

July 15, 2019

NMDC Ltd

NMDC since inception involved in the exploration of wide range of minerals including iron ore, copper, rock phosphate, lime stone etc. It is India's single largest iron ore producer, presently producing about 30 million tonnes of iron ore from 3 fully mechanized mines. Over the years of its operations, NMDC was consistent and could sustain in the cyclical and high risk industry.

In FY19 the company's revenues increased by 4.6% and PAT surged by 22% to ₹4,642. NMDC can increase production from existing mines and supply iron ore to the upcoming 3mtpa steel plant at Nagarnar. Further, The management has guided that the steel plant is likely to be commissioned by H2FY20. As compared to the earlier aggregate capex guidance of ₹15,500 crore for steel plant, the revised guidance stands at ₹18,500 crore. Along with this, the Karnataka government has renewed the lease (expired on 3rd Nov'18) of NMDC's Donimalai mine for 20 years with a condition of payment of 80% of sale value as lease rental. NMDC is further expected to win the iron ore bid in Odisha.

These growth prospects when executed will bolster the company's operations and profits. NMDC is any way manages to control cost thereby widening operating profit margin. The company's cash flow generation is constant and debt is almost nil. Currently the stock is trading at 1.3x of its book value and generates 18.4% return on equity. It also pays regular dividend of nearly 30%. Hence BUY.

BUY

CMP ₹112

Sector	Mining
Market Cap (₹ cr)	34,431
Beta	0.9
52 Week High / Low	124/89
Avg. Daily Volume	1,85,309
Face Value (₹)	1
BSE Sensex	38,897
Nifty	11,588
Reuters Code	NMDC.BO
Bloomberg Code	NMDC IN

Shareholding Pattern (%)

Promoters	72.3
MF / Banks / Indian Fls	18.1
FII / NRIs / OCBs	4.8
Indian Public / Others	4.8

Abs. (%)	3m	1yr	3yr
Sensex	(0.0)	7.1	39.7
NMDC	7.4	16.5	17.7

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Disclosure of Interest Statement

NMDC Ltd

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)