

February 4, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		ACCUMULATE	
Target Price	87		91	
Sales (Rs bn)	349	397	351	389
% Chng.	(0.8)	2.2		
EBITDA (Rs bn)	120	137	127	137
% Chng.	(6.1)	(0.1)		
EPS (Rs.)	10.3	11.6	11.0	11.7
% Chng.	(6.1)	(0.9)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	239	295	349	397
EBITDA (Rs. bn)	81	96	120	137
Margin (%)	34.1	32.5	34.3	34.4
PAT (Rs bn)	65	74	91	102
EPS (Rs.)	7.4	8.4	10.3	11.6
Gr. (%)	(62.2)	12.7	23.4	12.4
DPS (Rs.)	3.3	3.0	3.3	3.6
Yield (%)	3.8	3.5	3.8	4.2
RoE (%)	23.6	23.0	24.2	23.2
RoCE (%)	31.8	30.6	32.3	31.0
EV/Sales (x)	2.8	2.2	1.8	1.6
EV/EBITDA (x)	8.2	6.7	5.3	4.5
PE (x)	11.5	10.2	8.3	7.4
P/BV (x)	2.5	2.2	1.9	1.6

Key Data NMDC.BO | NMDC IN

52-W High / Low	Rs.87 / Rs.60
Sensex / Nifty	83,818 / 25,776
Market Cap	Rs.755bn/ \$ 8,350m
Shares Outstanding	8,792m
3M Avg. Daily Value	Rs.2081.1m

Shareholding Pattern (%)

Promoter's	60.79
Foreign	13.47
Domestic Institution	14.07
Public & Others	11.67
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	1.6	19.6	34.2
Relative	4.0	15.6	25.8

Tushar Chaudhari

tusharchaudhari@plindia.com | 91-22-663222391

Satyam Kesarwani

satyamkesarwani@plindia.com | 91-22-66322218

Pranav Iyer

pranaviyer@plindia.com | 91-22-66322539

Weak Q3; volume ramp up remains the key

Quick Pointers:

- Avg NSR declined 4.7% QoQ on lower prices and lower premiums. Royalty as a % of ore realization increased to ~49.6%.
- The KA mineral rights bill awaits assent; NMDC has provided Rs151.65 bn as a contingent liability for potential retrospective taxes (up Rs4.17 bn QoQ).

We have downgraded our ratings to 'Hold' from 'Accumulate' with a revised TP of Rs87 (earlier Rs91) valuing it at multiple of 5x EV of Sep'27E EBITDA due to lower price and volume assumptions. NMDC reported weak Q3FY26 operating performance, driven by lower NSR following the price cuts undertaken in Oct'25 and lower premiums received over ore pricing. Volumes grew just 6% YoY to 12.7 mt, with growth constrained by an extended monsoon and increased imports by steel companies. Average realizations declined 4.7% QoQ due to price cuts in both lumps (-Rs550/t) and fines (-Rs500/t). Blended EBITDA/t declined 15% YoY to Rs1,688 (PLe Rs2,046) on lower NSR, higher finished goods purchases for other division's pellet biz, and elevated opex. Receivables from RINL and NSL kept on increasing. NMDC undertook a small price cut in Jan'26, when global prices have been rising.

We assume moderate increase in ore prices in Q4 as domestic demand improves post Dec'25 and steel prices are also on uptick. However, as global ore supply expected to increase, NMDC's ability of taking price hikes would be tested especially when steel majors are opting for imports. On volume front, mgmt. aims to utilize maximum EC limits and recently increased production run rate from Chhattisgarh. Things to watch out for: 1) Ramp up of volumes till monsoon, 2) Planned EC additions and other capacities, 3) Karnataka bill status, and 4) ability to take price hikes. We cut our EBITDA estimates for FY26/27E by 4%/6% on lower pricing & volume assumptions. We maintain 49.4/55/61mt volumes for FY26/27/28E and expect NMDC to deliver Revenue/EBITDA/PAT CAGR of 18%/19%/16% respectively. At CMP, the stock is trading at 5.3x/4.5x EV of FY27/28E EBITDA.

