

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

Dear Bajaj Capital Investors,

New Stock Recommendations for BUY on 24 May 2026

CMP -> 226

Upside Potential-> 15%

Investment Horizon -> 6 Months

Target price -> 260

The Sandur Manganese & Iron Ores Limited presents a compelling BUY opportunity for a medium-term investment horizon of 6 months, supported by its strong positioning across India's mining and metals value chain. The company operates an integrated business model spanning manganese ore mining, iron ore mining, ferro-alloys, coke and steel manufacturing, which provides operational synergies, earnings visibility and resilience across commodity cycles. As the second-largest manganese ore miner in India, the company possesses significant long-life mineral reserves, including approximately 15 million tonnes of manganese ore and 138 million tonnes of iron ore, with mining leases extending up to 2033. The company is expected to benefit from sustained growth in India's steel, infrastructure and industrial manufacturing sectors, driven by rising government spending, manufacturing expansion and increasing domestic steel consumption.

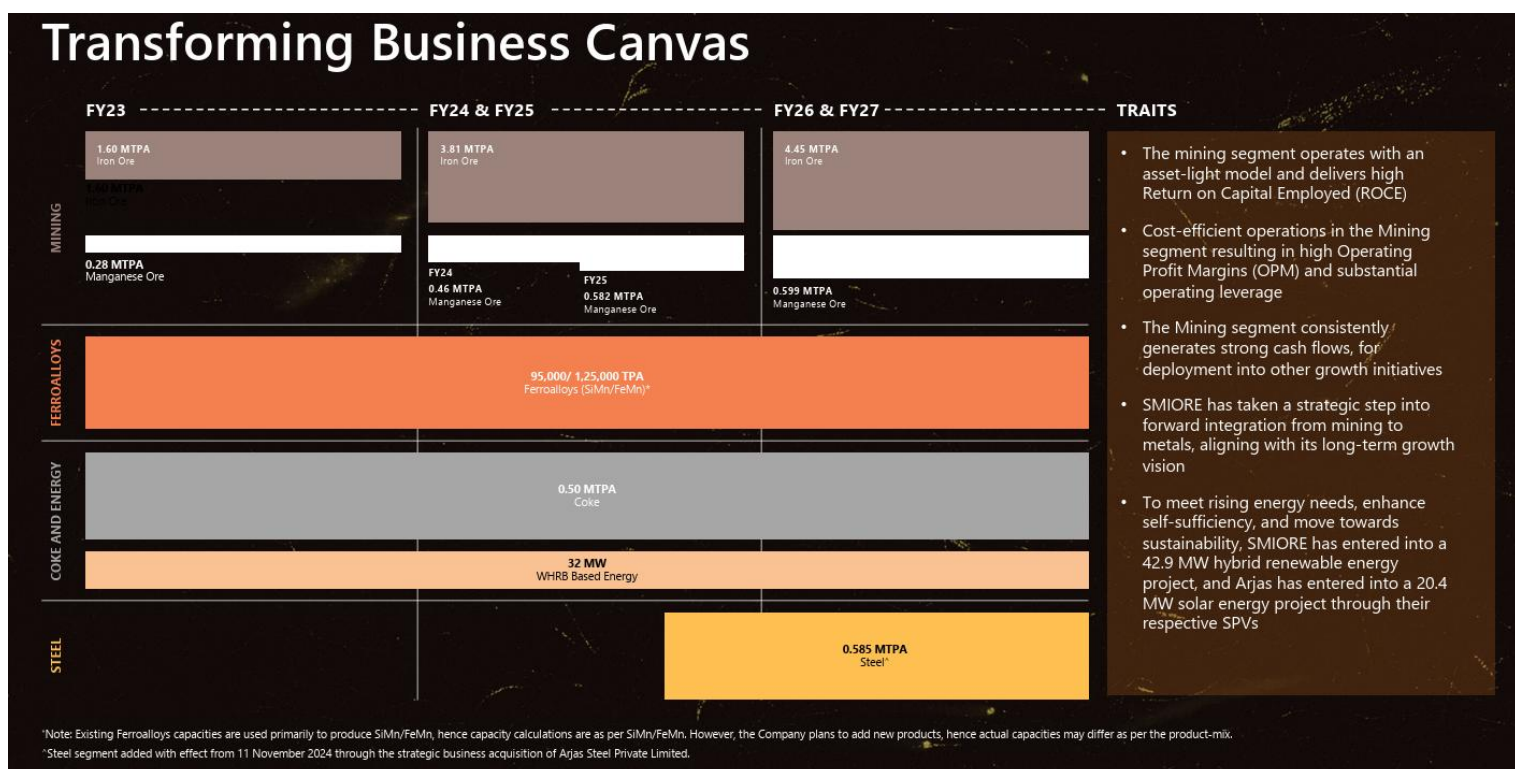
Over the past few years, the company has undertaken substantial capacity expansion initiatives, materially enhancing its long-term production capabilities and revenue visibility. **Manganese ore production capacity has increased from 0.28 MTPA to 0.599 MTPA, while iron ore production capacity has expanded significantly from 1.6 MTPA to 4.45 MTPA.** The environmental clearance received in April 2023 for higher iron ore mining capacity, along with the approval granted by 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 improve operating leverage going forward. Additionally, the strategic acquisition of Arjas Steel Private Limited in November 2024 has strengthened downstream integration, expanded the company's presence in value-added steel products and enhanced its ability to capture higher margins across the steel value chain.

