

October 30, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	86		87	
Sales (Rs. bn)	345	374	344	381
% Chng.	0.4	(1.8)		
EBITDA (Rs. bn)	123	129	121	132
% Chng.	1.7	(2.9)		
EPS (Rs.)	10.6	11.0	10.5	11.4
% Chng.	1.1	(3.2)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	239	294	345	374
EBITDA (Rs. bn)	81	99	123	129
Margin (%)	34.1	33.8	35.6	34.4
PAT (Rs. m)	65	76	93	97
EPS (Rs.)	7.4	8.7	10.6	11.0
Gr. (%)	(62.2)	16.4	22.8	3.6
DPS (Rs.)	3.3	3.0	3.3	3.6
Yield (%)	4.3	3.9	4.3	4.7
RoE (%)	23.6	23.6	24.7	21.8
RoCE (%)	31.8	31.4	32.9	29.3
EV/Sales (x)	2.5	1.9	1.6	1.4
EV/EBITDA (x)	7.2	5.7	4.5	4.2
PE (x)	10.3	8.9	7.2	7.0
P/BV (x)	2.3	1.9	1.6	1.4

Key Data NMDC.BO | NMDC IN

52-W High / Low	Rs.83 / Rs.60
Sensex / Nifty	84,997 / 26,054
Market Cap	Rs.674bn/ \$ 7,645m
Shares Outstanding	8,792m
3M Avg. Daily Value	Rs.1461.03m

Shareholding Pattern (%)

Promoter's	60.79
Foreign	13.04
Domestic Institution	14.39
Public & Others	11.78
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.2	17.0	1.8
Relative	(3.3)	10.5	(3.8)

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Pricing headwinds ahead

Quick Pointers:

- NMDC has paid ~Rs 6.39 bn to KIADB for 2,858 acres allotted to its subsidiary for a proposed 3mtpa steel plant; final decision is pending.
- FY26 volume target of 55mt looks ambitious with H1 clocking in 22.2mt.

NMDC reported a tad weaker than expected consolidated operating performance in Q2FY26 on lower realization. Volumes grew 10% YoY to 10.73mt in seasonally weak quarter while average realization declined 7.6% QoQ, due to price cuts undertaken for lump and fines during the beginning of the quarter and lower premium on a/c of product mix deterioration. Lower NSR coupled with higher purchase of finished products and elevated other expenses during monsoon led to EBITDA/t of Rs1,858 (PLe of Rs1,935). Receivables from RINL/NSL continue to remain elevated. NMDC took a price cut Oct'25 which would weigh on H2FY26 earnings though there is an expectation of better demand as steel consumption picks up post monsoon.

We assume moderate increase in ore prices from Q4 as domestic demand improves in H2FY26, however with global ore supply expected to increase, NMDC's ability of taking price hikes would be tested. On volume front, mgmt. aims to utilize maximum EC limits to deliver 55mt in FY26 which looks ambitious. Things to watch out for: 1) ramp up of volumes in H2FY26, 2) Planned EC additions and other capacities, 3) Karnataka bill status, and 4) ability to take price hikes. We tweak our estimates for FY26/27/28E by -3%/2%/-3% on lower pricing assumptions. We maintain 50/55/60mt volumes for FY26/27/28E and expect NMDC to deliver Revenue/EBITDA/PAT CAGR of 16%/16%/14% respectively. At CMP, the stock is trading at 4.5x/4.2x EV of FY27/28E EBITDA. Maintain 'Accumulate' with a revised TP of Rs86 (earlier Rs87) valuing it at multiple of 5x EV of Sep'27E EBITDA.

