NMDC

04 February 2026

Earnings miss due to higher costs, long term growth levers intact

RESULT UPDATE

Sector: Metals	**Rating: BUY**
CMP: Rs 82	**Target Price: Rs 95**

Stock Info

Sensex/Nifty	83,739/ 25,728
Bloomberg	NMDC IN
Equity shares (mn)	8,792
52-wk High/Low	Rs 86.8/59.5
Face value	Rs 1
M-Cap	Rs 717bn/USD 8.1bn

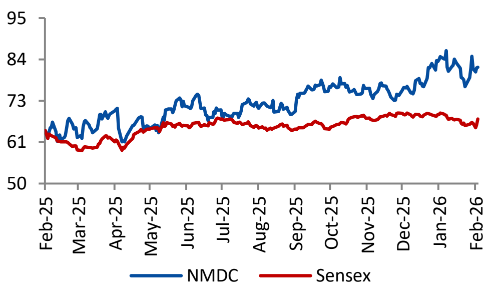
Financial Snapshot (Rs bn)

Y/E Mar	FY26E	FY27E	FY28E
Sales	300.8	333.7	367.5
EBITDA	102.7	116.6	126.6
PAT	72.5	76.3	81.4
EPS (Rs)	8.2	8.7	9.3
PE (x)	9.9	9.4	8.8
EV/EBITDA (x)	6.3	5.5	5.1
RoE (%)	22%	20%	18%
RoCE (%)	28%	25%	22%
Dividend yield (%)	2.0%	2.1%	2.3%

Shareholding Pattern (%)

	Dec'25	Sep'25	Jun'25
Promoter	60.79	60.79	60.79
–Pledged			
FII	13.48	13.04	12.21
DII	14.06	14.38	14.48
Others	11.66	11.76	12.50

Stock Performance (1-year)



NMDC reported 3QFY26 EBITDA of Rs 21.4bn (-10%/+8% YoY/QoQ), 17% below our estimate. Decline in EBITDA can be partly attributed to higher royalty, paid on iron ore production during the quarter. NMDC reported total revenue of Rs 76.1bn (+16%/+19% YoY/QoQ) with average realisations at Rs 5,039/t this quarter, which fell 6% YoY but marginally increased by 1.3% QoQ. Revenue from pellet and other mineral sales was Rs 16.6bn this quarter, expanding by 9.2x YoY. Iron ore production and sales for the quarter were 14.7mt (+10.5%/+43.8% YoY/QoQ), and 12.7mt (+6.4%/+18.4% YoY/QoQ), respectively. EBITDA margin during the quarter was 28.2% compared to 31.3% in 2QFY26 and 36.1% in 3QFY25. Cost of production excl. selling expenses and royalty stood at Rs 1,773/t (+105.1%/-7.1% YoY/QoQ). Employee costs per ton was Rs 351/t this quarter versus Rs 368/t in 3QFY25. We maintain BUY on NMDC with a revised TP of Rs 95/share based on 6x FY28E EV/EBITDA, implying an upside of 16% 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 9MFY26 period, NMDC has posted 20% and 10% YoY growth in iron ore production and sales, respectively. NMDC remains committed to iron ore capacity expansion to 100mt by 2030 to meet Indian steel industry's growing requirement, and targets 68mt iron ore volumes within next two years. The company has applied for and is expecting 13mt EC limit enhancement at Deposit 4 and Deposit 13 to achieve the near term target of 68mt. We remain positive on NMDC based on a robust medium to long term growth outlook. We retain our FY28 estimates while moderating FY26/FY27 EBITDA estimates lower by 6% and 5%, respectively, factoring in a mix of revised volume and price assumptions. We assume iron ore sales of 51mt/55mt/61mt in FY26/FY27/FY28. We value NMDC at 6x FY28E EV/EBITDA with a revised target price of Rs 95/share, implying 16% upside from CMP. **Maintain BUY**.

Risks and re-rating levers: Weak global iron ore pricing and lower offtake are key risks. Demonstration of continued monthly volume growth is likely to be a rerating driver.

