


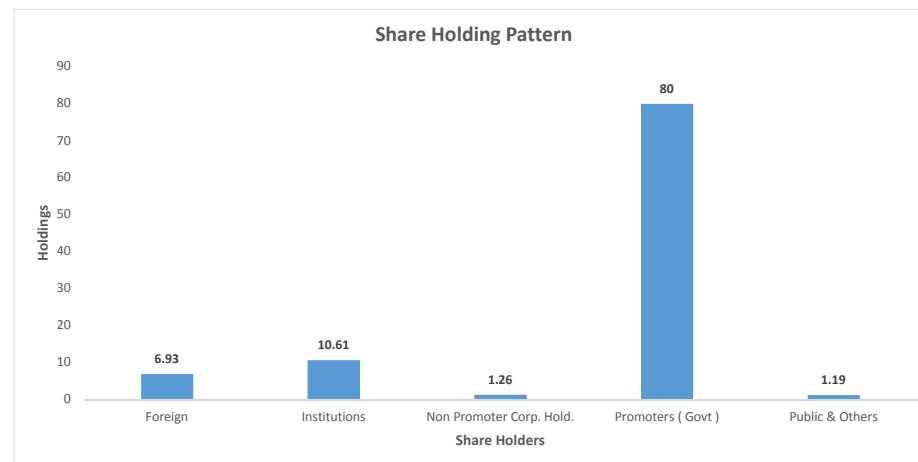
<h1>Research Report</h1>	 <p>Spearhead FinServe PRIVATE LIMITED A subsidiary of Spearhead Services Pvt Ltd</p>																
<h2>NMDC</h2>	<table> <tr> <td>Recommendation</td><td>Accumulate</td></tr> <tr> <td>Current Market Price</td><td>140</td></tr> <tr> <td>Target</td><td>200</td></tr> <tr> <td>Accumulation Price Band</td><td>120 - 140</td></tr> <tr> <td>Time Frame</td><td>6 Months</td></tr> <tr> <td>Derivative Segment</td><td>Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	140	Target	200	Accumulation Price Band	120 - 140	Time Frame	6 Months	Derivative Segment	Yes				
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<h3>Industry : Metals</h3>	<h4>Quick Glance</h4> <table> <tr> <td>Share Capital (Rs Cr)</td><td>396.47</td></tr> <tr> <td>Market Cap (Rs Cr)</td><td>55,050.00</td></tr> <tr> <td>Enterprise Value (Rs Cr)</td><td>55,050.00</td></tr> <tr> <td>Face Value (in Rs)</td><td>1.00</td></tr> <tr> <td>52 Week High/ Low (in Rs)</td><td>196/123.10</td></tr> </table>	Share Capital (Rs Cr)	396.47	Market Cap (Rs Cr)	55,050.00	Enterprise Value (Rs Cr)	55,050.00	Face Value (in Rs)	1.00	52 Week High/ Low (in Rs)	196/123.10						
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<h4>Company Overview</h4> <ul style="list-style-type: none"> Incorporated in the year 1958, as a government company with the name National Mineral Development Corporation Pvt Ltd, NMDC is the largest iron ore producer by volume in India. The company is engaged in the exploration of a range of minerals including iron ore, copper, rock phosphate, lime stone, dolomite, gypsum, bentonite, magnesite, diamond, tin, tungsten, graphite, and beach sands. Their principal operations include its three iron ore mining complexes at Kirandul and Bachel in the State of Chhattisgarh and Donimalai in the State of Karnataka, each of which consists of several iron ore mines. It is India's single largest iron ore producer and exporter, presently producing about 30 million tons of iron ore from 3 fully mechanized mines viz., Bailadila Deposit-14/11C, Bailadila Deposit-5, 10/11A (Chhattisgarh State) and Donimalai Iron Ore Mines (Karnataka State) and also has the only mechanized diamond mine in the country. 	<h4>Financials</h4> <table> <tr> <td>EPS (Rs)</td><td>14.75</td></tr> <tr> <td>Book Value (Rs)</td><td>75.64</td></tr> <tr> <td>P/E</td><td>9.44</td></tr> <tr> <td>P/BV</td><td>2.19</td></tr> <tr> <td>ROE</td><td>21.41</td></tr> <tr> <td>ROCE (%)</td><td>33.90</td></tr> <tr> <td>Dividend Yield (%)</td><td>6.12</td></tr> <tr> <td>Debt - Equity</td><td>-</td></tr> </table>	EPS (Rs)	14.75	Book Value (Rs)	75.64	P/E	9.44	P/BV	2.19	ROE	21.41	ROCE (%)	33.90	Dividend Yield (%)	6.12	Debt - Equity	-
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<h4>Industry Overview</h4> <ul style="list-style-type: none"> The steel sector is one of the most crucial sectors in the development of a nation and is considered as the backbone of civilization. The level of per capita consumption of steel is an important determinant of the socio-economic development of the country. The Indian steel industry has entered a new development stage since 2007–08 and is riding on the resurgent economy and the growing demand for steel. India's 33 per cent growth in steel production in the last five years was second only to China among the top five steel producing nations. The Indian mining and metallurgical industries attracted foreign direct investments (FDI) to the tune of US\$ 1,467.88 million and US\$ 8,267.99 million, respectively, in the period April 2000–August 2014. Steel production in the country has increased at a compound annual growth rate (CAGR) of 6.9 per cent over 2008–2012. The infrastructure sector accounts for close to 60 per cent of the country's total steel demand while the automobile industry accounts for 15 per cent The recently released Union Budget 2014–15 has paved the way for the development of the Indian steel sector with proposals for the construction of 100 smart cities and changes in the MMRD Act. Also, India's ranking in the global list for production of crude steel is all set to improve with increasing demand for domestic consumption in the years to follow 	<h4>Highlights</h4> <table> <tr> <td>Debt (Rs Cr)</td><td>-</td></tr> <tr> <td>Reserves (Rs Crs)</td><td>29,591.83</td></tr> <tr> <td>FII Holdings (%)</td><td>5.37</td></tr> <tr> <td>MF Holdings (%)</td><td>0.50</td></tr> <tr> <td>Free Float Market Capitalization (Rs Cr)</td><td>11,027.41</td></tr> <tr> <td>Beta</td><td>1.77</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td>1,753,372</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td>40,934,100</td></tr> </table>	Debt (Rs Cr)	-	Reserves (Rs Crs)	29,591.83	FII Holdings (%)	5.37	MF Holdings (%)	0.50	Free Float Market Capitalization (Rs Cr)	11,027.41	Beta	1.77	Avg Volume Per day (no. of shares)	1,753,372	Avg Volume Per Month (no. of shares)	40,934,100
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<h4>Key Highlights</h4> <ul style="list-style-type: none"> NMDC has decided to invest further to enhance its evacuation capacity. The company has reportedly signed an MoU with the Indian Railways to double the 150 km long Jagdalpur- Kottavalasa section of 472 km long Kirandul- Kottavalasa line (KK Line). Plans to increase its iron ore production by at least 10 percent to 32-33 million tones (MT) this financial year 																	
<h4>Key Risks</h4> <ul style="list-style-type: none"> Naxalite attack on the slurry pipeline Delay in getting forest and environmental clearances for new mines Cyclicality of the business 																	