Financially, the company has demonstrated a sharp improvement in balance sheet strength, liquidity profile and operational efficiency. 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 at the end of FY26, reflecting strong liquidity and prudent financial management. Operating cash flow generation improved materially to INR 1,142 crore in FY26 compared to INR 840 crore in FY25, highlighting robust cash conversion and improving operational discipline. Furthermore, operating margins and net profit margins expanded meaningfully on both QoQ and YoY basis during Q4FY26, supported by higher production volumes, operating efficiencies and improved product mix.

The company's cash flow quality and earnings conversion ratios have improved substantially over the last three years, which further strengthens the overall investment case. **OCF-to-PAT conversion improved sharply from 64% in FY24 to 173.5% in FY26, reflecting exceptional cash generation relative to reported earnings. Similarly, OCF-to-EBITDA conversion improved from 48% in FY24 to 94.5% in FY26, while OCF-to-operating profit conversion increased from 78% in FY24 to 105% in FY26, indicating strong operational cash realization and efficient working capital management. In**

addition, promoter holding remains high at 74.22% as of 31 March 2026, reflecting strong promoter confidence and long-term commitment toward the business. Despite ongoing expansion initiatives and acquisitions, the consolidated net debt-to-equity ratio remains comfortable at 0.31x, providing adequate financial flexibility to pursue future growth opportunities.

At the current market price, the stock is trading at an attractive valuation of approximately 16.7x TTM earnings and EV/EBITDA of 9.8x, which appears reasonable considering the company's improving profitability profile, strong reserve base, rising production capacities and strengthening balance sheet. The combination of higher mining output, downstream steel integration, robust operating cash flow generation, debt reduction and improving margins is expected to support healthy earnings growth over the coming quarters. Given its integrated operations, expanding scale, improving financial metrics and favourable industry outlook, 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

Recommendation Timeline & Performance Summary:

- 1. 7 May 2026 – Initial BUY Recommendation:** The BUY call was initiated at a price of 217 with a target price of 250, implying an upside potential of ~15% over a 6-month investment horizon.
- 2. 8 May 2026 – Target Achieved:** The stock achieved our target price of 250 on 8 May 2026 within a single trading session. The stock price further appreciated to 254 on the same day, delivering a return of 17% from the recommendation price within a single trading session, significantly ahead of our expected timeline.
- 3. 24 May 2026 – Re-Initiation of BUY Call:** We have re-initiated the BUY call at the CMP of 226 with a target price of 260, indicating an envisaged upside potential of 15% over the next 6 months.

Happy investing!

Thank you and best regards,

On behalf of Bajaj Capital's Research Team