- Revenue aided by strong volume and other division:** Cons revenue grew 30% YoY to Rs63.78bn (-5% QoQ; PLe 61.7bn) on account of strong 10% volume growth and higher revenue from pellets/ other minerals division (which includes pellet exports and trading sale of steel from NSL). Iron ore revenue grew 12% YoY to Rs53.37bn while other division revenue was Rs10.5bn (up 5x YoY). Iron ore sales volumes were up 10% YoY to 10.73mt while average ore realisation declined 8% QoQ to Rs4,974/t (+2% YoY; lower than PLe 5,194) due to price cuts taken during the beginning of the quarter and lower premium on account of product mix deterioration.
- Strong growth in cons EBITDA on lower base:** Cons EBITDA grew 44% YoY to Rs19.93bn (-20% QoQ; PLe 20.76bn) on lower base and lower royalty expenses. Other expenses per ton increased 49% YoY to Rs830/t during monsoon quarter while employees cost decreased 13% YoY to Rs375/t. Royalty and cess per ton inched up 13% YoY to Rs2,029/t. Freight costs per ton remained flat YoY to Rs149 while consumption of stores & spare parts was higher at Rs201/t. Blended EBITDA/t grew 31% YoY to Rs1,858 (up 14% QoQ; PLe Rs 1,935/t). Reported cons PAT grew 41% YoY to Rs16.83bn (-14% QoQ; PLe Rs16.8bn).

Other Highlights:

- The Karnataka Mineral Rights and Bearing Land tax bill is awaiting assent of President & KN Governor. If enacted NMDC is liable to pay taxes retrospectively and NMDC has considered Rs147.48bn as a contingent liability (amount increased by ~4.5bn QoQ).
- Post NMDC Steel demerger, Rs38.54bn (Rs38.54bn in Q1) is due on account of sale of iron ore and Rs1.36bn (Rs1.52bn in Q1) is due on account of employee services and Rs0.52bn on advance paid for purchase of HR Products as of 2QFY26.
- NMDC paid an advance of ~Rs6.39bn to Karnataka Industrial Area Development Board (KIADB) towards the cost of 2,857.54 acres of land allotted to its subsidiary, Karnataka Vijayanagar Steel Limited (KVSL), for setting up a 3mtpa integrated steel plant. Final decision is not yet made on project capex.
- Legacy Iron Ore Ltd (LIOL), NMDC's subsidiary in Western Australia, had raised AUD22.53mn last year, with NMDC subscribing Rs1.24bn (AUD22.15mn). NMDC's total investment in LIOL stands at Rs4.43bn as of Q2FY26. No impairment is required as LIOL's market value exceeds its carrying value.
- As of Sep 30, 2025, NMDC's trade receivables from RINL stood at Rs38.31bn. With the CCEA's Rs114bn revival plan, lender support, and improved production, management expects full recovery. An expected credit loss of Rs0.33bn has been recognized based on the time value of money.
- NMDC-CMDC Ltd raised funds via a rights issue for statutory clearances of Deposit-4, with NMDC investing Rs1.87bn (51%), taking its total investment to Rs2.86 as of September 30, 2025. Further, Stage-I Forest Clearance for Deposit-13 is awaited, and the Mines Ministry has extended its operational timeline till September 21, 2026.

Exhibit 1: Consolidated Q2FY26 Financial Performance (Rs bn)