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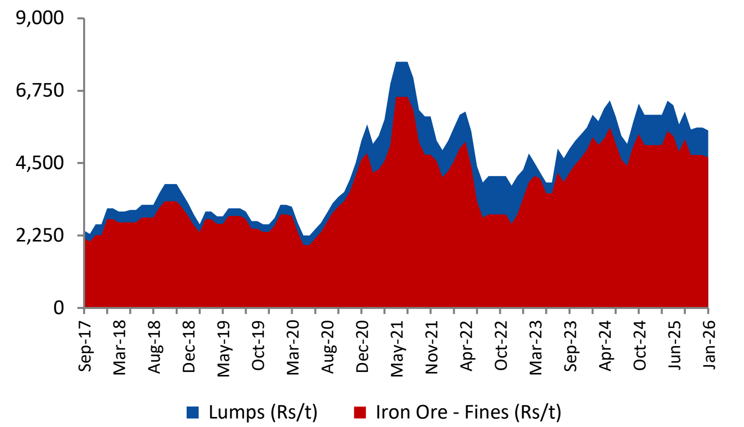
Exhibit 1: Quarterly snapshot

(Rs bn)	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Net revenues	**66**	**70**	**67**	**64**	**76**
YoY change (%)		*8%*	*24%*	*30%*	*16%*
QoQ change (%)		*7%*	*-4%*	*-5%*	*19%*
Expenditure	**42**	**50**	**43**	**44**	**55**
EBITDA	**24**	**21**	**25**	**20**	**21**
YoY change (%)		*-2%*	*6%*	*44%*	*-10%*
QoQ change (%)		*-14%*	*21%*	*-20%*	*8%*
EBITDA Margin (%)	36	29	37	31	28
Adj. PAT	**19**	**15**	**20**	**17**	**17**
YoY change (%)		*3%*	*0%*	*41%*	*-8%*
QoQ change (%)		*-22%*	*33%*	*-14%*	*4%*