Financial Highlights

Income Statement (Annual)					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Net Sales	12,058.20	10,704.27	11,261.89	11,369.31	6,239.09
EBITDA	9,912.06	9,615.94	10,891.19	9,847.52	5,280.48
EBITDA Margin	82.15	89.76	96.65	86.57	84.64
Depreciation	150.41	138.52	130.17	120.35	73.16
Interest	1.85	13.20	1.48	1.51	-
Other Income	2,140.00	2,238.87	2,020.45	1,203.14	861.71
PBT	9,759.80	9,464.22	10,759.54	9,725.66	5,207.32
APAT	6,420.08	6,342.37	7,265.39	6,499.22	3,447.26
PAT Margin (%)	53.21	59.20	64.47	57.13	55.25
Earnings Per Share	14.75	14.83	17.60	15.86	8.40

Balance Sheet					
Particulars (Rs Cr)	2014	2013	2012	2011	2010
Equity Share Capital	396.47	396.47	396.47	396.47	396.47
Reserves and Surplus	29,591.83	27,114.49	24,009.89	18,818.05	13,875.96
Tangible Net Worth	40.55	43.16	36.86	(53.47)	-
Deferred Tax Liability :	117.28	113.14	109.18	109.04	91.36
Long Term Debt	-	-	-	-	-
ShortTerm Debt	-	-	-	-	-
Total Debt	-	-	-	-	-
Current Liabilities	1,338.87	1,262.72	946.97	749.79	867.60
Total Provisions	1.95	1,860.39	1,158.16	993.92	480.06
Total Liabilities	30,028.85	27,554.12	24,443.22	19,251.52	14,272.43
Gross Block	2,769.91	2,581.95	2,388.15	2,272.82	1,771.14
Net Fixed Assets	1,362.28	1,264.66	1,188.80	1,099.26	787.15
Investments	250.37	249.67	247.77	135.68	76.14
Current Assets	23,861.19	25,479.64	23,198.67	19,085.61	14,263.61
Deferred Tax Asset :	10.03	8.65	9.09	6.16	6.48
Receivables	1,448.42	1,082.21	737.02	485.40	427.00
Inventories	681.19	637.46	458.92	415.43	298.75
Cash	18,657.23	21,025.75	20,264.58	17,228.06	12,854.94
Total Assets	30,028.85	27,554.12	24,443.22	19,251.52	14,272.43

