India I Equities

Metals

Initiating coverage

17 February 2025

MOIL

Rating: **Buy**
Target Price (12-mth): Rs.400
Share Price: Rs.304

Manganese: An irreplaceable input in steel-making; initiating, with a Buy

A schedule 'A' Miniratna Category-I company, MOIL is the largest manganese ore producer in India, with market shares at ~20% domestically and ~2.2% globally. The company has 10 mines across Maharashtra and Madhya Pradesh, and boasts of ~21% of India's manganese R&R. It is enhancing its mine environmental clearance (EC) from 2.49m tonnes to 5m tonnes by FY30; this is expected to drive its domestic market share from current ~20% to ~32% by FY30. With manganese being an essential raw material in steel manufacturing, the company is well positioned to capitalise on India's steel growth story owing to its dominant market share, higher-quality ore and strategic mine locations in central India (equidistant from numerous steel plants). We expect the company to register a >19% revenue CAGR and >32% EBITDA CAGR over FY24-27. We, therefore, initiate coverage on the stock with a Buy rating and a TP of Rs400.

Focus on ore volume expansion. The company is undertaking relentless exploratory core drilling, with plans to double its EC over 5-6 years. This would help to ramp up its brownfield volumes to 3m tonnes by FY30 (current ~1.8m tonnes). Further, the company has signed numerous MoUs and is expected to form JVs with multiple partners, which will help to ramp up its greenfield volumes by an additional 0.5m tonnes (taking the total to 3.5m tonnes by FY30). Mining business' share in the revenue mix is expected to continuously increase and reach ~95.7% by FY27 (93.8% in FY24)

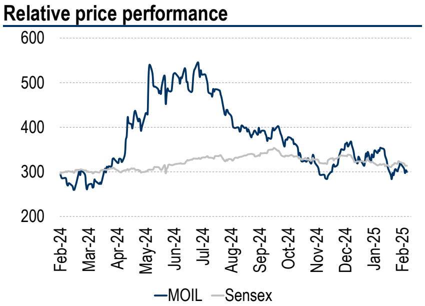
Capex to drive volumes. To maintain its leadership, the company has a strategic plan, which will help to develop its existing brownfield and greenfield mines. It has earmarked Rs24bn capex till FY30, to be incurred in a phased manner. The company's current high-speed shaft sinking projects at Balaghat and Gumgaon mines are expected to augment volumes ahead.

Outlook, Valuation: Manganese is an essential RM in making steel. International prices have touched a four-month high (rising ~11-13% m/m). The company has hiked prices of its products for Feb'25 delivery by 4-8%, the second price hike in CY25. With this and the company's leading position, debt-free status, consistent dividend payout track record and focus on volume expansion, we expect a >19% revenue CAGR and >32% EBITDA CAGR over FY24-27. We, therefore, initiate coverage on the stock with a Buy rating and a TP of Rs400 (6.5x FY27e EV/EBITDA) **Key risks:** Delay in ECs, global manganese price fluctuations and high logistics cost.

Key data	MOIL IN / MOIL.BO
52-week high / low	Rs588 / 260
Sensex / Nifty	75997 / 22960
3-m average volume	$5.6m
Market cap	Rs.62bn / $712.3m
Shares outstanding	203m

Shareholding pattern (%)	Dec'24	Sep'24	Jun'24
Promoters	64.7	64.7	64.7
- of which, Pledged	-	-	-
Free Float	35.3	35.3	35.3
- Foreign institutions	3.1	4.9	3.5
- Domestic institutions	8.2	7.9	9.9
- Public	24.0	22.5	21.9

Relative price performance



Source: Bloomberg

Key financials (YE Mar)	FY23	FY24	FY25e	FY26e	FY27e
Revenue (Rs m)	13,416	14,494	15,969	20,600	24,909
EBITDA (Rs m)	3,691	4,377	5,306	7,568	10,224
Adj. PAT (Rs m)	2,478	2,933	3,569	5,201	7,047
P/E (x)	25.0	21.1	17.3	11.9	8.8
EV / EBITDA (x)	14.2	12.1	9.9	6.8	4.9

Source: Company, Anand Rathi Research

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Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY23	FY24	FY25e	FY26e	FY27e
Production vol. (m tonnes)	1.30	1.76	1.84	2.10	2.50
Sales vol. (m tonnes)	1.18	1.54	1.61	1.84	2.19
Revenue	**13,416**	**14,494**	**15,969**	**20,600**	**24,909**
Growth (%)	(6.6)	8.0	10.2	29.0	20.9
EBITDA (Rs m)	**3,691**	**4,377**	**5,306**	**7,568**	**10,224**
EBITDA Margin (%)	27.5	30.2	33.2	36.7	41.0
Depreciation	1,143	1,442	1,618	1,865	2,128
Other income	769	935	1,200	1,250	1,325
Interest Expenses	-	-	-	-	-
PBT before excep. item	**3,316**	**3,870**	**4,889**	**6,953**	**9,421**
PBT after excep. item	3,344	3,870	4,889	6,953	9,421
Effective tax	839	937	1,320	1,752	2,374
Reported PAT	**2,506**	**2,933**	**3,569**	**5,201**	**7,047**
APAT	**2,478**	**2,933**	**3,569**	**5,201**	**7,047**
Growth(%)	(33.1)	18.4	21.7	45.7	35.5
APAT Margin (%)	18.5	20.2	22.3	25.2	28.3