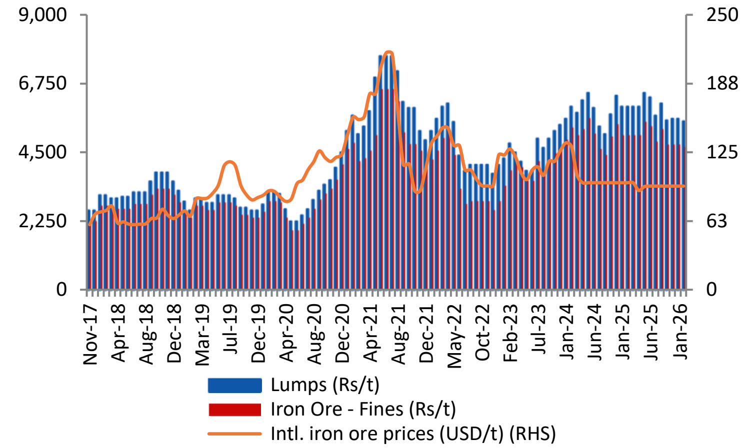
Source: Systematix Research

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



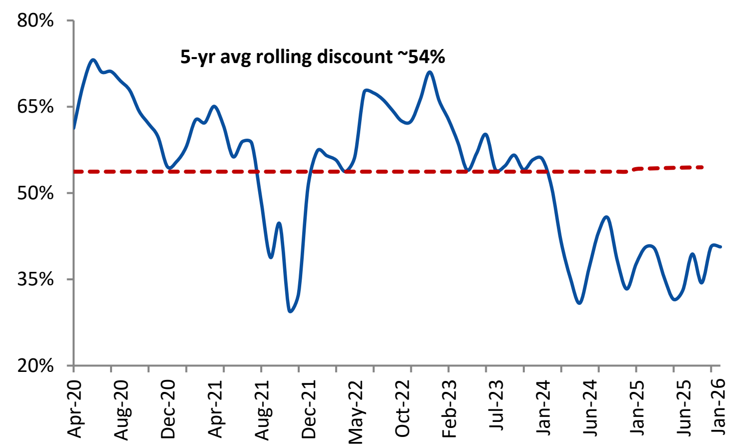
Source: Company, Systematix Research

Exhibit 3: In comparison to standard iron ore pricing benchmarks



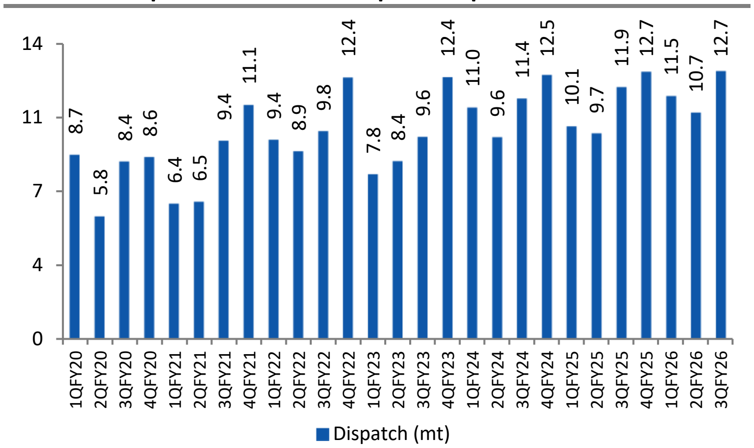
Source: Company, Systematix Research

Exhibit 4: Indian prices at 54% of international prices



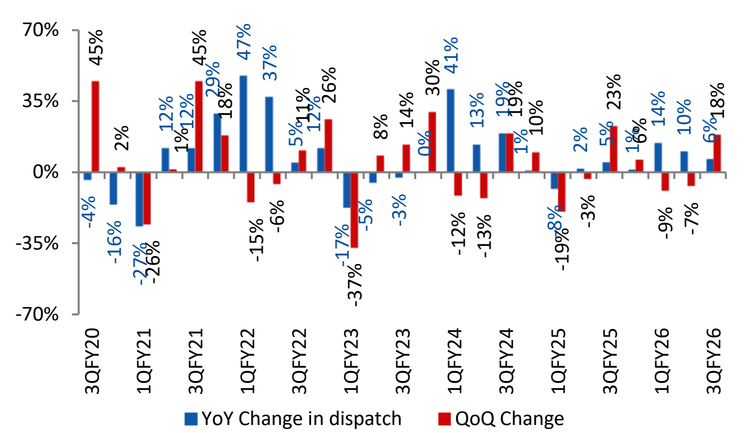
Source: Company, Systematix Research

Exhibit 5: Dispatch volumes have picked up YoY



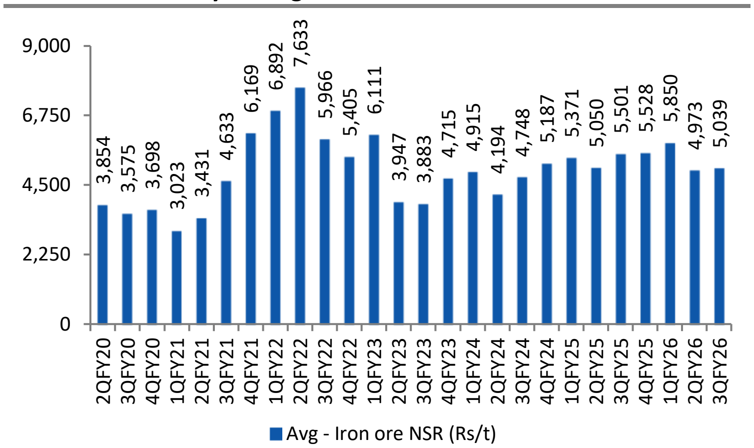
Source: Company, Systematix Research

Exhibit 6: YoY/QoQ change in quarterly dispatch volumes



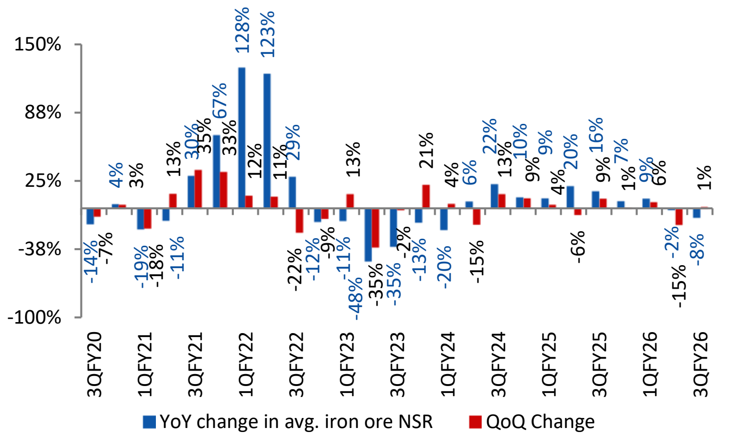
Source: Company, Systematix Research

Exhibit 7: Quarterly average NSR trend



