

Sandur Manganese & Iron Ores Ltd. – Investment BUY Call – 6 Months Horizon

Dear Bajaj Capital Investors,

New Stock Recommendations for BUY on 7 May 2026

CMP -> 217

Upside Potential-> 15%

Investment Horizon -> 6 Months

Target price -> 250

Sandur Manganese & Iron Ores Limited is strategically positioned to benefit from the sustained strength in India's steel, infrastructure and industrial manufacturing sectors, supported by its integrated business model spanning manganese ore mining, iron ore mining, ferro-alloys, coke and steel manufacturing. As the second-largest manganese ore miner in India, the company possesses significant resource strength with long-life mining leases extending up to 2033, backed by reserves of approximately 15 million tonnes of manganese ore and 138 million tonnes of iron ore. The company's diversified operations across the mining and downstream metals value chain provide strong operational integration, earnings visibility and resilience against commodity cycle volatility.

The company has undertaken substantial capacity expansion initiatives over the last few years, materially strengthening its production capabilities and future revenue potential. Manganese ore production capacity has increased from 0.28 MTPA to 0.599 MTPA, while iron ore production capacity has expanded from 1.6 MTPA to 4.45 MTPA. The receipt of environmental clearance in April 2023 for expansion of iron ore mining capacity, followed by the approval from the Central Empowered Committee (CEC) in May 2025 for enhancement of permissible annual iron ore production to 4.36 MTPA, is expected to support higher production volumes and operational leverage over the medium term. In addition, the strategic acquisition of Arjas Steel Private Limited in November 2024 has strengthened the company's downstream integration and expanded its exposure to value-added steel products.

Financially, the company has demonstrated a sharp improvement in balance sheet strength, cash generation and operational profitability. Consolidated debt reduced significantly from INR 1,882 crore in FY25 to INR 995 crore in FY26, while the company achieved standalone net debt-free status as of 31 March 2026 through strong internal accruals and early repayment of INR 423 crore worth of Non-Convertible Debentures (NCDs). Consolidated cash and cash equivalents stood at INR 444 crore as of FY26-end, reflecting robust liquidity. Operating cash flow generation improved materially to INR 1,142 crore in FY26 compared to INR 840 crore in FY25, highlighting strong cash conversion and improving operational efficiency. Furthermore, operating margins and net profit margins expanded significantly on both QoQ and YoY basis during Q4FY26, indicating improving profitability amid higher production and operational efficiencies.

The company also benefits from strong promoter confidence and prudent capital management. Promoter holding remains high at 74.22% as of 31 March 2026, reflecting long-term commitment toward the business. The consolidated net debt-to-equity ratio remains comfortable at 0.31x despite recent acquisitions and expansion initiatives, which provides adequate financial flexibility for future growth opportunities. Given the company's integrated operations, expanding mining capacities, strengthening steel exposure and improving operational efficiencies, SMIORE is well positioned to capitalize on the rising domestic demand for steel, ferro-alloys and industrial raw materials driven by infrastructure development and manufacturing growth in India.

At the current market price, the stock is trading at a reasonable valuation of approximately 16x TTM earnings, which appears attractive considering the company's improving profitability profile, strong balance sheet strengthening, significant reserve base and long-term growth visibility. The combination of higher production capacities, strong cash flow generation, debt reduction, improving margins and strategic downstream integration is expected to support earnings growth over the coming quarters. Accordingly, we maintain a BUY recommendation on The Sandur Manganese & Iron Ores Limited for a medium-term investment horizon of 6 months.

Q4FY26 Results:

	YoY	QoQ	Mar 2026	Dec 2025	Mar 2025
Revenue Cr	14.4%	25.0%	1,511	1,209	1,321
Operating Profit Cr [^]	22.3%	54.2%	387	251	316
OPM %			25.6	20.7	23.9
PAT Cr [^]	50.5%	103.2%	236	116	157
NPM %			15.7	9.6	11.9
EPS ₹	51.1%	103.8%	4.8	2.4	3.2

Q4FY26 Operational Highlights:



	MANGANESE ORE	IRON ORE	FERROALLOYS	COKE	STEEL
Production	2.02 Lakh Tonne	12.65 Lakh Tonne	13,371 Tonne	0 Tonne [*]	1.07 Lakh Tonne
Sales	1.20 Lakh Tonne	15.10 Lakh Tonne	18,241 Tonne	5,181 Tonne	1.10 Lakh Tonne
YoY Sales Volume Change	162%	12%	689%	(73%)	11%
QoQ Sales Volume Change	36%	58%	4%	(5%)	11%
Sales Volumes Remarks	Significant Increase in YoY & QoQ	Increase in YoY & Significant Increase in QoQ	Significant Increase in YoY & Marginal Increase in QoQ	Significant Decrease [^] in YoY & Marginal Decrease in QoQ	Notable Increase in YoY & in QoQ
Average/Tonne Realization	₹6,935/-	₹2,834/-	₹67,773/-	₹21,432/- ^{**}	₹70,361/-
QoQ Change in Realizations	7%	(1%)	5%	(17%)	0%

Note - ^{*}Excludes production under contract manufacturing of 57,454 tonnes during the quarter. | ^{**}Excludes conversion & screening income under contract manufacturing of INR 10.63 Crore during the quarter. | [^]Due to volumes under conversion contract

Happy investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team