- **Revenue growth supported by other division:** Consolidated revenue grew 16% YoY to Rs76.1bn (+19% QoQ; PLe 74.1bn) mainly driven by strong growth in other division (pellet/NSL trading). Iron ore revenue declined 6% YoY to Rs60.23bn while other division revenue grew 10x YoY to Rs16.62bn mainly aided by KIOCL 3mtpa pellet plant. Iron ore sales volumes were up just 6% YoY to 12.7mt while average ore realization declined 4.7% QoQ to Rs4,742/t (-12% YoY; lower than PLe 4,974) due to price cuts taken during end of Oct'25 and lower premium received.
- **Elevated operating expenses drag earnings:** Cons EBITDA de-grew 10% YoY to Rs21.44bn (+8% QoQ; PLe 26bn) on higher operating expenses and higher royalties paid. Blended other expenses per ton increased 60% YoY to Rs837/t (impact of extended monsoon and pellet plant) while employees cost decreased 5% YoY to Rs351/t. Royalty and cess per ton was down 7% YoY to Rs2,354/t (up 16% QoQ). Freight costs per ton was up 60% YoY Rs177 while consumption of stores & spare parts was higher 5% YoY at Rs169/t. Blended cons EBITDA/t was down 15% YoY to Rs1,688 (-9% QoQ; PLe Rs 2,046/t). Reported cons PAT fell 8% YoY to Rs17.47bn (+4% QoQ; PLe Rs20.5bn).

Other Highlights:

- Royalty as a % of realization at ~49.6%; up annually (5%) and sequentially (22%); despite falling prices seems impact of delayed IBM prices.
- 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 Rs151.65bn as a contingent liability (amount increased by ~Rs4.17bn QoQ).
- Post NMDC Steel demerger, Rs46.05bn (Rs38.54bn in Q2) is due on account of sale of iron ore and Rs1.52bn (Rs1.36bn in Q2) is due on account of employee services and Rs1.32bn on advance paid for purchase of HR Products as of 3QFY26. An expected credit loss of Rs1.19bn has been recognized based on the time value of money.
- As of 31 Dec'25, trade receivables from RINL primarily on account of iron ore and pellets supplies amount to Rs41.04bn. Based on the management estimate of likely timing of realization of trade receivables. An expected credit loss of Rs0.32bn has been recognized based on the time value of money.
- 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.

A consultant's report submitted in Dec'25 is under internal review, with the final decision pending Board approval. If the project is shelved, the land may be voluntarily surrendered with a 15% penalty. Pending clarity post demerger, the advance remains classified as a non-current asset.

- NMDC-CMDC Limited issued letter of offer for Rights Issue for raising the funds for obtaining statutory clearances like EC, FC for Deposit-4 & 13, during the year. The Total investment of the company as on 31 Dec'25 in NMDC-CMDC is Rs4.03bn. The mining lease deed for Deposit-4 is executed on January 21, 2026. Further, Stage-I FC for Deposit-13 is awaited, and the Mines Ministry has extended its operational timeline till September 21, 2026.
- The Board approved proposal of incorporation of a wholly owned subsidiary for the acquisition, exploration, production & other related activities of critical minerals.

Exhibit 1: Target Price Calculation

On Sep'27 basis	
EBITDA (Rs mn)	1,28,156
Target EBITDA multiple (x)	5.0
Target EV (Rs mn)	6,40,778
Net Debt (Rs mn)	-1,27,782
Residual Market Cap (Rs mn)	7,68,560
Target price (Rs)	87

Source: Company, PL

Exhibit 2: Consolidated Q3FY26 Financial Performance (Rs bn)