Income Statement (Quarterly)								
Particulars (Rs Cr)	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	3,883.52	2,821.53	2,478.14	2,869.10	3,202.10	2,046.83	2,611.84	2,837.90
EBITDA	3,042.73	2,410.51	2,032.13	2,426.09	2,297.19	1,947.52	2,517.96	2,854.17
EBITDA Margin	78.35	85.43	82.00	84.56	71.74	95.15	96.41	100.57
Depreciation	43.10	36.17	34.79	36.35	38.68	33.87	33.18	32.79
Interest	1.85	-	-	-	13.20	-	-	-
Other Income	573.02	507.70	538.37	520.91	547.39	556.26	583.08	552.14
PBT	2,997.78	2,374.34	1,997.34	2,389.74	2,245.31	1,913.65	2,484.78	2,821.38
APAT	1,932.37	1,567.30	1,318.45	1,572.19	1,464.95	1,292.80	1,678.62	1,906.00
PAT Margin (%)	50.52	55.55	53.20	54.80	45.75	63.16	64.27	67.16
Earnings Per Share	4.95	3.95	3.33	3.97	3.69	3.26	4.23	4.81

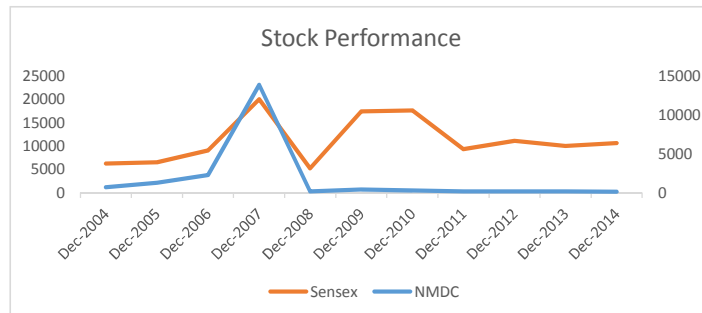


Key Financial Indicators						
Particulars	Units	2014	2013	2012	2011	2010
Revenue	Crs	12,058.20	10,704.27	11,261.89	11,369.31	6,239.09
EBITDA Margins	%	82.15	89.76	96.65	86.57	84.64
PAT	Crs	6,420.08	6,342.37	7,265.39	6,499.22	3,447.26
PAT Margins	%	53.21	59.20	64.47	57.13	55.25
Revenue Growth	%	12.65	(4.95)	(0.94)	82.23	(17.52)
EBITDA Growth	%	3.08	(11.71)	10.60	86.49	(21.44)
PAT Growth	%	1.23	(12.70)	11.79	88.53	(21.16)
Gearing	times	-	-	-	-	-
ROCE	%	33.90	36.45	49.26	58.06	40.26
ROE	%	21.41	23.05	29.77	33.82	24.15

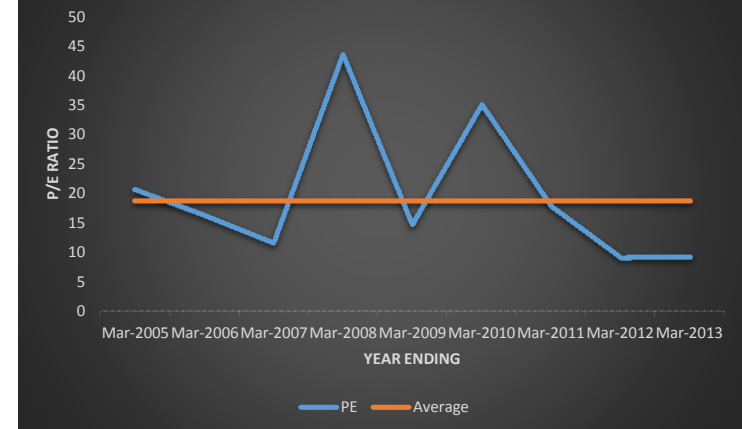
Peer Comparison				
Particulars	Units	NMDC	Coal India	MOIL
Revenue	Rs Cr	12,058.20	89,374.50	1,028.45
EBITDA Margins	%	82.15	27.90	78.23
PAT	Rs Cr	6,420.08	15,111.70	509.56
PAT Margins	%	53.21	16.91	49.55
Gearing	%	-	0.03	-
EPS	Rs / Share	14.75	23.00	31.20
PE	times	9.44	15.81	9.59
P/BV	times	2.19	4.33	1.61
ROCE	%	33.90	28.00	25.20
ROE	%	21.41	33.36	16.29
EV/EBITDA	times	3.70	8.90	1.77

Stock Performance vis-a-vis Index

Particulars	Return	
	YTD	QTD
NMDC	-3%	-16%
S&P BSE Metal	6%	14%



Valuation Chart



Technical Outlook



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