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY23	FY24	FY25e	FY26e	FY27e
Share capital	2,035	2,035	2,035	2,035	2,035
Net worth	22,443	24,531	27,029	30,670	35,602
Debt	-	-	-	-	-
DTL / (Assets)	-256	-289	-289	-289	-289
Others	675	797	797	797	797
Capital employed	**22,862**	**25,039**	**27,537**	**31,178**	**36,110**
Net tangible assets	8,125	8,666	10,162	11,544	13,229
CWIP	2,618	3,319	3,485	3,638	3,825
Net Intangible assets	493	848	848	848	848
Investments	76	77	77	77	77
Other non-current assets	1,436	1,048	1,048	1,048	1,048
Current assets (excl. cash)	4,358	5,535	6,059	7,704	9,235
Cash	131	400	750	1,332	2,975
Bank balance/Curr. Invst.	9,424	8,707	8,707	8,707	8,707
Current liabilities	3,799	3,561	3,599	3,721	3,834
Capital deployed	**22,862**	**25,039**	**27,537**	**31,178**	**36,110**

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY23	FY24	FY25e	FY26e	FY27e
Adj. EBITDA	3,691	4,377	5,306	7,568	10,224
+ other Adj.	-	-	-	-	-
- Incr./ (decr.) in WC	-927	-1,104	-485	-1,524	-1,418
- Taxes	-894	-969	-1,320	-1,752	-2,374
Others	251	229	0	0	0
CF from op. activity	**2,121**	**2,534**	**3,501**	**4,292**	**6,432**
- Capex (tang. + intang.)	-2,450	-3,058	-3,280	-3,400	-4,000
Free cash-flow	-330	-524	221	892	2,432
Others	1,434	1,645	1,200	1,250	1,325
CF from inv. activity	**-1,017**	**-1,413**	**-2,080**	**-2,150**	**-2,675**
- Div. (incl. buyback & taxes)	-1,221	-852	-1,071	-1,560	-2,114
+ Debt raised	-	-	-	-	-
Others	-	-	-	-	-
CF from fin. activity	**-1,221**	**-852**	**-1,071**	**-1,560**	**-2,114**
Closing cash balance	131	400	750	1,332	2,975

Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis

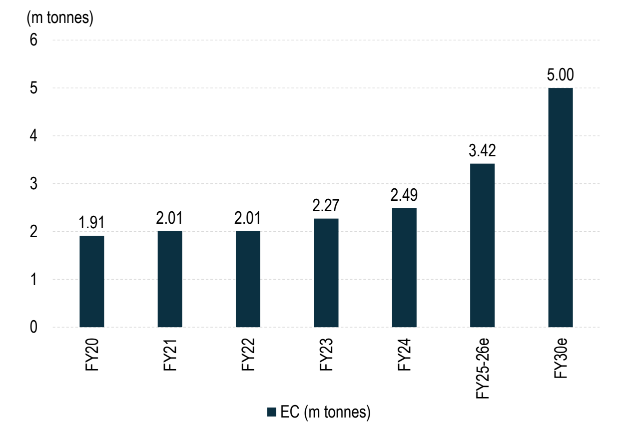
Year-end: Mar	FY23	FY24	FY25e	FY26e	FY27e
EPS	12.2	14.4	17.5	25.6	34.6
BVPS	110	121	133	151	175
P/E (x)	25.0	21.1	17.3	11.9	8.8
EV/ EBITDA (x)	14.2	12.1	9.9	6.8	4.9
P/B (x)	2.8	2.5	2.3	2.0	1.7
RoE (%)	11.0	12.0	13.2	17.0	19.8
ROCE (%)	11.1	11.7	13.4	18.3	22.4
DPS (Rs per share)	4	6	5	8	10
Dividend payout (%)	30	42	30	30	30
WC Days	77	97	97	97	97
Sales Volume (mt)	1.18	1.54	1.61	1.84	2.19
Blended ore ASP (per tonne)	10,422	8,849	9,274	10,621	10,895
Share of ore in revenue (%)	91.5	93.8	93.2	94.7	95.7
EBITDA Margin (%)	27.5	30.2	33.2	36.7	41.0
APAT Margin (%)	18.5	20.2	22.3	25.2	28.3

Source: Company, Anand Rathi Research

Fig 5 – Price movement

Source: Bloomberg

Fig 6 – 5m tonnes EC expected by FY30 (m tonnes)



Source: Company, Anand Rathi Research

Manganese: Irreplaceable raw material

Manganese is as critical as iron in steel-making

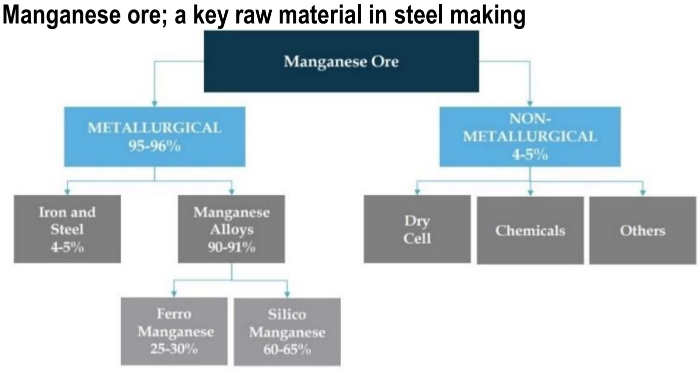
Steel is a combination of iron, carbon and various other metals and minerals, including manganese. Steel containing only carbon may not possess the desired mechanical properties and hence, addition of other external elements individually or in combination helps it to attain its characteristics. Usually, these external metals or minerals are added in smaller quantities (less than 5% by weight) to improve strength and durability of steel.