Y/e March	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	76.1	65.7	15.9	74.1	2.7	63.8	19.3	207.3	169.0	22.6
Raw Material	7.4	(0.3)	NA	4.5	66.4	7.5	(1.4)	17.7	7.5	136.7
% of Net Sales	9.8	-0.5		6.0		11.8		8.5	4.4	
Staff Costs	4.5	4.4	1.2	4.8	(8.0)	4.0	10.5	12.6	12.5	1.0
% of Net Sales	5.8	6.7		6.5		6.3		6.1	7.4	
Royalty & cess	29.9	30.3	(1.4)	27.3	9.5	21.8	37.3	78.5	68.1	15.3
% of Net Sales	39.3	46.2		36.9		34.1		37.9	40.3	
Freight & Selling Expenses	2.2	1.3	70.6	1.5	55.1	1.6	40.5	5.1	3.8	34.5
% of Net Sales	3.0	2.0		2.0		2.5		2.5	2.2	
Other Expenses	10.6	6.3	69.5	10.0	6.1	8.9	19.3	27.2	16.2	67.8
% of Net Sales	14.0	9.5		13.5		14.0		13.1	9.6	
Total Expenditure	54.67	42.0	30.3	48.1	13.7	43.8	24.7	141.1	108.0	30.6
EBITDA	21.4	23.7	(9.6)	26.0	(17.5)	19.9	7.6	66.2	61.0	8.5
Margin (%)	28.2	36.1		35.1		31.3		31.9	36.1	
Depreciaton	1.1	1.0	4.2	0.4	186.0	1.1	(2.8)	3.3	2.8	16.5
Other income	3.7	3.8	(1)	2.9	30	3.8	(2.8)	10.6	11.0	(4)
EBIT	24.1	26.4	(8.9)	28.5	(15.4)	22.7	6.3	73.5	69.2	6.2
Interest	0.3	0.6	(42.3)	-		0.1	355.2	0.7	1.1	(38.1)
PBT	23.7	25.8	(8.1)	28.5	(16.6)	22.6	5.1	72.8	68.1	6.9
Extraordinary income/(expense)	-	-	NA	-		-	NA	-	-	NA
PBT (After EO)	23.7	25.8	(8.1)	28.5	(16.6)	22.6	5.1	72.8	68.1	6.9
Tax	6.3	6.9	(8.6)	8.0	(21.3)	5.8	9.0	18.8	17.5	7.4
% PBT	26.4	26.6		28.0		25.5		25.8	25.7	
Reported PAT	17.5	19.0	(7.9)	20.5	(14.8)	16.8	3.8	54.0	50.6	6.7
Adjusted PAT	17.5	19.0	(7.9)	20.5	(14.8)	16.8	3.8	54.0	50.6	6.7

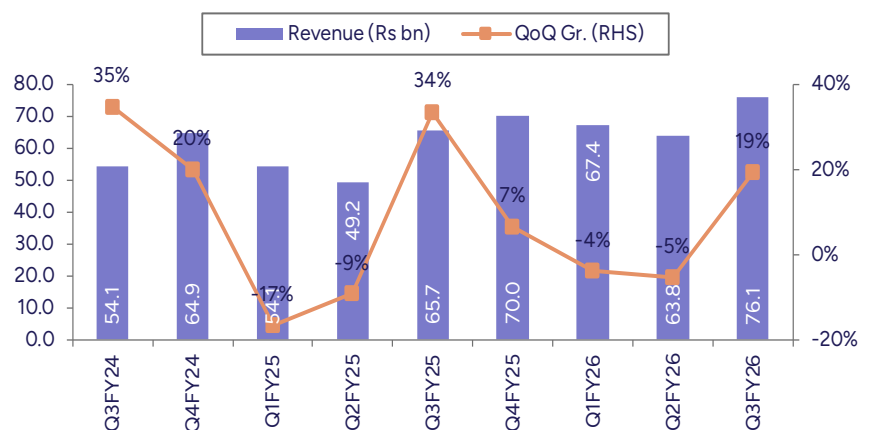
Source: Company, PL

Exhibit 3: Operating matrix

Particulars	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Sales volume (mt)	12.7	11.9	6.4	12.7	-	10.7	18.4	34.9	31.8	10.0
Realization/t (Rs)	4,742	5,389	(12.0)	4,974	(4.7)	4,974	(4.7)	5,931	5,321	11.5
EBITDA/t (Rs)	1,688	1,987	(15.0)	2,046	(17.5)	1,858	(9.1)	1,893	1,920	(1.4)

