%)	48.6	34.3	34.2	34.1	28.9		31.6	31.5	
Net Profit	9,429	5,601	5,575	6,541	7,450	3.5%	8,919	9,911	15.3%
EPS (₹)	10.7	6.4	6.3	7.4	8.5		10.1	11.3	
P/E	3.0	5.0	15.0	12.8	11.2		9.4	8.4	
RoNW (%)	52.3	28.0	20.9	22.0	21.9		22.6	21.8	
RoCE (%)	61.7	22.9	23.8	23.0	21.9		23.3	23.6	

Source: Company, ICICI Direct Research

Key Takeaways of Recent Quarter

Q4FY26 Results: Reported a healthy Performance

- Total operating income for the quarter came in at ₹11,343 crore, up 62% YoY and 49% QoQ) with iron ore sales volume was at 15.3 million tonne (up 21% YoY and 20% QoQ). The topline growth was largely supported by a higher sale from HR coil product (trading activity of NMDC Steel), which accounted for ₹2,947 crores in Q4FY26 vs ₹705 crores in Q3FY26.
- Reported EBITDA came in at ₹2,644 crore with corresponding EBITDA margins at 23.3%. EBITDA/tonne for the quarter came in at ₹1,731/tonne in Q4FY26 vs ₹1,687/tonne in Q3FY26. This was driven by lower royalty and other operating expenses amid higher employee costs.
- Resultant PAT in Q4FY26 stood at ₹2,027 crore, up by 37% YoY. Cash balance as on 31st March'26 is at ~₹11,387 crores. Capex for FY26 stood at ~₹3,300 crores.

Q4FY26 Earnings Conference Call Highlights:

- **Guidance:** NMDC is targeting a production volume of 60 MT for FY27. Incremental volume are expected from the newly opened Deposit-4 in (1 MTPA), Deposit NMZ (1 MTPA), Kumarswamy (~1.3 MTPA), Depsoit- 5 (2 MTPA), and Deposit-13 (0.5 MTPA). The company currently has an environmental clearance (EC) capacity of 64.8 MTPA and a consent-to-operate (CTO) capacity of 55.4 MTPA, with plans to increase the CTO capacity to 58.8 MTPA during FY27. The company has reiterated its production volume target of 100 MTPA by end of FY30.
- **Capex:** Capex for FY27 is expected to be around ₹5,000-6,000 crore. Subsequently, the annual capex spending is likely to increase to ₹7,000-10,000 crore over the next 2 to 3 years, with a cumulative investment of ₹40,000-50,000 crore planned to achieve the 100 MTPA production volume target. As part of this expansion, it aims to double its railway line capacity by Dec'26, increasing evacuation capacity from 28-30 MTPA to 40 MTPA, with the potential to reach to 60 MTPA. Additionally, the company has sanctioned ₹3,000 crore for a blending yard at Vizag, which is expected to be completed over the next 2-2.5 years, and will enable the production of high quality branded iron ore products. Furthermore, the 15 MTPA slurry pipeline from Bachel to Nagarnar, the pellet plant at Nagarnar, and the grinding mill at Bachel are undergoing pre-commissioning trials and expected to be commissioned by mid of July'26.
- **Iron Ore Price and Mine Operation:** NMDC expects iron ore prices to remain range-bound in the near term during FY27. The company has commission Desposit-4 mine in Bailadila, which is expected to contribute 1 MTPA in FY27, followed by an another 2 MTPA in FY28. Moreover, the production from the mine is expected to ramp upto 7 MTPA by FY30.
- **Coal:** NMDC has commissioned the Tokisud North coal block in Jharkhand and expects a production of 1 MTPA expected in FY27. It has guided revenue of ~₹500-600 crore and average EBITDA margins of 30%-40%. The mine has a peak coal capacity of 2.3 MTPA. Meanwhile, the Rohane coking coal mine is expected to be commissioned by the end of Q3FY27, with peak production capacity of 8 MTPA
- **NMDC Steel:** NMDC was temporarily engaged in trading HR Coils for NMDC Steel to address short-term cash flow requirements. However, this was a one-time measure and is not expected to continue in Q1 FY27, with only minimal trading activity anticipated in FY27.
- **Critical Minerals and Rare Earth:** NMDC has signed a Memorandum of Understanding (MOU) with Gujarat Mineral Development Corporation to jointly develop a rare earth mine and processing facilities. Additionally, the company plans to allocate ₹2,000-3,000 crore of capex towards acquiring international assets in this year.