Y/e March	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var.	Q1FY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Net Sales	63.8	49.2	29.7	61.7	3.4	67.4	(5.4)	131.2	103.3	26.9
Raw Material	7.5	6.8	11.6	4.2	79.0	2.7	178.3	10.3	7.8	31.1
% of Net Sales	11.8	13.7		6.8		4.0		7.8	7.6	
Staff Costs	4.0	4.2	(3.8)	4.5	(11.0)	4.1	(2.2)	8.1	8.1	0.8
% of Net Sales	6.3	8.5		7.3		6.1		6.2	7.8	
Royalty & cess	21.8	17.5	24.4	24.1	(9.7)	26.8	(18.8)	48.6	37.7	28.7
% of Net Sales	34.1	35.6		39.1		39.8		37.0	36.5	
Freight & Selling Expenses	1.6	1.5	9.8	1.5	4.6	1.3	27.5	2.9	2.5	15.3
% of Net Sales	2.5	3.0		2.5		1.9		2.2	2.4	
Other Expenses	8.9	5.4	64.3	6.6	35.6	7.7	15.4	16.6	10.0	66.8
% of Net Sales	14.0	11.0		10.6		11.4		12.7	9.6	
Total Expenditure	43.85	35.3	24.1	40.9	7.1	42.6	2.9	86.5	66.1	30.8
EBITDA	19.9	13.9	43.9	20.8	(4.0)	24.8	(19.6)	44.7	37.3	20.0
Margin (%)	31.3	28.2		33.7		36.8		34.1	36.1	
Depreciaton	1.1	1.0	6.7	0.4	194.1	1.1	1.3	2.2	1.8	23.6
Other income	3.8	3.6	6	2.9	32	3.0	27.7	6.8	7.3	(6)
EBIT	22.7	16.4	37.9	23.3	(2.7)	26.7	(15.1)	49.4	42.7	15.5
Interest	0.1	0.3	(73.6)	-		0.3	(71.7)	0.3	0.5	(33.3)
PBT	22.6	16.1	39.9	23.3	(3.0)	26.4	(14.5)	49.0	42.2	16.1
Extraordinary income/(expense)	-	-	NA	-		-	NA	-	-	NA
PBT (After EO)	22.6	16.1	39.9	23.3	(3.0)	26.4	(14.5)	49.0	42.2	16.1
Tax	5.8	4.2	37.7	6.5	(11.7)	6.8	(14.7)	12.5	10.6	17.7
% PBT	25.5	25.9		28.0		25.6		25.5	25.2	
Reported PAT	16.8	12.0	40.7	16.8	0.4	19.7	(14.5)	36.5	31.6	15.5
Adjusted PAT	16.8	12.0	40.7	16.8	0.4	19.7	(14.5)	36.5	31.6	15.5

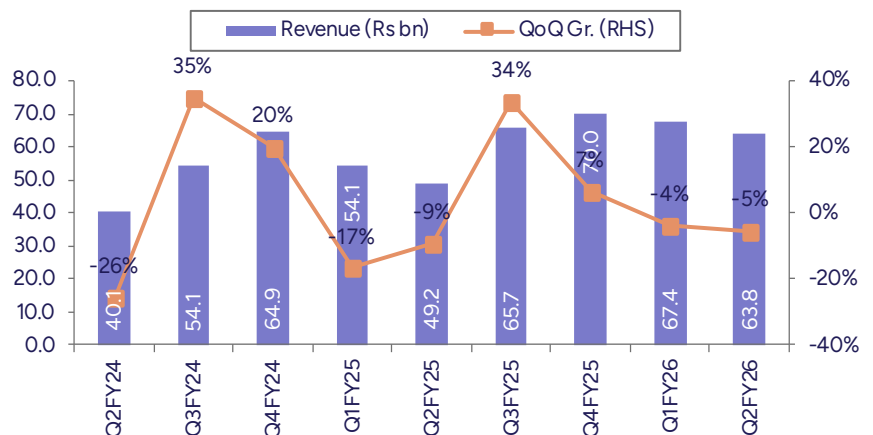
Source: Company, PL

Exhibit 2: Operating matrix

Particulars	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var.	Q1FY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Sales volume (mt)	10.7	9.7	10.2	10.7	-	11.5	(6.8)	22.2	19.8	12.2
Realization/t (Rs)	4,974	4,876	2.0	5,194	(4.2)	5,383	(7.6)	5,896	5,213	13.1
EBITDA/t (Rs)	1,858	1,423	30.6	1,935	(4.0)	2,152	(13.7)	2,010	1,880	6.9