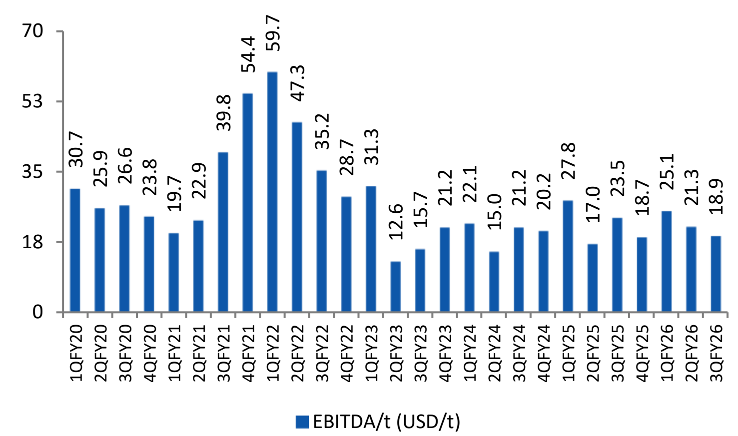
Source: Company, Systematix Research

Exhibit 8: YoY/QoQ change in quarterly average NSR



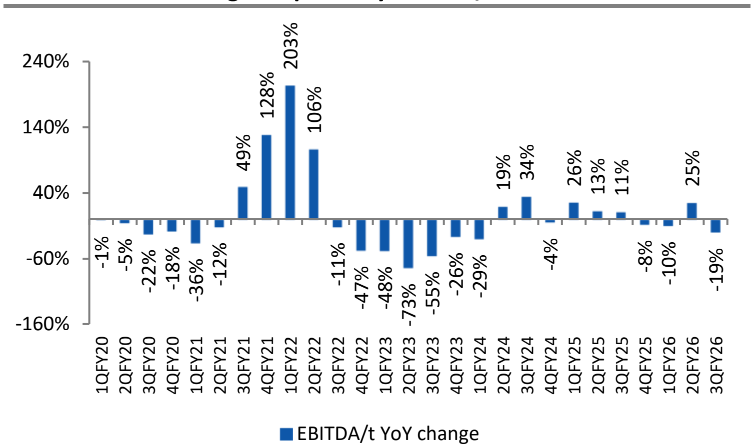
Source: Company, Systematix Research

Exhibit 9: EBITDA/t declined QoQ



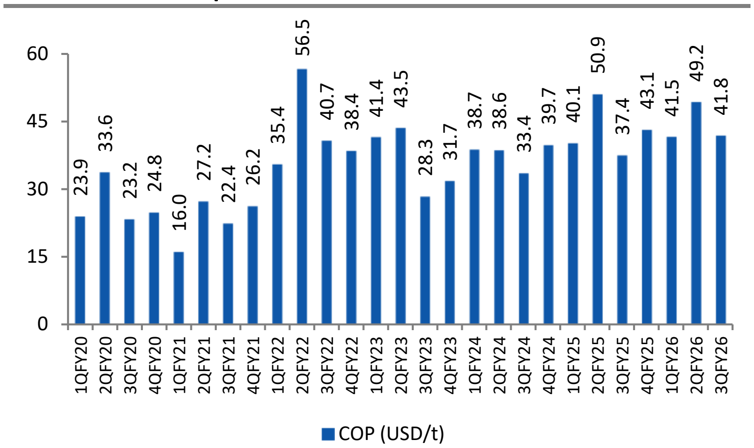
Source: Company, Systematix Research

Exhibit 10: YoY change in quarterly EBITDA/t



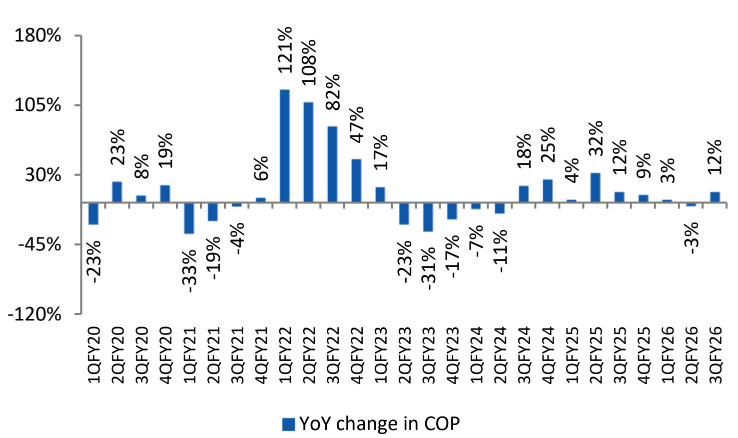
Source: Company, Systematix Research

Exhibit 11: Cost of production



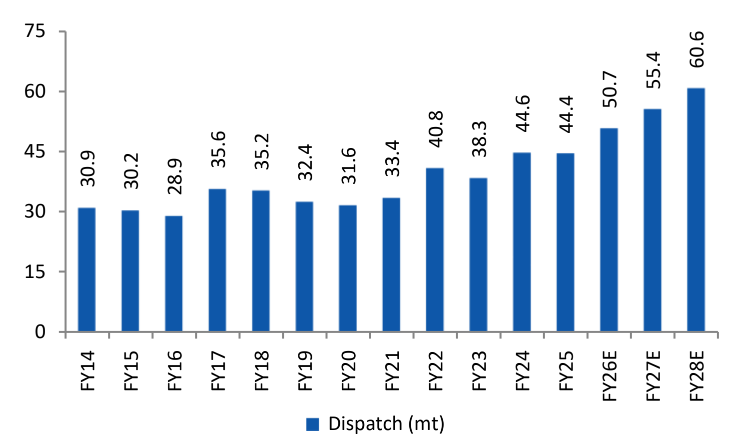
Source: Company, Systematix Research

Exhibit 12: YoY change in CoP



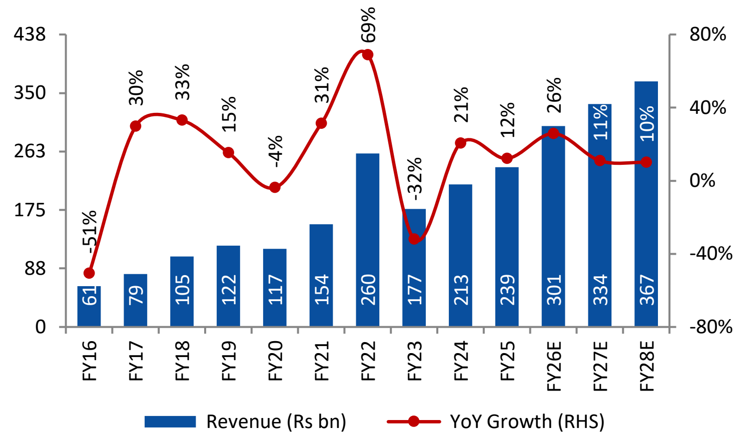
Source: Company, Systematix Research

Exhibit 13: Annual dispatch pick up to align with EC enhancement



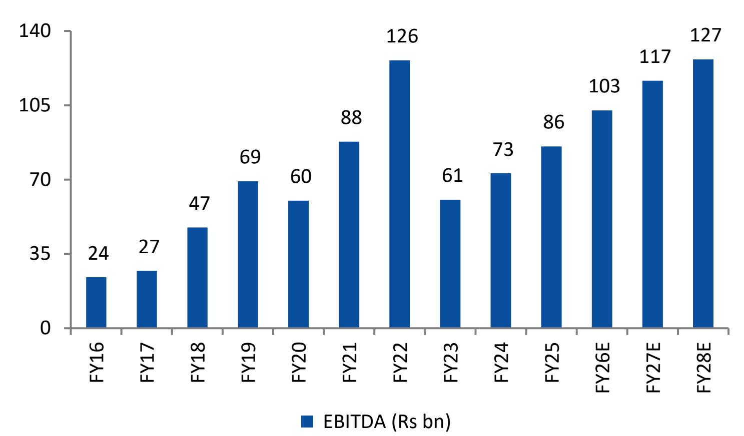
Source: Company, Systematix Research