Manganese is essential for steel for sulphur fixing, deoxidizing and alloying. It combines with sulphur and phosphorous to reduce brittleness and helps to remove excess oxygen from molten steel. When used >1% of steel weight, manganese increases hardenability of the metal, thus, improving strength, toughness, ductility, along with enhancing grain size. Further, it enhances electrical and magnetic properties, lowers the temperature range and improves resistance to abrasion.

Manganese ore containing iron oxide is first reduced in the furnace and then used in steelmaking. ~30% of manganese ore is used in the initial phase (for refinement of iron ore) and the rest as alloy for finished steel. Manganese is also used by the aluminium sector to make sheets thinner and stiffer. It is also used as filler in dry cell batteries. Important non-metallurgical uses of manganese include battery cathodes, electronics (soft ferrites), fertilizers and animal feed, water treatment chemicals, colorant for automobile undercoat paints, etc.

~95-96% of manganese is used for metallurgical purposes and ~90% is consumed by the steel sector (during steel-making process). Global production of steel drives manganese demand (and not consumption). According to global steel-making standards, one-tonne of crude steel requires 9-12kg of manganese (~30kg ore). As demand for value-added products (VAP) increases, the per-tonne demand for manganese is expected to rise too. With the ongoing capex undertaken by all tier-I and tier-II mills in India, the share of their VAPs is expected to increase ahead. This would drive demand for manganese.

Fig 7 – Manganese ore; a key raw material in steel making

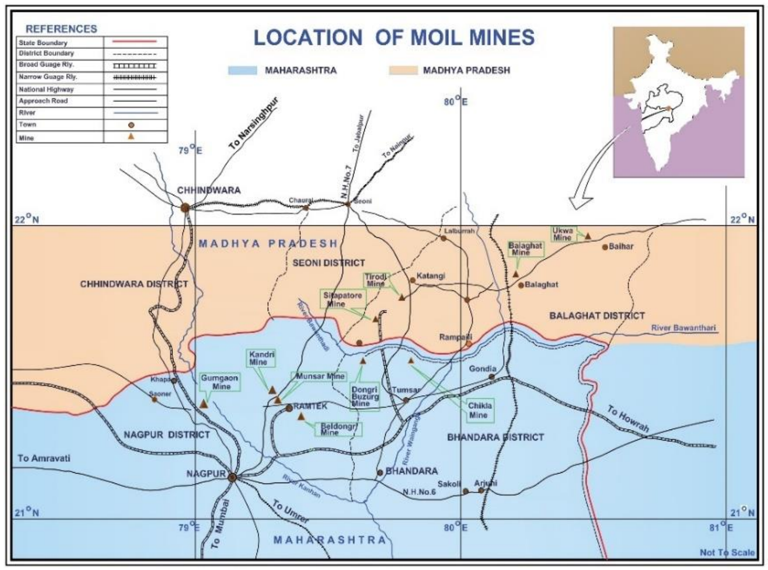


Source: Company

ECs to drive performance; double to 5m tonnes by FY30

The company operates a portfolio of 10 underground (UG) and opencast (OC) mines in Nagpur and Bhandara districts of Maharashtra (six) and Balaghat district of Madhya Pradesh (four). Balaghat mine is the deepest UG manganese mine in Asia and one of the largest in the company's portfolio. The mine produces one of the best quality manganese ore in the country. Dongri Buzurg mine, located in Maharashtra's Bhandara district, is one of the company's largest OC mine.

Fig 8 – Mine locations

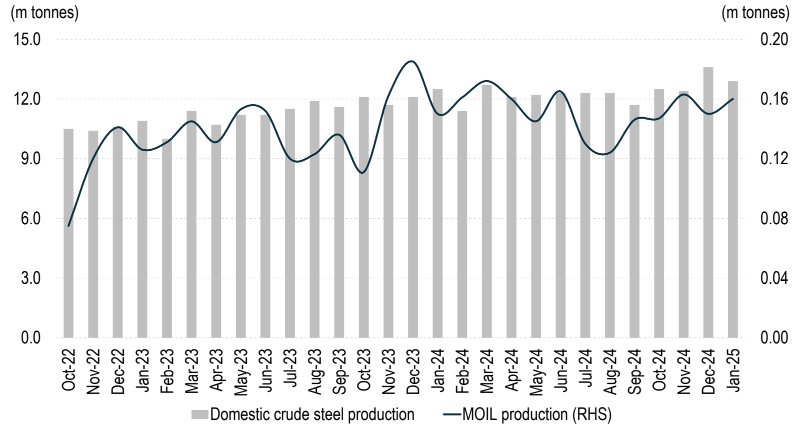


Source: Company

Over the last few years, the company has been strategically increasing its mine EC to align with surging demand for manganese ore, driven primarily by India's expanding steel production capacity. Further, since Mr Ajit Kumar Saxena's appointment as the Chairman-cum-Managing Director in Dec'22, the pace of EC enhancement has picked up. His tenure is till end-Dec'25. Under his tenure, EC expansion has picked up pace; considering growth over the last few years and increase in demand, we believe this would continue.

