

Rating matrix	
Rating	: Buy
Target	: ₹ 140
Target Period	: 12 months
Potential Upside	: 14%

What's Changed?	
Target	Changed from ₹ 120 to ₹ 140
EPS FY18E	Changed from ₹ 9.4 to ₹ 11.3
EPS FY18E	Changed from ₹ 10.9 to ₹ 12.6
Rating	Changed from Hold to Buy

Quarterly Performance					
	Q1FY18	Q1FY17	YoY (%)	Q4FY17	QoQ (%)
Revenue	2841.5	1720.7	65.1	2871.7	-1.1
Rep. EBITDA	1494.9	816.3	83.1	932.1	60.4
EBITDA (%)	52.6	47.4	517 bps	32.5	2015 bps
Rep. PAT	969.3	711.2	36.3	511.8	89.4

Key Financials				
₹ Crore	FY16	FY17	FY18E	FY19E
Op. Income	6,455.8	8,828.1	10,702.8	11,821.2
EBITDA	3,188.9	3,601.1	5,030.3	5,733.3
Net Profit	3,028.3	2,589.1	3,583.0	3,989.4
EPS (₹)	7.6	8.2	11.3	12.6

Valuation summary				
₹ Crore	FY16	FY17	FY18E	FY19E
P/E	16.1	15.0	10.9	9.8
Target P/E	18.3	17.1	12.4	11.1
BV	75.9	71.2	81.1	86.7
EV / EBITDA	8.0	9.3	6.7	6.1
P/BV	1.6	1.7	1.5	1.4
RoNW	10.1	11.5	14.0	14.5
RoCE	9.4	15.1	18.8	20.1

Stock data	
Particular	Amount
Market Capitalization	₹ 38917.2 Crore
Total Debt (FY17)	₹ 0 Crore
Cash and Investments (FY17)	₹ 5289.3 Crore
EV	₹ 33627.9 Crore
52 week H/L	152 / 99
Equity capital	₹ 316.4 Crore
Face value	₹ 1

Price performance (%)				
Return %	1M	3M	6M	12M
NMDC	8.8	0.5	-14.6	24.5

### Research Analyst

Dewang Sanghavi  
dewang.sanghavi@icicisecurities.com

Akshay Kadam  
akshay.kadam@icicisecurities.com

## NMDC (NATMIN)

₹ 123

### Healthy realisations boost performance...

- NMDC reported a strong performance for Q1FY18. The healthy performance was marked by higher-than-expected iron ore realisations, and lower-than-expected-cost
- NMDC reported a sales volume of 9.18 million tonne (MT). The topline for the quarter came in at ₹ 2841.5 crore up 65.1% YoY. The blended iron ore realisations stood at ₹ 3060/tonne up 40.2% YoY.
- On the back of healthy iron ore realisations and lower overall cost, the company for the quarter reported a healthy EBITDA of ₹ 1494.9 crore up 83.3% YoY and 60.3% QoQ. The corresponding EBITDA margin stood at 52.5% (vs. Q1FY17: 47.4% and Q4FY17: 32.5%). The resultant EBITDA/tonne stood at ₹ 1623/tonne.
- The company provided for ₹22.7 crore towards mines closure obligation and included the same in other expenses. Further an amount of ₹81.5 crore was recognised towards expected credit loss included under the other expenses head. The company also included ₹ 41.2 crore in other expenses towards doubling of railway line between Kirandul, Jagdalpur and Ambagaon, required for augmentation of evacuation capacity of Bailadila sector.
- The company for the quarter reported other income of ₹ 128.6 crore, depreciation of ₹46.7 crore, interest and finance cost of ₹ 8.2 crore. The ensuing PAT stood at ₹ 969.3 crore up 36.3% YoY and 89.3% QoQ.

### High quality asset with large reserve base

NMDC has a large reserve base with high grade deposits and significant mine life. As on April 1, 2016, as per UNFC, NMDC's total iron ore reserve and resource base is 2299.2 MT (average Fe grade of 64.33%). At FY16 production run rate, the company has a mine life of ~77 years (reserves: production: 77). A higher mine life coupled with superior quality deposit provide strong earnings visibility.