Key Tables and Charts

Exhibit 1: Quarterly Analysis

	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Total Operating income	11,343	7,005	61.9	7,611	49.0
Raw Material Cost	3,718	487	664.2	1,095	239.6
Employee Expenses	680	547	24.3	445	52.8
Royalty Expenses	3,235	2,904	11.4	2,990	8.2
Other Operating Expenses	1,067	1,016	5.0	937	13.9
Total Expenses	8,700	4,953	75.6	5,467	59.1
EBITDA	2,644	2,051	28.9	2,144	23.3
EBITDA Margins	23.3%	29.3%	-598 bps	28.2%	-487 bps
Other Income	442	487	-9.2	382	15.7
Depreciation	152	141	7.6	107	41.7
Interest	51	65	-20.8	35	47.1
Tax	855	855	0.1	628	36.2
PAT	2,027	1,478	37.1	1,757	15.4
Key Metrics					
Sales Volume (million tonne)	15.3	12.7	20.6	12.7	20.2
Blended Realisations (₹/tonne)	4,759	5,007	-5.0	4,681	1.7
EBITDA/tonne	1,731	1,619	6.9	1,687	2.6

Source: Company, ICICI Direct Research

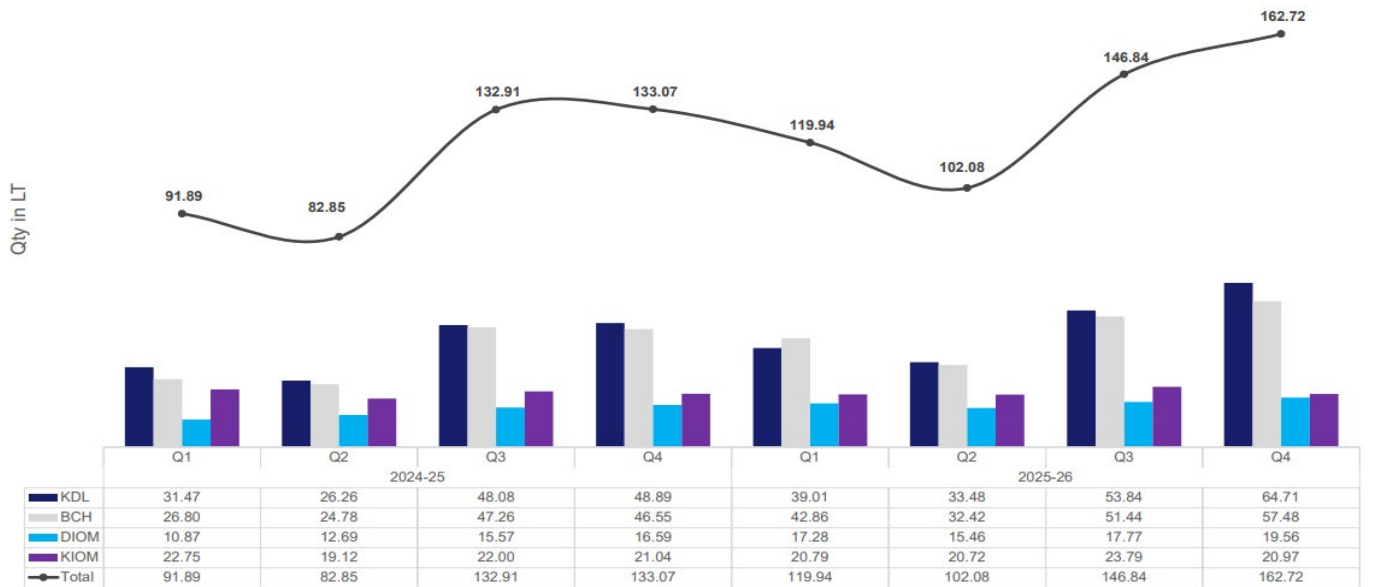
Exhibit 2: Change in headline estimates

(₹ Crore)	FY27E			FY28E		
	Old	New	% Change	Old	New	% Change
Sales Volume (MT)	53.7	55.0	2.4	56.4	60.0	6.4
Blended Realization (₹/tonne)	5,080	5,442	7.1	5,280	5,590	5.9
Total Op.Income	32,913	35,250	7.1	35,917	40,418	12.5
EBITDA	10,528	11,138	5.8	11,879	12,741	7.3
Margins (%)	32.0	31.6	-39 bps	33.1	31.5	-155 bps
EBITDA (₹/tonne)	1,959	2,025	3.4	2,105	2,124	0.9
PAT	8,192	8,919	8.9	9,020	9,911	9.9
EPS (₹)	9.3	10.1	8.9	10.3	11.3	9.4

Source: Company, ICICI Direct Research

Exhibit 3: Quarterly Iron Ore Production Trends

Quarterly Iron Ore Production Trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement		₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E	
Net Sales	23,906	32,071	35,250	40,418	
Other Operating Income	-	-	-	-	
Total Operating Income	23,906	32,071	35,250	40,418	
Growth (%)	12	34	10	15	
Raw Material Expenses	1,281	6,350	4,230	4,850	
Employee Expenses	1,795	1,940	2,362	2,668	
Other Operating Expense	12,681	14,521	17,520	20,159	
Total Operating Expenditure	15,757	22,811	24,111	27,676	
EBITDA	8,149	9,260	11,138	12,741	
Growth (%)	11.7	13.6	20.3	14.4	
Depreciation	420	477	551	611	
Interest	178	121	202	200	
Other Income	1,593	1,488	1,549	1,332	
PBT	9,144	10,149	11,935	13,263	
Exceptional Item	0	0	0	0	
Total Tax	2,604	2,734	3,055	3,395	
PAT	6,541	7,450	8,919	9,911	
Growth (%)	17.3	13.9	19.7	11.1	
EPS (₹)	7.4	8.5	10.1	11.3	