Since FY22, ore EC increased ~0.5m tonnes to 2.49m tonnes, reflecting the company's proactive approach in scaling up operations, to meet demand. During FY24, the company received EC for 0.789ha in Balaghat, 4.734ha in Sitapatore, 4.419ha in Tirodi and 150.65ha in Chikla, which increased its mineable ore EC by ~0.222m tonnes. It has 1,880.505ha of lease area in Maharashtra and Madhya Pradesh.

Fig 9 – MOIL production and domestic crude steel production move in tandem



Source: Company, JPC, BigMint, Anand Rathi Research

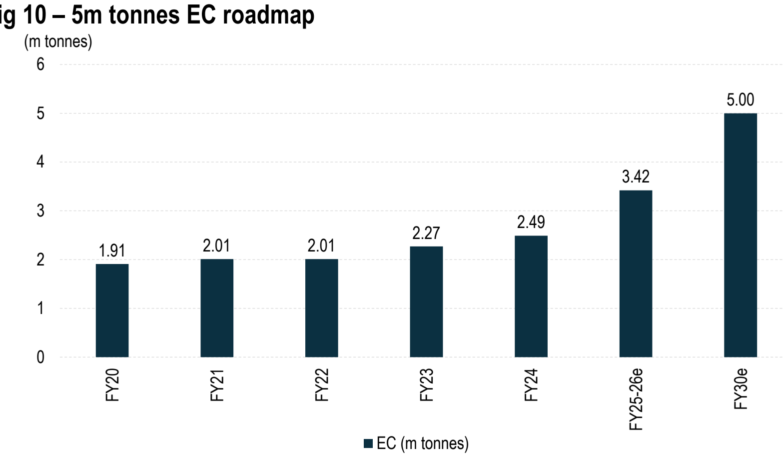
Prospecting Licence (PL):

Maharashtra government granted PL for 99.36ha in FY24 at Chikla for exploration of manganese ore. The company completed core drilling in FY24 and discovered ore resources. Subsequently, of the 99.36ha, the company applied for mining lease for 77.633ha.

Madhya Pradesh government granted PL for 202.501ha in Tawejhari and Manjhara (Balaghat district) for exploration of manganese ore. The company completed core drilling in FY24 and found ore resources. Subsequently, it applied for mining lease for the entire area granted under PL.

As of H1 FY25, the company had existing EC of 2.49m tonnes, with the ambition to add further lease area under its portfolio; this is expected to take its existing mine EC to 5m tonnes by FY30. This represents a >12% CAGR over FY24-30. This EC expansion will further cement its position as a pivotal manganese miner globally, thereby reducing India's reliance on imported manganese ore.

Fig 10 – 5m tonnes EC roadmap



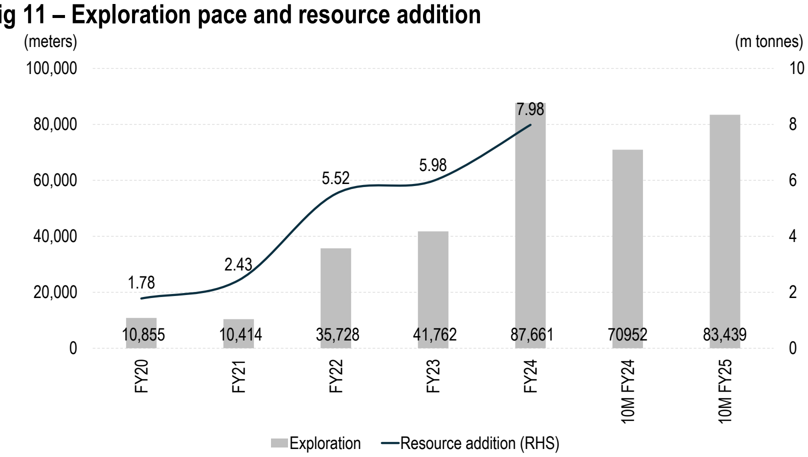
Source: Company, Anand Rathi Research

The company has UG mines in Balaghat, Ukwa, Chikla, Gumgaon, Kandri and Munsar. Total domestic manganese R&R is ~504m tonnes, with proven reserves of ~75m tonnes. Of total proven manganese reserves in India, the company controls ~61%. Converting resources to reserves is not an easy task as much of the ore is found below forest belts of Odisha and its neighbouring states, which are either difficult or not permissible to explore.

Over last few years, the company has been relentlessly undertaking exploration, which has helped it to consistently ramp up its resources. The pace of resource addition is directly proportional to inside/outside exploration meterage. As of 10M FY25, core exploration and drilling improved 17.6% y/y to 83,439 meters. The aggressive pace of exploration and conversion of resources to extractable reserves further provides a roadmap, once EC is enhanced to 5m tonnes. By strategically enhancing EC, the company is not only addressing immediate market requirement but also securing its long-term growth trajectory, thus solidifying its leadership in the sector.