### Modelled a sales volume of 38.5 MT for FY18E and 40 MT for FY19E...

During the current fiscal year, NMDC's production and sales volumes have grown at a healthy pace. For FY17, NMDC's production volumes stood at 34.03 million tonnes (MT), up 19.1% YoY while sales volumes stood at 35.6 MT, up 23.5% YoY. Going forward, we expect sales volume to grow at a CAGR of ~6% in FY17-19E. We have modelled sales 38.5 MT in FY18E and 40 MT for FY19E.

### Performs well; upgrade to BUY...

NMDC for Q1FY18 reported a healthy margin profile aided by higher realisations and lower cost. Going forward, we expect the sales volume to grow at a CAGR of ~6% during FY17-19E. We value the company on an SOTP basis and arrived at a target price of ₹ 140. We upgrade our recommendation on the stock from Hold to **BUY**.

### Variance Analysis

	Q1FY18	Q1FY18E	Q1FY17	YoY (%)	Q4FY17	QoQ (%)	Comments
Reported revenue	2,841.5	2,537.1	1,720.7	65.1	2,871.7	-1.1	The topline came in higher than our estimates
Other Income	128.6	147.3	345.2	-62.7	134.3	-4.3	
Employee Expense	203.6	266.4	169.9	19.8	372.0	-45.3	Employee Expense came in lower than our estimates
Raw Material Expense	27.9	105.7	84.5	-67.0	-0.8	-3,587.5	Raw material cost came in lower than our estimates
Royalty & cess	492.7	380.6	318.2	54.9	540.4	-8.8	
Selling Expense	218.3	221.0	149.9	45.6	281.9	-22.6	
Other Expense	404.1	641.9	181.9	122.1	746.1	-45.8	Other Expense came in lower than our estimates
Reported EBITDA	1,494.9	921.5	816.3	83.1	932.1	60.4	EBITDA came in higher than our estimates
EBITDA Margin (%)	52.6	36.3	47.4	517 bps	32.5	2015 bps	EBITDA margin was higher than our estimates
Depreciation	46.7	53.2	56.0	-16.6	30.7	52.1	
Interest	8.2	0.0	8.1	0.6	5.9	38.1	
Exceptional Items	0.0	0.0	0.0	0.0	-201.3	-100.0	
PBT	1,568.7	1,015.6	1,097.4	42.9	1,231.1	27.4	
Tax Outgo	599.4	335.1	386.2	55.2	719.3	-16.7	
Reported PAT	969.3	680.5	711.2	36.3	511.8	89.4	PAT came in higher than our estimates
<b>Key Metrics</b>							
Iron ore sales volume (MT)	9.2	9.2	6.5	41.2	9.8	-6.3	Sales volume were in line with our estimates

Source: Company, ICICIdirect.com Research

### Estimates

₹ Crore)	FY17	FY18E			FY19E			Comments
		New	Old	Change	New	Old	Change	
Total Op. Income	8,828.1	10,702.8	8,655.0	23.7	11,821.2	9,646.1	22.5	Upward revised all estimates for both years
EBITDA	3,601.1	5,030.3	4,067.8	23.7	5,733.3	4,678.3	22.6	
PAT	2,589.1	3,583.0	2,977.6	20.3	3,989.4	3,460.8	15.3	
EPS (₹)	8.2	11.3	9.4	20.5	12.6	10.9	15.7	

Source: Company, ICICIdirect.com Research

### Assumptions

	Current			Earlier		Comments
	FY17	FY18E	FY19E	FY18E	FY19E	
Iron ore sales volume (MT)	35.6	38.5	40.0	38.5	40.0	Iron ore sales volume maintained

Source: Company, ICICIdirect.com Research

## Company Analysis

NMDC Ltd (NMDC), a Navratna public sector enterprise, is engaged in mining iron ore. The company is India's largest iron ore miner having access to superior quality iron ore assets.