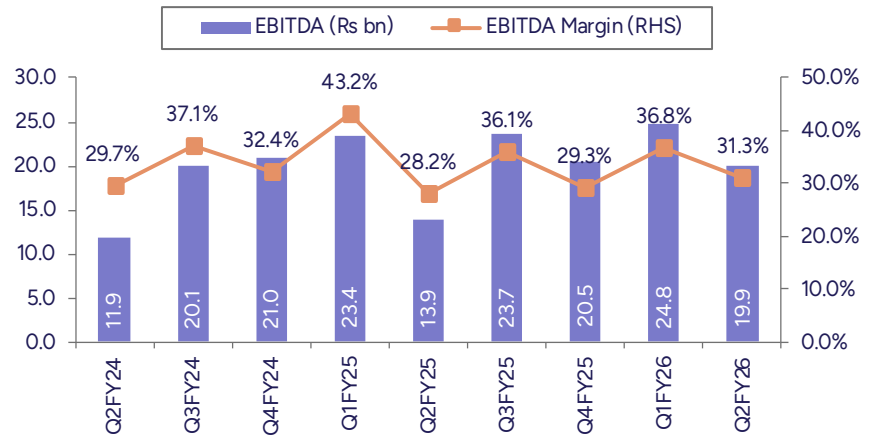
Source: Company, PL

Exhibit 3: Cons revenue grew 30% YoY aided by volumes & other division



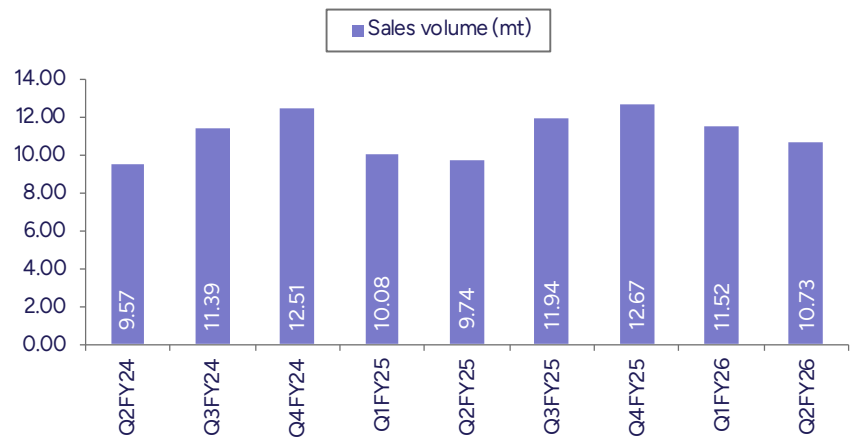
Source: Company, PL

Exhibit 4: Cons EBITDA grew 44% YoY on lower base & royalties



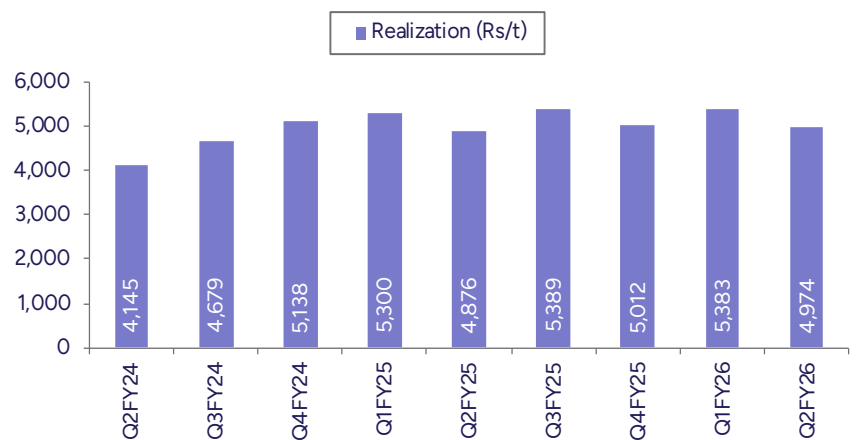
Source: Company, PL

Exhibit 5: Volume grew 10% YoY despite seasonally weak quarter



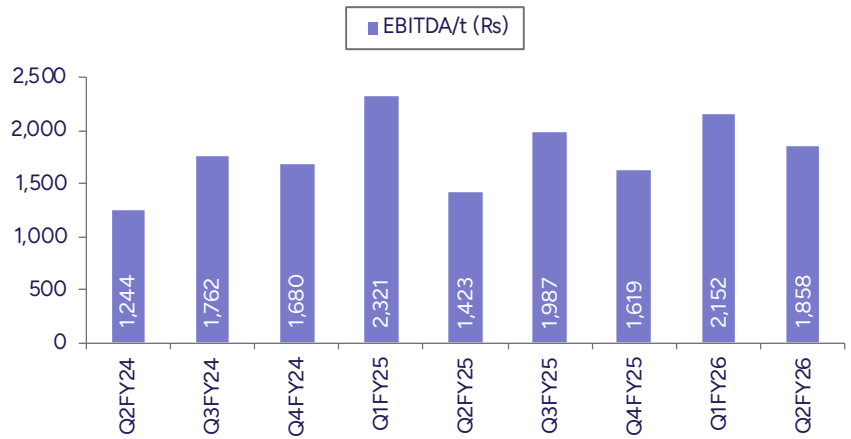
Source: Company, PL

Exhibit 6: Realization declined 8% QoQ on price cut undertaken in Jul'25



Source: Company, PL

Exhibit 7: EBITDA/t grew 31% YoY on higher volume, lower royalty costs



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	239	294	345	374
YoY gr. (%)	12.2	22.9	17.5	8.3
Cost of Goods Sold	3	11	19	22
Gross Profit	236	283	326	352
Margin (%)	98.8	96.4	94.5	94.2
Employee Cost	18	19	21	22
Other Expenses	137	165	183	202
EBITDA	81	99	123	129
YoY gr. (%)	11.7	21.9	23.7	4.8
Margin (%)	34.1	33.8	35.6	34.4
Depreciation and Amortization	4	6	7	10
EBIT	77	94	115	119
Margin (%)	32.3	31.9	33.4	31.7
Net Interest	2	1	1	1
Other Income	16	13	15	16
Profit Before Tax	91	105	129	134
Margin (%)	38.3	35.7	37.3	35.7
Total Tax	26	29	35	37
Effective tax rate (%)	28.5	27.5	27.5	27.5
Profit after tax	65	76	93	97
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	65	76	93	97
YoY gr. (%)	13.3	16.4	22.8	3.6
Margin (%)	27.4	25.9	27.1	25.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	65	76	93	97
YoY gr. (%)	17.4	16.4	22.8	3.6
Margin (%)	27.4	25.9	27.1	25.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	65	76	93	97
Equity Shares O/s (bn)	9	9	9	9
