

# Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

## NMDC

Current Market Price	Potential Returns	Fair Value (FV)
Rs.126	11.1%	Rs.140

Date: 16<sup>th</sup> September, 2022

Previous Rating: **Reduce**

Current Rating: **ADD**

Change: **Upgrade**

### Ratings Rationale

- We believe domestic prices have bottomed out & should recover with demand from 2HFY23E.
- We see limited downside to seaborne prices as well, despite weak demand in China, due to cost support.
- Steel plant demerger & listing likely to conclude in 3QFY23E and should unlock some value.
- The stock trades at an attractive 3.8x EV/EBITDA or 6.2x PER on FY2024E ex-steel plant; we upgrade our rating to ADD (from REDUCE).

### Valuation

Value NMDC at 4x Mar'24E EV/EBITDA (Enterprise Value/ Earnings Before Interest, Tax, Depreciation and Amortization) & value the steel plant at 50% of its CWIP (Capital Work in Progress).

### Read Full Report

**Note:** The performance horizon is 12 months unless specified.

This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/swebResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing. Disclaimer: <http://bit.ly/2n5AxIE>