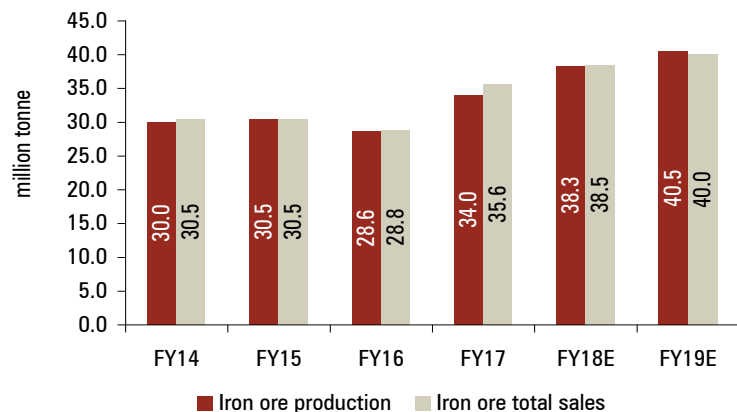
### High quality asset with large reserve base

NMDC has a large reserve base with high grade deposits and significant mine life. As on April 1, 2016, as per UNFC, NMDC's total iron ore reserve and resource base is 2299.2 MT (average Fe grade of 64.33%). At FY16 production run rate, the company has a mine life of ~77 years (reserves: production: 77). A higher mine life coupled with superior quality deposit provide strong earnings visibility.

### Sales volume in FY17-19E to grow at a ~6%

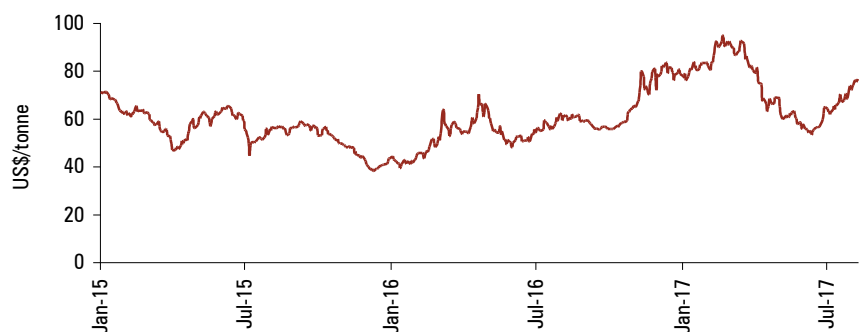
During the current fiscal year, NMDC's production and sales volumes have grown at a healthy pace. For FY17, NMDC's production volumes stood at 34.03 million tonnes (MT), up 19.1% YoY while sales volumes stood at 35.6 MT, up 23.5% YoY. Going forward, we expect sales volume to grow at a CAGR of ~6% in FY17-19E. We have modelled sales 38.5 MT in FY18E and 40 MT for FY19E.