EPS (Rs)	7.4	8.7	10.6	11.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	74	114	164	214
Tangibles	74	114	164	214
Intangibles	-	-	-	-
Acc: Dep / Amortization	23	29	36	46
Tangibles	23	29	36	46
Intangibles	-	-	-	-
Net fixed assets	50	85	127	167
Tangibles	50	85	127	167
Intangibles	-	-	-	-
Capital Work In Progress	47	47	57	67
Goodwill	-	-	-	-
Non-Current Investments	10	10	10	10
Net Deferred tax assets	3	3	3	3
Other Non-Current Assets	66	66	66	66
Current Assets				
Investments	-	-	-	-
Inventories	26	34	40	43
Trade receivables	77	81	95	103
Cash & Bank Balance	101	127	139	154
Other Current Assets	-	-	-	-
Total Assets	407	478	563	639
Equity				
Equity Share Capital	9	9	9	9
Other Equity	288	338	402	467
Total Network	297	347	411	476
Non-Current Liabilities				
Long Term borrowings	16	16	16	16
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	93	114	134	145
Other current liabilities	4	4	4	4
Total Equity & Liabilities	407	478	563	639

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	91	105	129	134
Add. Depreciation	4	6	7	10
Add. Interest	2	1	1	1
Less Financial Other Income	16	13	15	16
Add. Other	(16)	(13)	(15)	(16)
Op. profit before WC changes	81	99	123	129
Net Changes-WC	(33)	11	0	0
Direct tax	(26)	(29)	(35)	(37)
Net cash from Op. activities	23	81	87	92
Capital expenditures	(15)	(40)	(60)	(60)
Interest / Dividend Income	16	13	15	16
Others	-	-	-	-
Net Cash from Invt. activities	1	(27)	(45)	(44)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(29)	(26)	(29)	(32)
Interest paid	(2)	(1)	(1)	(1)
Others	-	-	-	-
Net cash from Fin. activities	(31)	(28)	(30)	(33)
Net change in cash	(7)	26	12	15
Free Cash Flow	8	41	27	32

