



# Pick of the week

## NMDC

Recommendation: **BUY**

Date: **21<sup>st</sup> November 2022**

Current Price: ₹111

Time Period: **12 Months**

Potential Upside: **17.1%**

Target Price: ₹130

### Why Invest

- Both domestic and seaborne iron ore prices have bottomed, in our view, and have upside over the next 6-12 months.
- We see a strong re-rate case for NMDC after the steel plant demerger with improved capital allocation, higher FCF and a likely higher dividend payout.
- NMDC has announced a 7%/10% price cut for iron ore fines/lumps or 9% cut on a blended basis effective immediately.
- We note that the sharp price cut has been taken with focus on reviving volumes in 2HFY23E.
- We upgrade our recommendation to BUY from ADD given an attractive 20% upside after the recent correction.