**Exhibit 1: Iron ore production and sales trend**



Source: Company, ICICIdirect.com Research

**Exhibit 2: Global iron ore prices have started firming up.....**



Source: ICICIdirect.com Research

## Outlook & valuation

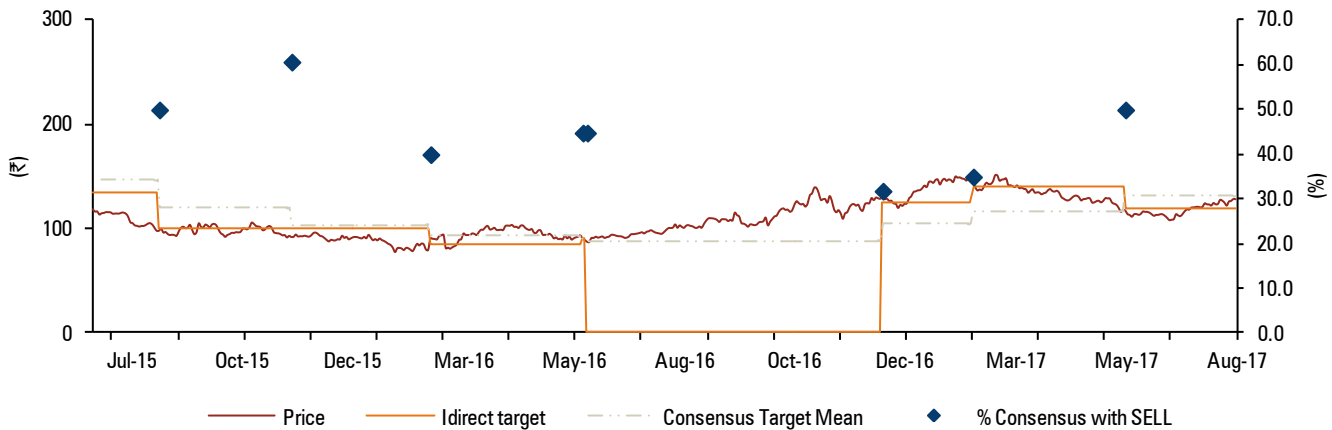
NMDC for Q1FY18 reported a healthy margin profile aided by higher realisations and lower cost. Going forward, we expect the sales volume to grow at a CAGR of ~6% during FY17-19E. We value the company on an SOTP basis and arrived at a target price of ₹ 140. We upgrade our recommendation on the stock from Hold to **BUY**.

**Exhibit 3: Valuation matrix**

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	6455.8	-46.5	7.6	-52.8	16.1	8.0	10.1	9.4
FY17	8828.1	36.7	8.2	7.1	15.0	9.3	11.5	15.1
FY18E	10702.8	21.2	11.3	38.4	10.9	6.7	14.0	18.8
FY19E	11,821.2	10.4	12.6	11.3	9.8	6.1	14.5	20.1

Source: Company, ICICIdirect.com Research

### Recommendation history vs. consensus chart



Source: Bloomberg, Company, ICICIdirect.com Research

### Key events

Date	Event
Sep-12	Mining ban imposed in Goa
Oct-12	NMDC shifts to monthly contracts; cuts iron ore prices
Apr-13	Reports yearly numbers. Proposes a dividend of ₹ 7/share for FY13. Gives strong production guidance
Oct-13	Increases the price of its products for the first time in calendar year 2013. Iron ore fines & lumps prices increased by ₹ 100/tonne
Dec-13	Increases the price of iron ore fines & lumps by ₹ 200 each for December 2013
Sep-15	Iron ore lumps prices decreased by ₹200/tonne, prices for fines cut by ₹300/tonne
Oct-15	Prices of iron ore lumps cut by ₹350/tonne, fines by ₹200/tonne
Nov-15	Decreased prices of iron ore lumps by ₹400/tonne, while increasing the prices of fines by ₹100/tonne
Dec-15	Prices cut for iron ore lumps by ₹300/tonne, fines remain unchanged
Feb-16	Gives a healthy interim dividend of ₹9.5/ share
Mar-16	Increases the prices of iron ore lumps and fines by ₹150/tonne
Mar-16	Declares second interim dividend of ₹1.5/share
Apr-16	Increases the prices of iron ore lumps by ₹150/tonne and fines by ₹150/tonne

Source: Company, ICICIdirect.com Research

### Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Government of India	31-Mar-2017	74.94%	2371.1	0.0
2	Life Insurance Corporation of India	31-Mar-2017	12.32%	389.9	0.0
3	LIC Mutual Fund Asset Management Company Ltd.	31-Mar-2017	2.02%	63.9	-1.9
4	The Vanguard Group, Inc.	30-Jun-2017	0.78%	24.8	0.3
5	Eastspring Investments (Singapore) Limited	30-Jun-2017	0.66%	20.9	0.0
6	Robeco Institutional Asset Management B.V.	30-Apr-2017	0.44%	14.0	2.0
7	PGGM Vermogensbeheer B.V.	31-Dec-2015	0.18%	5.7	2.0
8	Hirtle, Callaghan & Co., LLC	31-Dec-2015	0.12%	3.9	0.6
9	Mellon Capital Management Corporation	31-Jul-2017	0.10%	3.3	0.2
10	Grantham Mayo Van Otterloo & Co LLC	28-Feb-2017	0.10%	3.2	0.8