Exhibit 14: Revenue growth to be in line with volumes



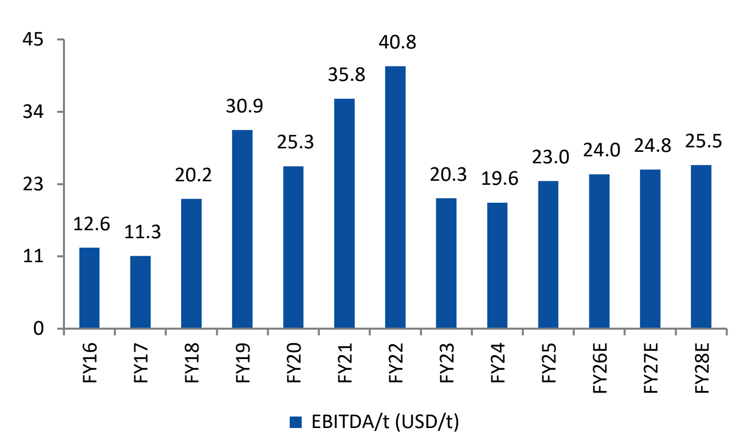
Source: Company, Systematix Research

Exhibit 15: EBITDA trend



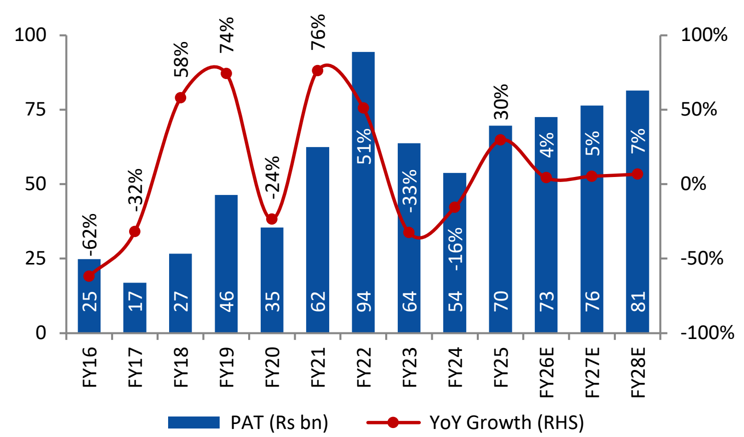
Source: Company, Systematix Research

Exhibit 16: EBITDA/t



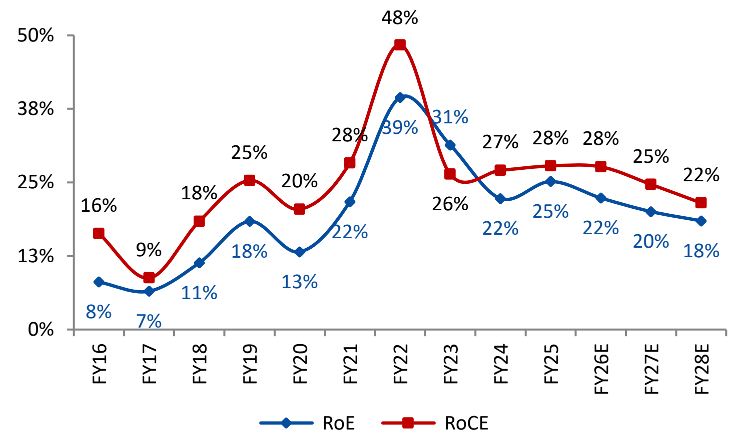
Source: Company, Systematix Research

Exhibit 17: Profit After Tax



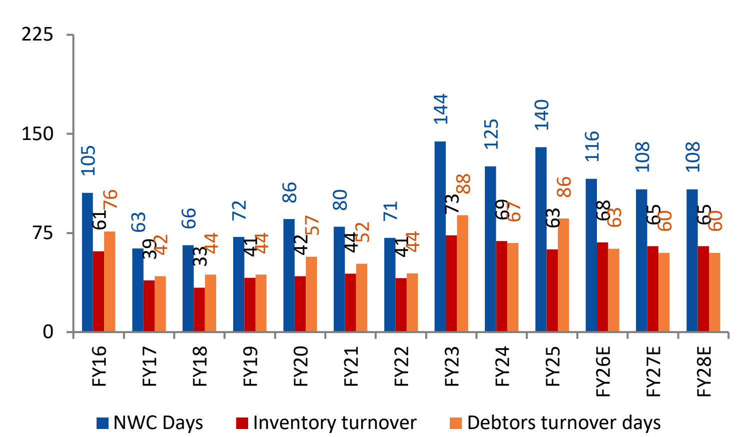
Source: Company, Systematix Research

Exhibit 18: RoE and RoCE to taper down in high capex periods



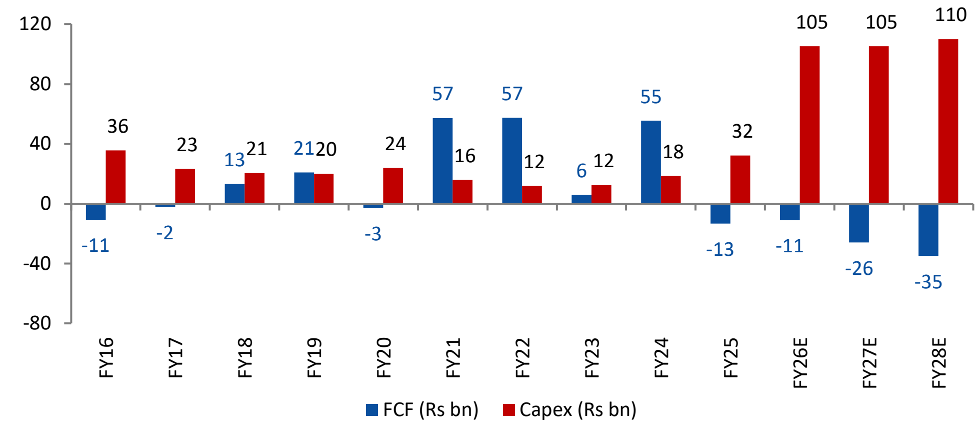
Source: Company, Systematix Research

Exhibit 19: Working capital cycle



Source: Company, Systematix Research

Exhibit 20: FCF turns negative with rising capex



Source: Company, Systematix Research

Exhibit 21: Key assumptions