Recently concluded public hearing: In Dec'24, an environmental public hearing was held to enhance the EC at Munsar Manganese Mine (Maharashtra) to increase capacity to 0.28m tonnes. To acquire EC, usually after presenting a draft to the Environmental Pollution Department and conducting a public hearing, only the final presentation remains. The company is awaiting further approval.

Fig 11 – Exploration pace and resource addition



Source: Company, Anand Rathi Research 10MFY24 core exploration and drilling calculated based on M10FY25 information

Capex to drive volumes

Shaft-sinking projects & JV to enhance volumes to 3.5m tonnes

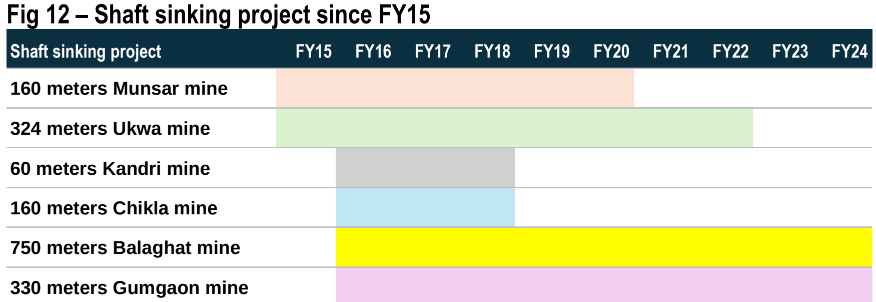
Over the last few years, the company undertook multiple shaft-sinking projects, which are expected to ramp up its brownfield volumes from existing mines to 3m tonnes by FY30. The company's focus on modernizing its mines will further sustain volumes ahead. Over the last decade, it undertook multiple shaft-sinking projects across multiple mines and currently, high-speed shaft sinking projects are underway in Balaghat and Gumgaon. These ongoing projects are expected to enhance volumes from 0.15m tonnes to

0.35m tonnes for Gumgaon mine and 0.3m tonnes to 0.8m tonnes for Balaghat.

Before 2020, the company undertook shaft-sinking capex in collaboration with international contractors and executives. However, the projects got delayed due to travel and visa/work permit restrictions post Covid, especially for Chinese expats. Usually, a shaft-sinking project takes ~3-4 years to complete and further 12-18 months to stabilize; however, due to the headwinds faced during 2020-22, these projects got delayed, which led to slower-than-expected mine enhancement. However, these projects are now on track and are expected to complete in H1 FY26, with commercial production commencing from FY27. We believe, once Balaghat and Gumgaon mine shafts stabilize, volumes would further improve.

The on-going shaft sinking project at Balaghat and Gumgaon mine is undertaken by DCS Ltd. (dcs.in/mining-services). The 750 meters shaft sinking project at Balaghat includes sumps, second outlet, furnishing of shaft, guides, ladders, etc. along with supply and construction of 5MVA surface sub-station, pit head buildings and installation and commissioning of 3 winders for ore, waste and man hoisting. Similarly, 330 meters Gumgaon mine includes furnishing of shaft, guides, ladders, etc. along with supply and construction of 5MVA surface sub-station, pit head buildings and installation/commissioning of 2 winders for ore, waste and man hoisting.

Fig 12 – Shaft sinking project since FY15

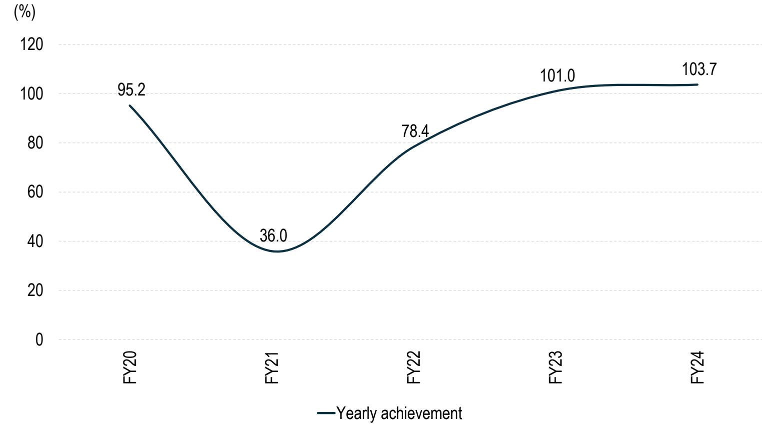


Source: Company, Anand Rathi Research

Since Mr Ajit Kumar Saxena's appointment in Dec'22, the company's focus on modernization and development improved, which led to increased focus on capex spend. Despite the company historically being dividend-paying, over the last two years, it has deployed a record amount towards mechanization, modernization and capacity enhancement projects. The company laid down a capex roadmap at Rs3.28bn/Rs3.4bn for FY25/26, with a total of Rs24bn earmarked till FY30, to be spent in a phased manner. The capex achievement percentage dropped only in FY21 due to the pandemic. However, since FY23, the company has been exceeding its yearly capex target. Strategic capacity expansion will enable it to meet steel sector's mounting demand.

To be future ready, recently the board has also approved five new shaft sinking projects including two ventilation shafts at Dongri-Buzurg mine, Chikla mine and Kandri mine at a total outlay of Rs8.8bn (approximate).