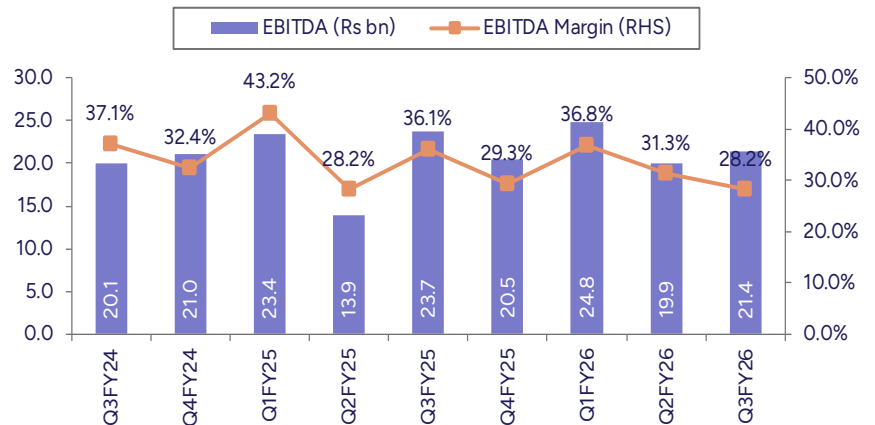
Source: Company, PL

Exhibit 4: Cons revenue grew 16% YoY on 6% YoY volume growth



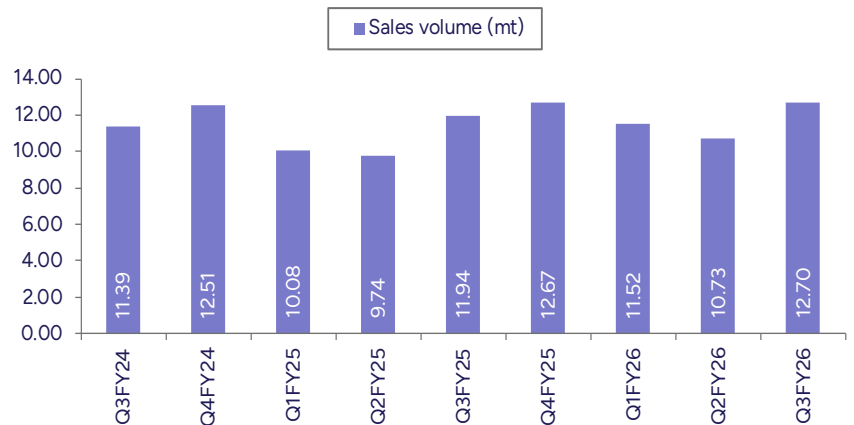
Source: Company, PL

Exhibit 5: Cons EBITDA de-grew 10% YoY on higher opex and royalties



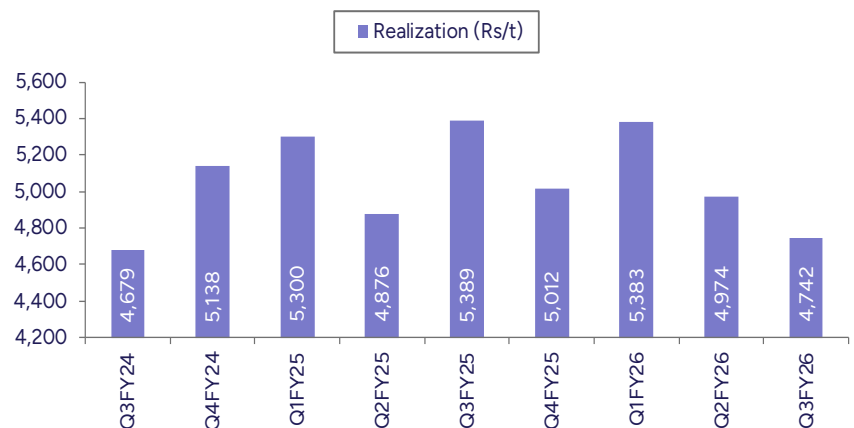
Source: Company, PL

Exhibit 6: Volume grew 6% YoY due to extended monsoon



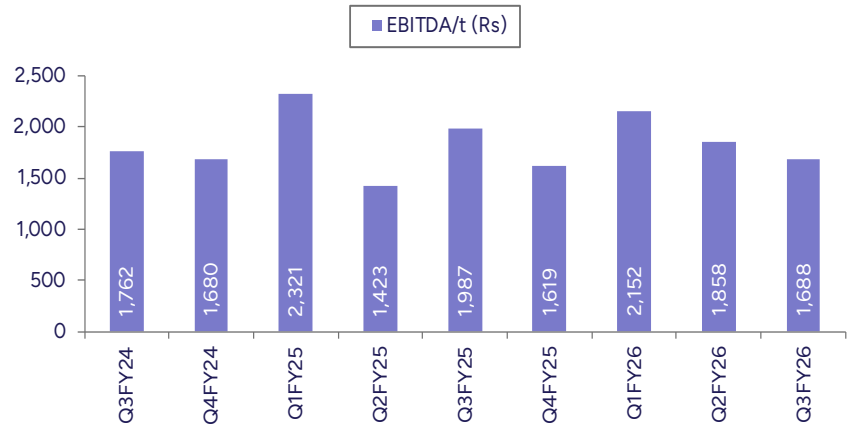
Source: Company, PL

Exhibit 7: Realization declined 5% QoQ on price cut taken in Oct'25



Source: Company, PL

Exhibit 8: EBITDA/t down 15% YoY on lower volumes and higher costs



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	239	295	349	397
YoY gr. (%)	12.2	23.5	18.1	13.9
Cost of Goods Sold	3	14	18	22
Gross Profit	236	281	330	376
Margin (%)	98.8	95.3	94.7	94.6
Employee Cost	18	19	20	22
Other Expenses	137	167	190	217
EBITDA	81	96	120	137
YoY gr. (%)	11.7	17.8	24.6	14.3
Margin (%)	34.1	32.5	34.3	34.4
Depreciation and Amortization	4	6	7	10
EBIT	77	90	112	127
Margin (%)	32.3	30.6	32.2	31.9
Net Interest	2	1	1	1
Other Income	16	13	14	15
Profit Before Tax	91	102	125	141
Margin (%)	38.3	34.5	36.0	35.5
Total Tax	26	28	34	39
Effective tax rate (%)	28.5	27.5	27.5	27.5
Profit after tax	65	74	91	102
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	65	74	91	102
YoY gr. (%)	13.3	12.7	23.4	12.4
Margin (%)	27.4	25.0	26.1	25.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	65	74	91	102
YoY gr. (%)	17.4	12.7	23.4	12.4
Margin (%)	27.4	25.0	26.1	25.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	65	74	91	102