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	7.4	8.7	10.6	11.0
CEPS	7.9	9.3	11.5	12.2
BVPS	33.8	39.4	46.8	54.2
FCF	0.9	4.7	3.1	3.6
DPS	3.3	3.0	3.3	3.6
Return Ratio(%)				
RoCE	31.8	31.4	32.9	29.3
ROIC	28.8	32.2	32.6	28.1
RoE	23.6	23.6	24.7	21.8
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	17	0	0	0
Valuation(x)				
PER	10.3	8.9	7.2	7.0
P/B	2.3	1.9	1.6	1.4
P/CEPS	9.7	8.2	6.7	6.3
EV/EBITDA	7.2	5.7	4.5	4.2
EV/Sales	2.5	1.9	1.6	1.4
Dividend Yield (%)	4.3	3.9	4.3	4.7

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	66	70	67	64
YoY gr. (%)	21.4	7.9	24.5	29.7
Raw Material Expenses	-	3	3	8
Gross Profit	66	67	65	56
Margin (%)	100.5	96.0	96.0	88.2
EBITDA	24	21	25	20
YoY gr. (%)	18.2	(2.4)	5.9	43.9
Margin (%)	36.1	29.3	36.8	31.3
Depreciation / Depletion	1	1	1	1
EBIT	23	19	24	19
Margin (%)	34.6	27.3	35.2	29.5
Net Interest	1	1	-	-
Other Income	4	5	3	4
Profit before Tax	26	23	26	23
Margin (%)	39.3	33.4	39.2	35.4
Total Tax	7	9	7	6
Effective tax rate (%)	26.6	36.6	25.6	25.5
Profit after Tax	19	15	20	17
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	19	15	20	17
YoY gr. (%)	14.4	3.5	0.2	40.7
Margin (%)	28.9	21.2	29.2	26.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	19	15	20	17
YoY gr. (%)	29.0	4.8	0.2	40.7
Margin (%)	28.9	21.2	29.2	26.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	19	15	20	17
Avg. Shares O/s (bn)	9	9	9	9
EPS (Rs)	2.2	1.7	2.2	1.9

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales volume (mt)	44.4	50.1	55.4	60.3
Realisation/t (Rs)	5,380	5,101	5,098	5,150
EBITDA/ton (Rs)	1,834	1,984	2,217	2,133

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	Accumulate	87	76
2	13-Aug-25	Accumulate	80	73
3	08-Jul-25	Accumulate	73	68
4	29-May-25	Accumulate	75	71
5	23-Apr-25	Accumulate	69	68
6	08-Apr-25	Accumulate	69	61
7	11-Feb-25	Accumulate	70	64
8	09-Jan-25	Accumulate	80	65
9	13-Nov-24	Accumulate	84	74

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,311	1,858
2	Adani Port & SEZ	BUY	1,777	1,400
3	Ambuja Cement	BUY	701	570
4	Dalmia Bharat	Accumulate	2,372	2,250
5	Hindalco Industries	BUY	883	768
6	Jindal Stainless	Hold	759	758
7	Jindal Steel	Accumulate	1,170	1,034
8	JSW Infrastructure	Accumulate	338	309
9	JSW Steel	Hold	1,118	1,166
10	National Aluminium Co.	BUY	280	217
11	NMDC	Accumulate	87	76
12	Nuvoco Vistas Corporation	Accumulate	459	412
13	Shree Cement	Accumulate	31,769	28,585
14	Steel Authority of India	Hold	139	133
15	Tata Steel	Accumulate	196	171
16	Ultratech Cement	Accumulate	13,425	12,370

PL's Recommendation Nomenclature (Absolute Performance)

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

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