### Shareholding Pattern

(in %)	Sep-16	Oct-16	Dec-16	Mar-17	Jun-17
Promoter	80.0	74.9	74.9	74.9	74.9
Others	20.0	25.1	25.1	25.1	25.1

Source: Reuters, ICICIdirect.com Research, \*- m is million shares

### Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
T. Rowe Price Associates, Inc.	5.2	3.1	LIC Mutual Fund Asset Management Company Ltd.	-4.0	-1.9
Robeco Institutional Asset Management B.V.	4.0	2.0	Old Mutual Global Investors (UK) Limited	-1.9	-1.1
APG Asset Management	2.1	1.0	State Street Global Advisors (US)	-1.7	-0.8
Grantham Mayo Van Otterloo & Co LLC	1.7	0.8	Goldman Sachs Asset Management International	-1.0	-0.6
INVESCO Asset Management Deutschland GmbH	0.7	0.3	State Street Global Advisors (UK) Ltd.	-0.6	-0.3

\*- Shares in million

Source: Reuters, ICICIdirect.com Research

## Financial summary

Profit and loss statement		(₹ crore)			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Operating Income (Iron ore)	6454.0	8827.8	10642.8	11761.2	
Other minerals and services	1.8	0.4	60.0	60.0	
<b>Total Operating Income</b>	<b>6455.8</b>	<b>8828.1</b>	<b>10702.8</b>	<b>11821.2</b>	
Growth (%)	-47.8	36.7	21.2	10.4	
Raw Material Expenses	355.2	368.3	642.2	709.3	
Employee Expenses	671.3	885.6	963.3	1,063.9	
Royalty & Cess	882.3	1,524.7	1,712.5	1,891.4	
Selling & other Expenses	1,358.1	2,448.5	2,354.6	2,423.3	
Total Operating Expenditure	3,267.0	5,227.1	5,672.5	6,087.9	
<b>EBITDA</b>	<b>3188.9</b>	<b>3601.1</b>	<b>5030.3</b>	<b>5733.3</b>	
Growth (%)	-59.0	12.9	39.7	14.0	
Depreciation	207.8	196.2	202.8	225.3	
Interest	65.4	20.8	0.0	0.0	
Other Income	1,774.4	908.8	520.2	446.4	
PBT	4,690.1	4,292.9	5,347.8	5,954.4	
Exceptional Item	184.8	0.0	0.0	0.0	
Total Tax	1,476.9	1,703.8	1,764.8	1,964.9	
<b>PAT</b>	<b>3,028.3</b>	<b>2,589.1</b>	<b>3,583.0</b>	<b>3,989.4</b>	
Growth (%)	-52.8	-14.5	38.4	11.3	
EPS (₹)	7.6	8.2	11.3	12.6	