Equity Shares O/s (bn)	9	9	9	9
EPS (Rs)	7.4	8.4	10.3	11.6

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	46
Trade receivables	77	81	95	109
Cash & Bank Balance	101	125	134	154
Other Current Assets	-	-	-	-
Total Assets	407	476	559	648
Equity				
Equity Share Capital	9	9	9	9
Other Equity	288	336	398	468
Total Network	297	344	406	477
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	115	135	154
Other current liabilities	4	4	4	4
Total Equity & Liabilities	407	476	559	648

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	91	102	125	141
Add. Depreciation	4	6	7	10
Add. Interest	2	1	1	1
Less Financial Other Income	16	13	14	15
Add. Other	(16)	(13)	(14)	(15)
Op. profit before WC changes	81	96	120	137
Net Changes-WC	(33)	11	0	0
Direct tax	(26)	(28)	(34)	(39)
Net cash from Op. activities	23	79	85	98
Capital expenditures	(15)	(40)	(60)	(60)
Interest / Dividend Income	16	13	14	15
Others	-	-	-	-
Net Cash from Invt. activities	1	(27)	(46)	(45)
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)	24	9	20
Free Cash Flow	8	39	25	38

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	7.4	8.4	10.3	11.6
CEPS	7.9	9.0	11.2	12.8
BVPS	33.8	39.2	46.2	54.2
FCF	0.9	4.4	2.9	4.3
DPS	3.3	3.0	3.3	3.6
Return Ratio(%)				
RoCE	31.8	30.6	32.3	31.0
ROIC	28.8	30.8	31.6	30.3
RoE	23.6	23.0	24.2	23.2
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	11.5	10.2	8.3	7.4
P/B	2.5	2.2	1.9	1.6
P/CEPS	10.8	9.5	7.7	6.7
EV/EBITDA	8.2	6.7	5.3	4.5
EV/Sales	2.8	2.2	1.8	1.6
Dividend Yield (%)	3.8	3.5	3.8	4.2