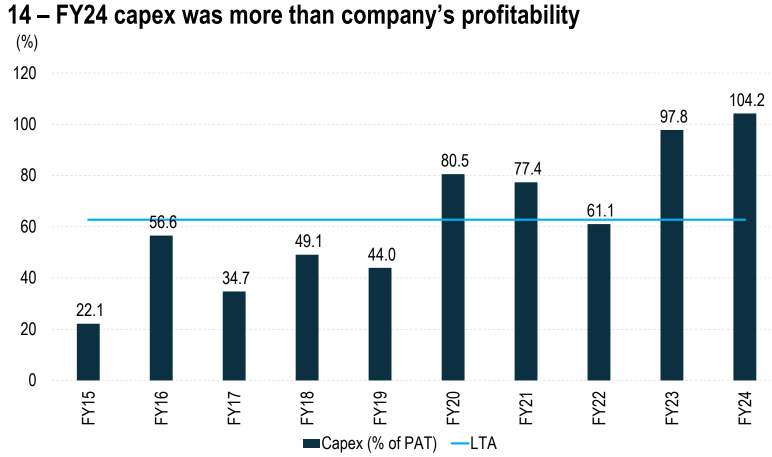
Fig 13 – % of achievement to its yearly target



Source: Company, Anand Rathi Research

Focus on capex across advanced infrastructure development will reinforce its market leadership, while contributing to India's industrial growth and global competitiveness.

Fig 14 – FY24 capex was more than company's profitability



Source: Company, Anand Rathi Research

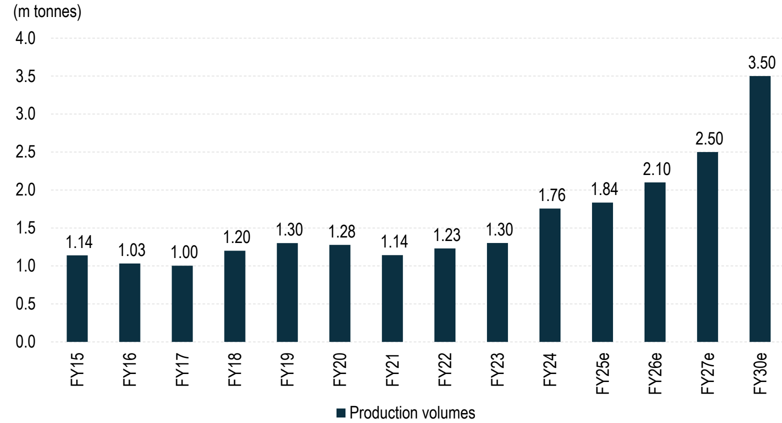
Further, the company is also expected to enhance volumes via greenfield expansion. Pani (Gujarat), Bhudkum and Selva block (Madhya Pradesh) and Nilkanthpur block (Chhattisgarh) are expected to yield additional 0.5m tonnes of volumes by FY30.

Pani project (Chota Udepur district, Gujarat): The company entered an MoU with GMDC to explore mining of manganese ore in Pani, Gujarat. Exploration by core drilling was completed in FY24 and the results were positive, indicating availability of manganese ore. The ~270ha area is expected to have R&R of 9.51m tonnes. The JV document has been finalized by the company and sent to GMDC for approval.

Bhudkum and Selva block (Madhya Pradesh): The company has signed a tripartite MoU with MP government and the Madhya Pradesh State Mining Corporation (MPSMC). The state government has reserved 487sq.km and 850sq.km in Chhindwara and Balaghat districts, respectively, to explore manganese ore. JV has been finalized by the company and shared with MPSMC for their approval. The company will hold 51% in the venture.

Nilkanthpur block (Chhattisgarh). The company also signed an MoU with Chhattisgarh Mineral Development Corporation to explore mining of manganese and associated minerals in the state. 218sq.km have been reserved and the company has started exploration in Balrampur district.

Fig 15 – New projects are expected to contribute 0.5m tonnes and brownfield (existing mines) are expected to produce 3m tonnes by FY30



Source: Company, Anand Rathi Research

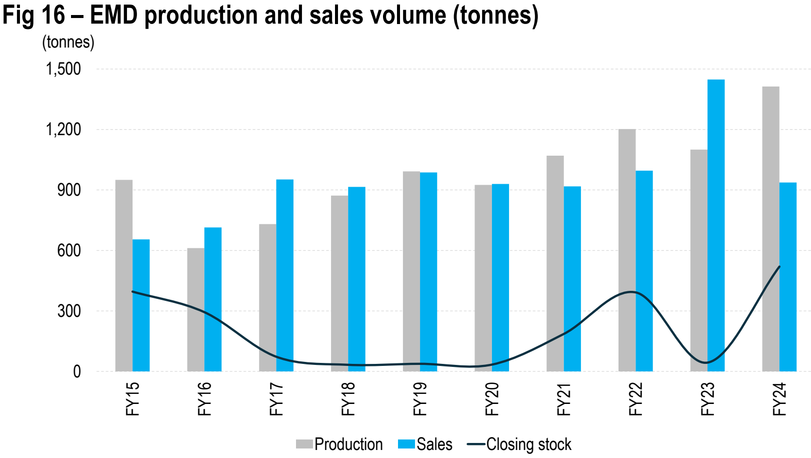
Other business verticals

Though EMD and ferromanganese would continue, focus to remain on mining

To strengthen forward integration and product diversification, the company forayed into electrolytic manganese dioxide (EMD) manufacturing in 1991 and ferromanganese manufacturing in 1998.