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement		₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E	
Profit after Tax	6,541	7,450	8,919	9,911	
Add: Depreciation	420	477	551	611	
Sub: Other Income & Exp	-1,593	-1,488	-1,549	-1,332	
(Inc)/dec in Current Assets	-4,418	-2,471	-1,217	-2,203	
Inc/(dec) in CL and Provisions	897	816	726	1,308	
Others	178	121	202	200	
CF from operating activities	2,026	4,906	7,630	8,494	
(Inc)/dec in Investments	-22	-394	0	0	
(Inc)/dec in Fixed Assets	-3,585	-3,306	-6,000	-8,000	
Others + Other income	1,571	1,193	1,534	1,317	
CF from investing activities	-2,036	-2,506	-4,466	-6,683	
Issue/(Buy back) of Equity	586	0	0	0	
Inc/(dec) in loan funds	414	2,104	-100	-100	
Dividend & interest outgo	-2,639	-3,198	-3,719	-4,157	
Others	-626	-7	0	0	
CF from financing activities	-2,265	-1,101	-3,819	-4,257	
Net Cash flow	-2,275	1,299	-654	-2,445	
Opening Cash	12,364	10,089	11,387	10,733	
Closing Cash	10,089	11,387	10,733	8,287	

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet		₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E	
Liabilities					
Equity Capital	879.2	879.2	879.2	879.2	
Reserve and Surplus	28,817	33,183	38,585	44,539	
Total Shareholders funds	29,696	34,062	39,464	45,419	
Total Debt	3,770	5,874	5,774	5,674	
Deferred Tax Liability	0	0	0	0	
Minority Interest / Others	164	190	200	210	
Total Liabilities	33,630	40,127	45,438	51,302	
Assets					
Gross Block	7,386	8,680	9,680	10,680	
Less: Acc Depreciation	2,347	2,824	3,375	3,986	
Net Block	5,038	5,856	6,305	6,694	
Capital WIP	4,737	6,749	11,749	18,749	
Total Fixed Assets	9,776	12,604	18,054	25,443	
Investments	978	1,372	1,372	1,372	
Inventory	2,638	2,522	2,704	3,101	
Debtors	7,745	9,206	9,657	10,520	
Loans and Advances	181	250	275	315	
Other Current Assets	2,848	6,204	6,763	7,667	
Cash	10,089	11,387	10,733	8,287	
Total Current Assets	23,500	29,569	30,132	29,890	
Current Liabilities	321	406	435	498	
Provisions	1,863	2,540	2,718	3,116	
Current Liabilities & Prov	7,377	8,193	8,919	10,227	
Net Current Assets	16,123	21,376	21,213	19,663	
Others Assets	6,753	4,775	4,800	4,825	
Application of Funds	33,630	40,127	45,438	51,302	

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios					
(Year-end March)	FY25	FY26P	FY27E	FY28E	
Per share data (₹)					
EPS	7.4	8.5	10.1	11.3	
Cash EPS	7.9	9.0	10.8	12.0	
BV	33.8	38.7	44.9	51.7	
DPS	2.8	3.5	4.0	4.5	
Cash Per Share	11.5	13.0	12.2	9.4	
Operating Ratios (%)					
EBITDA Margin	34.1	28.9	31.6	31.5	
PAT Margin	27.4	23.2	25.3	24.5	
Inventory days	40.3	28.7	28.0	28.0	
Debtor days	118.2	104.8	100.0	95.0	
Creditor days	4.9	4.6	4.5	4.5	
Return Ratios (%)					
RoE	22.0	21.9	22.6	21.8	
RoCE	23.0	21.9	23.3	23.6	
RoC	41.1	39.9	46.1	50.0	
Valuation Ratios (x)					
P/E	12.8	11.2	9.4	8.4	
EV / EBITDA	9.5	8.4	7.1	6.3	
EV / Net Sales	3.2	2.4	2.2	2.0	
Market Cap / Sales	3.5	2.6	2.4	2.1	
Price to Book Value	2.8	2.5	2.1	1.8	
Solvency Ratios					
Debt/EBITDA	0.5	0.6	0.5	0.4	
Debt / Equity	0.1	0.2	0.1	0.1	
Current Ratio	5.8	5.9	5.9	5.8	
Quick Ratio	4.6	5.1	5.1	4.9	

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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