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	70	67	64	76
YoY gr. (%)	7.9	24.5	29.7	15.9
Raw Material Expenses	3	3	8	7
Gross Profit	67	65	56	69
Margin (%)	96.0	96.0	88.2	90.2
EBITDA	21	25	20	21
YoY gr. (%)	(2.4)	5.9	43.9	(9.6)
Margin (%)	29.3	36.8	31.3	28.2
Depreciation / Depletion	1	1	1	1
EBIT	19	24	19	20
Margin (%)	27.3	35.2	29.5	26.8
Net Interest	1	-	-	-
Other Income	5	3	4	4
Profit before Tax	23	26	23	24
Margin (%)	33.4	39.2	35.4	31.2
Total Tax	9	7	6	6
Effective tax rate (%)	36.6	25.6	25.5	26.4
Profit after Tax	15	20	17	17
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	15	20	17	17
YoY gr. (%)	3.5	0.2	40.7	(7.9)
Margin (%)	21.2	29.2	26.4	23.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	15	20	17	17
YoY gr. (%)	4.8	0.2	40.7	(7.9)
Margin (%)	21.2	29.2	26.4	23.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	15	20	17	17
Avg. Shares O/s (bn)	9	9	9	-
EPS (Rs)	1.7	2.2	1.9	-

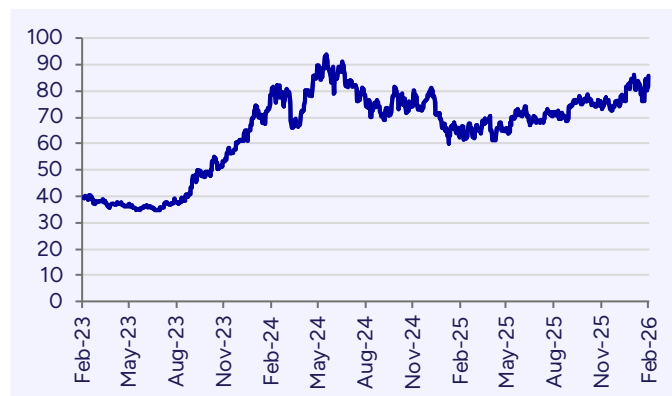
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales volume (mt)	44.4	49.4	54.9	60.8
Realisation/t (Rs)	5,380	4,960	4,836	4,931
EBITDA/ton (Rs)	1,834	1,944	2,179	2,248

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-26	Accumulate	91	82
2	30-Oct-25	Accumulate	86	77
3	08-Oct-25	Accumulate	87	76
4	13-Aug-25	Accumulate	80	73
5	08-Jul-25	Accumulate	73	68
6	29-May-25	Accumulate	75	71
7	23-Apr-25	Accumulate	69	68
8	08-Apr-25	Accumulate	69	61
9	11-Feb-25	Accumulate	70	64

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,163	1,755
2	Adani Port & SEZ	BUY	1,900	1,531
3	Ambuja Cement	BUY	640	510
4	Dalmia Bharat	Hold	2,302	2,232
5	Hindalco Industries	Accumulate	962	904
6	Jindal Stainless	Hold	784	756
7	Jindal Steel	Accumulate	1,171	1,102
8	JK Cement	Accumulate	6,199	5,790
9	JK Lakshmi Cement	BUY	891	775
10	JSW Cement	BUY	145	124
11	JSW Infrastructure	BUY	339	273
12	JSW Steel	Accumulate	1,292	1,170
13	National Aluminium Co.	Hold	356	385
14	NMDC	Accumulate	91	82
15	Nuvoco Vistas Corporation	BUY	443	350
16	Shree Cement	Accumulate	29,242	27,325
17	Steel Authority of India	Hold	151	149
18	Tata Steel	Accumulate	204	180
19	Ultratech Cement	BUY	14,168	12,369

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

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Tushar Chaudhari- MMS-Finance, Mr. Satyam Kesarwani- BFM, Passed CFA Level II, Mr. Pranav Iyer- BBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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