EMD is a high-purity, value-added and critical component in modern alkaline, lithium, and sodium batteries, including electrochemical capacitors and hydrogen production. Asia Pacific is expected to dominate EMD demand, with China, the US, Japan and South Africa controlling ~90% of global production. The company commenced EMD operations in 1991 by setting up an 800-tonne facility in Dongri Buzurg (Maharashtra), which was later expanded to 1,000 tonnes and eventually to 1,500 tonnes. The EMD facility set-up is only the second of its kind in the country, based solely on indigenous technology. EMD is usually manufactured from high-grade manganese ore (>50% Mn); from a commercial perspective, it is the most important synthetic manganese dioxide, however, due to a drop in sales volume, the company is not expected to ramp-up capacity in the near term.

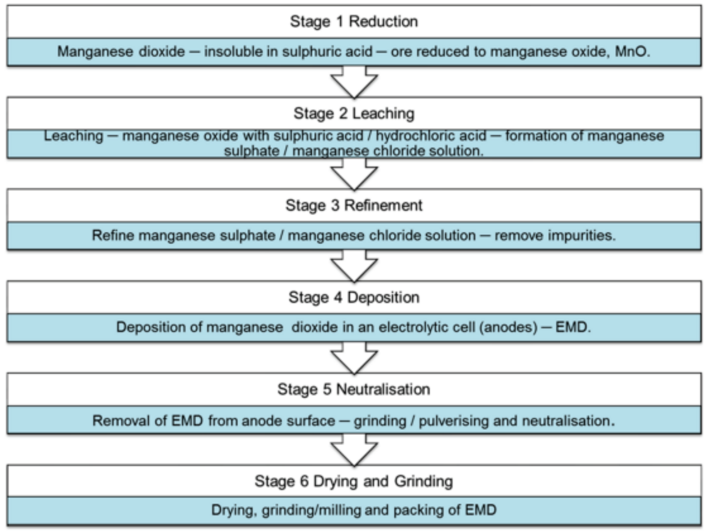
Fig 16 – EMD production and sales volume (tonnes)



Source: Company, Anand Rathi Research

EMD is formed by gamma-active grade of manganese. Production of EMD largely depends upon availability of high-grade raw material with lowest possible impurities. Most of the EMD-grade manganese are found either in Odisha or Maharashtra, with a very small quantity in Jharkhand. The company's Dongri Buzurg OC mine situated in Bhandara district (Maharashtra) supplies ore to the EMD facility. EMD formation goes through six major processes.

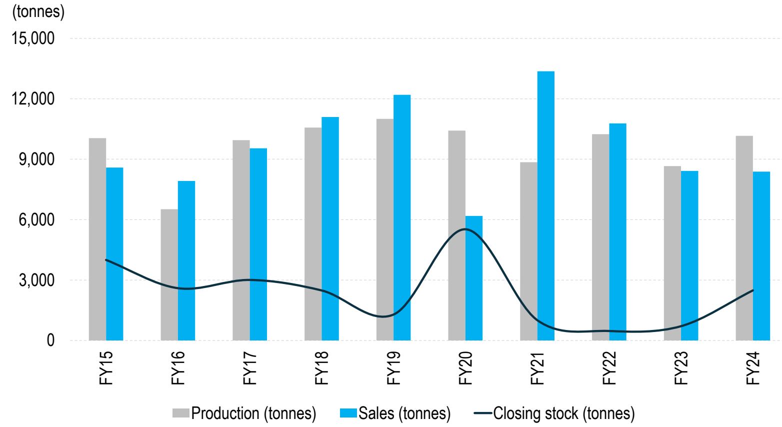
Fig 17 – Processing chart of EMD



Source: Present scenario and future prospects of EMD in India, ResearchGate

Ferromanganese is used as a degasser, deoxidizer and de-sulphurizer in steel production. It helps in removing nitrogen and other hazardous elements found during iron-melting process. As average grades of manganese ore produced in India are of lower metal content (32-33% Mn), these necessitate blending of ferro/silicomanganese for steel manufacturing process. The company commissioned a submerged arc furnace-based ferromanganese facility in 1998 in Balaghat (Madhya Pradesh) and is the only pithead FeMn plant in the country with an installed capacity of 12,000 tonnes. Manganese alloys are the largest produced ferroalloys in the world. As per Indian Minerals Yearbook, to produce one tonne of ferromanganese, ~2.6 tonnes of manganese ore are utilized. However, the company produces a fraction of India's ferro/silicomanganese capacity (~3.16m tonnes of installed capacity of manganese alloys, incl. ferro/silicomanganese). Ferromanganese production is highly competitive with many organized and unorganized manufacturers across 3-4-four clusters in India. Intense price competition makes it a less attractive business segment and an unviable business proposition for the company to expand. The company would continue to operate its existing facility, with no further capacity addition expected in the near term.