Source: Company, ICICIdirect.com Research

Balance sheet		(₹ crore)			
(Year-end March)	FY16	FY17	FY18E	FY19E	
<b>Liabilities</b>					
Equity Capital	396.5	316.4	316.4	316.4	
Reserve and Surplus	29,714.6	22,203.0	25,341.9	27,110.2	
Total Shareholders funds	30,111.1	22,519.4	25,658.3	27,426.6	
Total Debt	1,497.0	0.0	0.0	0.0	
Deferred Tax Liability	122.2	0.0	0.0	0.0	
Others	50.5	611.2	611.2	611.2	
<b>Total Liabilities</b>	<b>31,780.7</b>	<b>23,130.6</b>	<b>26,269.5</b>	<b>28,037.8</b>	
<b>Assets</b>					
Gross Block	3,765.2	4,007.2	4,507.2	5,007.2	
Less: Acc Depreciation	1,858.2	2,054.4	2,257.2	2,482.6	
Net Block	1,907.0	1,952.8	2,250.0	2,524.6	
Capital WIP	9,722.9	11,831.4	14,821.4	17,821.4	
Total Fixed Assets	11,629.9	13,784.2	17,071.3	20,346.0	
Investments	695.4	727.0	751.9	771.9	
Inventory	637.0	540.0	816.4	902.2	
Debtors	1,896.1	1,043.5	1,457.9	1,450.0	
Loans and Advances	2,978.3	2,606.0	2,235.0	2,352.2	
Other Current Assets	745.5	1,712.1	585.4	529.3	
Cash	14,763.5	5,289.3	5,115.6	3,812.8	
Total Current Assets	21,020.3	11,190.9	10,210.3	9,046.6	
Current Liabilities	1,541.8	1,429.2	1,603.7	1,933.3	
Provisions	23.1	1,142.3	160.4	193.3	
Current Liabilities & Prov	1,564.9	2,571.5	1,764.1	2,126.7	
Net Current Assets	19,455.4	8,619.4	8,446.2	6,919.9	
Others Assets	0.0	0.0	0.0	0.0	
<b>Application of Funds</b>	<b>31,780.7</b>	<b>23,130.6</b>	<b>26,269.5</b>	<b>28,037.8</b>	

Source: Company, ICICIdirect.com Research

Cash flow statement		(₹ crore)			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Profit after Tax	3,028.3	2,589.1	3,583.0	3,989.4	
Add: Depreciation	207.8	196.2	202.8	225.3	
(Inc)/dec in Current Assets	164.2	355.3	806.9	-139.0	
Inc/(dec) in CL and Provisions	-434.8	1,006.6	-807.4	362.6	
Others	0.0	0.0	0.0	0.0	
<b>CF from operating activities</b>	<b>2,965.5</b>	<b>4,147.2</b>	<b>3,785.3</b>	<b>4,438.3</b>	
(Inc)/dec in Investments	-133.5	-31.6	-24.9	-20.0	
(Inc)/dec in Fixed Assets	-2,793.9	-2,350.5	-3,490.0	-3,500.0	
Others	34.2	438.5	0.0	0.0	
<b>CF from investing activities</b>	<b>-2,893.2</b>	<b>-1,943.5</b>	<b>-3,514.9</b>	<b>-3,520.0</b>	
Issue/(Buy back) of Equity	0.0	-80.1	0.0	0.0	
Inc/(dec) in loan funds	1,497.0	-1,497.0	0.0	0.0	
Dividend paid & dividend tax	-5,248.7	-1,906.4	-1,110.5	-2,221.1	
Inc/(dec) in Share Cap	-0.3	-666.6	666.4	0.0	
Others	0.0	-7,527.8	0.0	0.0	
<b>CF from financing activities</b>	<b>-3,752.0</b>	<b>-11,677.8</b>	<b>-444.1</b>	<b>-2,221.1</b>	
Net Cash flow	-3,679.7	-9,474.1	-173.7	-1,302.7	
Opening Cash	18,443.2	14,763.5	5,289.3	5,115.6	
<b>Closing Cash</b>	<b>14,763.5</b>	<b>5,289.3</b>	<b>5,115.6</b>	<b>3,812.8</b>	