	FY23	FY24	FY25	FY26E	FY27E	FY28E
Iron ore production volume (mt)	38	45	44	51	55	61
Iron ore sales volume (mt)	38	45	44	51	55	61
Avg. iron ore realization (USD/t)	**48**	**54**	**64**	**65**	**64**	**74**
Avg. iron ore realization (Rs/t) (Incl. Royalty)	3,781	4,543	5,368	5,438	5,474	6,062
EBITDA/tonne (Rs/t)	1,582	1,634	1,928	2,027	2,104	2,089
EBITDA/tonne (USD/t)	**20**	**20**	**23**	**24**	**25**	**25**
Cost/tonne (USD/t)	**28**	**35**	**41**	**40**	**40**	**48**

Source: Systematix Research

Exhibit 22: NMDC Valuation: EV/EBITDA method (FY28E)

	Discount (%)	Particulars (Rs bn)	Multiple (x)	Ent. value (Rs bn)	Per share (Rs)
EBITDA		126.6	6.0	760	86
Net cash (1HFY26)		74	1.00	74	8
Target price per share				**95**	

Source: Systematix Research

Exhibit 23: Revised estimates

(Rs bn)	Previous		Revised		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	301	334	301	334	0%	0%
EBITDA	109	117	103	117	-5%	0%
PAT	77	76	72	76	-6%	-1%
Avg. iron ore realization (USD/t)	65	64	65	64	-1%	1%
Iron ore sales volume (mt)	51	55	51	55	-1%	1%

Source: Systematix Research

FINANCIALS (CONSOLIDATED)

Profit & Loss Statement

YE: Mar (Rs bn)	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	**213**	**239**	**301**	**334**	**367**
Expenditure	140	153	198	217	241
EBITDA	**73**	**86**	**103**	**117**	**127**
Depreciation	4	4	6	11	14
EBIT	**69**	**81**	**96**	**106**	**113**
Interest and other income	13	14	4	0	0
Exceptionals	3	-	-	-	-
PBT	**80**	**96**	**101**	**106**	**113**
Taxes	24	26	28	30	32
Adj. PAT	54	70	73	76	81
No of shares	2,931	8,792	8,792	8,792	8,792
Adj. EPS	18.3	7.9	8.2	8.7	9.3