Source: Company, ICICIdirect.com Research

Key ratios					
(Year-end March)	FY16	FY17	FY18E	FY19E	
<b>Per share data (₹)</b>					
EPS	7.6	8.2	11.3	12.6	
Cash EPS	8.2	8.8	12.0	13.3	
BV	75.9	71.2	81.1	86.7	
DPS	11.0	5.2	3.0	6.0	
Cash Per Share (Incl Invst)	39.0	19.0	18.5	14.5	
<b>Operating Ratios (%)</b>					
EBITDA Margin	49.4	40.8	47.0	48.5	
PBT / Total Op. income	72.6	48.6	50.0	50.4	
PAT Margin	46.9	29.3	33.5	33.7	
Inventory days	36.0	22.3	28.0	28.0	
Debtor days	107.2	43.1	50.0	45.0	
Creditor days	87.2	59.1	55.0	60.0	
<b>Return Ratios (%)</b>					
RoE	10.1	11.5	14.0	14.5	
RoCE	9.4	15.1	18.8	20.1	
RoIC	18.5	20.6	24.4	24.1	
<b>Valuation Ratios (x)</b>					
P/E	16.1	15.0	10.9	9.8	
EV / EBITDA	8.0	9.3	6.7	6.1	
EV / Net Sales	4.0	3.8	3.2	3.0	
Market Cap / Sales	6.0	4.4	3.6	3.3	
Price to Book Value	1.6	1.7	1.5	1.4	
<b>Solvency Ratios</b>					
Debt/EBITDA	0.5	0.0	0.0	0.0	
Debt / Equity	0.0	0.0	0.0	0.0	
Current Ratio	4.0	2.3	2.9	2.5	
Quick Ratio	3.6	2.1	2.4	2.0	

Source: Company, ICICIdirect.com Research

## ICICIdirect.com coverage universe (Metals & Mining)

Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			ROCE(%)			ROE(%)		
	(₹)	TP (₹)			FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
Coal India	243	280	Hold	150529	14.9	18.8	20.3	17.8	14.2	13.1	9.3	8.0	7.0	33.5	37.9	37.4	37.8	39.2	37.2
Hindustan Zinc	287	310	Buy	121110	19.7	23.6	26.5	14.2	11.9	10.6	9.7	7.7	6.1	26.9	33.4	31.8	27.0	26.8	25.2
JSW Steel	230	240	Buy	55704	14.3	20.8	22.0	15.1	10.4	9.9	7.7	6.9	6.7	13.4	14.8	14.2	15.3	18.8	16.9
NMDC	123	140	Buy	38917	8.2	11.3	12.6	15.0	10.9	9.8	9.3	6.7	6.1	15.1	18.8	20.1	11.5	14.0	14.5
Vedanta	300	285	Hold	89009	15.1	27.6	34.1	18.2	10.0	8.1	5.3	4.6	3.9	12.1	14.2	15.3	9.3	15.0	16.0
Tata Steel	605	700	Buy	55707	42.2	61.0	71.8	14.3	9.9	8.4	8.2	6.8	5.9	9.4	12.2	12.5	10.8	17.2	17.2

Source: Company, ICICIdirect.com Research

## **RATING RATIONALE**

ICICIdirect.com endeavours to provide objective opinions and recommendations. ICICIdirect.com assigns ratings to its stocks according to their notional target price vs. current market price and then categorises them as Strong Buy, Buy, Hold and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock.

Strong Buy: > 15%/20% for large caps/midcaps, respectively, with high conviction;

Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



**Pankaj Pandey**

**Head – Research**

**pankaj.pandey@icicisecurities.com**

**ICICIdirect.com Research Desk,  
ICICI Securities Limited,  
1st Floor, Akruiti Trade Centre,  
Road No 7, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com**



## ANALYST CERTIFICATION

We *I, Dewang Sanghavi, MBA (FIN) and Akshay Kadam MBA (FIN)* 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.

### Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a Sebi registered Research Analyst having registration no. INH000000990. ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is a wholly-owned subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts have any material conflict of interest at the time of publication of this report.

It is confirmed that *Dewang Sanghavi, MBA (FIN) and Akshay Kadam MBA (FIN)* research analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

It is confirmed that *Dewang Sanghavi, MBA (FIN) and Akshay Kadam MBA (FIN)* research analysts do not serve as an officer, director or employee of the companies mentioned in the report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

ICICI Securities has received an investment banking mandate for disinvestment in NMDC Ltd. The report is prepared on the basis of publicly available information.