Source: Company, Systematix Research

Balance Sheet

YE: Mar (Rs bn)	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	3	9	9	9	9
Reserves and surplus	254	288	343	401	463
Net worth	257	297	352	410	472
Debt	34	38	52	62	82
Other liabilities	33	35	35	35	35
Total liabilities and equity	**357**	**410**	**494**	**599**	**717**
Inventories	28	26	37	39	43
Debtors	35	77	52	55	60
Cash and bank	124	101	101	102	103
Loans and advances	3	3	3	3	3
Total current assets	213	234	219	224	235
Net block	25	26	68	105	113
CWIP	32	47	104	167	267
Investments	10	10	10	10	10
Current liabilities	84	97	112	124	145
Provisions	16	16	16	16	16
Net deferred tax	3	3	3	(7)	(42)
Other assets	33	39	42	42	42
Total assets	**357**	**410**	**494**	**599**	**717**

Source: Company, Systematix Research

Cash Flow

YE: Mar (Rs bn)	FY24	FY25	FY26E	FY27E	FY28E
PBT	79.5	91.4	100.7	106.0	113.1
Add: Depreciation	3.6	4.2	6.4	10.8	13.9
Add: Interest	(10.3)	(11.8)	(4.5)	(0.2)	(0.3)
Less: taxes paid	(18.2)	(24.7)	(28.2)	(29.7)	(31.7)
Add: Other adjustments	0.7	2.5	0.0	0.0	0.0
Less: WC changes	18.7	(42.7)	19.9	(2.7)	(8.7)
Total OCF	**73.9**	**18.9**	**94.4**	**84.2**	**86.3**
OCF w/o WC changes	55.3	61.7	74.5	86.9	95.0
Capital expenditure	(18.5)	(32.3)	(105.3)	(110.1)	(121.3)
Change in investments	(0.1)	(0.4)	-	-	-
Interest/Dividend Recd	9.8	11.9	4.5	0.2	0.3
Total ICF	**(60.8)**	**3.1**	**(100.8)**	**(109.9)**	**(120.9)**
Free Cash Flows	**55.5**	**(13.4)**	**(10.9)**	**(25.9)**	**(35.0)**
Dividend payment	(25.2)	(24.6)	(17.5)	(18.4)	(19.6)
Change in borrowings	(0.1)	(1.8)	4.0	-	-
Buyback	-	-	-	-	-
Total Financing CF	**(13.0)**	**(22.2)**	**6.5**	**26.6**	**35.4**
Net change in cash	0.2	(0.2)	0.1	0.9	0.7
Opening cash & CE	0.9	1.1	0.8	1.0	1.8
Closing cash & CE	1.1	0.8	1.0	1.8	2.6

Source: Company, Systematix Research

Ratios

YE: Mar	FY24	FY25	FY26E	FY27E	FY28E
YoY growth in Revenue	21%	12%	26%	11%	10%
YoY growth in EBITDA	20%	17%	20%	14%	9%
YoY growth in Net income	-16%	30%	4%	5%	7%
EBITDA margin	34%	36%	34%	35%	34%
PAT margin	25%	29%	24%	23%	22%
ROE	22%	25%	22%	20%	18%
ROCE	27%	28%	28%	25%	22%
Net debt to equity (x)	(0.35)	(0.21)	(0.14)	(0.10)	(0.04)
Per share numbers (Rs)					
Reported earnings	18.3	7.9	8.2	8.7	9.3
Dividend	6.6	3.3	1.6	1.7	1.9
Free cash	18.9	(1.5)	(1.2)	(2.9)	(4.0)
Book value	88	34	40	47	54
Valuations (x)					
P/E	4.5	10.3	9.9	9.4	8.8
EV/EBITDA	8.8	7.5	6.3	5.5	5.1
EV to sales	3.0	2.7	2.1	1.9	1.8
P/B	2.8	2.4	2.0	1.8	1.5

Source: Company, Systematix Research

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