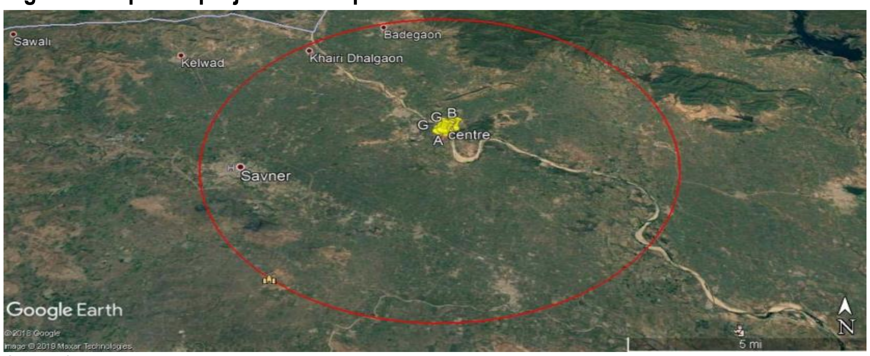
Fig 18 – Ferro manganese production and sales volume (tonnes)



Source: Company, Anand Rathi Research

In 2022, the company submitted a draft EC for proposed 25,000 tonnes of a silicomanganese plant through setting up of 1x18MVA of a submerged arc smelting furnace near Gumgaon mines, Maharashtra. However, there have been no further developments.

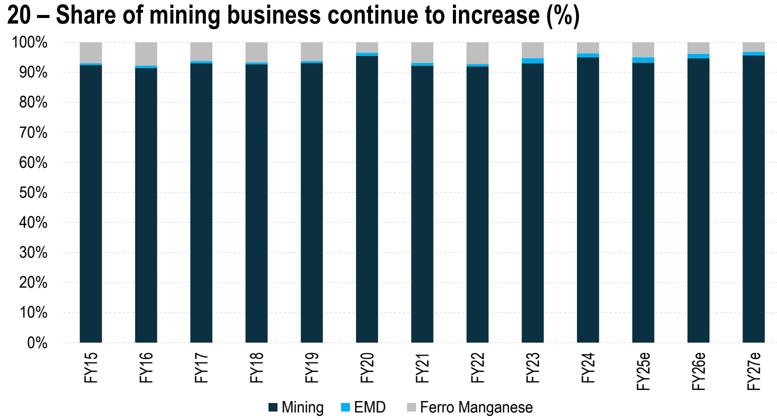
Fig 19 – Proposed project site map



Source: Company

As the company remains focussed on its manganese ore mining business, its share in the revenue mix is expected to increase ahead. The share of mining business is expected at ~95.7% by FY27 (above its LTA of 91.6%).

Fig 20 – Share of mining business continue to increase (%)



Source: Company, Anand Rathi Research

MOIL @ 2030

Considering increased steel production over the next decade and more requirement of manganese ore, the company has laid down a strategic management plan till 2030

- Doubling its existing mine EC from 2.49m tonnes to 5m tonnes by FY30.
- Increasing production from existing and greenfield mines to 3.5m tonnes.
- Increasing market share to ~32% by FY30.
- Undertaking newer shaft-sinking projects.
- Expanding business operation in other states and internationally.
- Commencing operations in Pani, Gujarat (a JV with GMDC).
- Finalizing the JV with MPSMC and commencing operations at newer mines near Balaghat.
- Commencing operations at Nilkanthpur block, Chhattisgarh.
- Engaging in exploration through extensive lease holdings to prove additional reserves.

About the company

Established in 1899 as the Central Prospecting Syndicate (CPS), the company was the key body formed to explore manganese deposits in India. The first PL was taken in 1899 in Munsar (Nagpur district) under the British era. Subsequently, in 1908, CPS was incorporated in the UK as 'Central Provinces Manganese Ore Company Ltd.', which later acquired mines in Balaghat, Bhandara and Nagpur districts.

Post independence, MOIL was incorporated in Jun'62 and the assets of the erstwhile British entity were transferred to it. However, it was only in 1977, when CPMOCL completely exited from MOIL, thus, making it a PSU. In 2002, the company was awarded schedule "B" status, which was subsequently upgraded to schedule "A" in 2014.

The company has a portfolio of 10 operating mines in Maharashtra and MP with total R&R of >107m tonnes. The seven UG mines are operated at shallow to moderate depths. With 46m tonnes of reserves, the company at the current production run-rate has over 25 years of production visibility. The company produces and sells different grades of manganese ore (such as high-grade ores for production of ferromanganese, medium-grade ore for production of silicomanganese, blast-furnace grade ore, etc.).

Manganese deposit in central India is unique in its formation. The ore is sedimentary deposit. The area between Ukwa and Gumgaon mines has the oldest meta sedimentary called Saucer Series. At the Balaghat mine, the ore consists of manganese oxides and manganiferous quartzite associated with metamorphosed phyllitic and schistose rock mass.

Fig 21 – Mine portfolio at a glance

Mine	Region	UG/OC	Avg. grade (% Mn)
Balaghat	Balaghat, Madhya Pradesh	UG	40
Sitapatore		OC	32
Tirodi		OC	32
Ukwa		UG	38
Chikla	Bhandara, Maharashtra	UG	36
Dongri Buzurg		OC	42
Beldongri	Nagpur, Maharashtra	UG	30
Gumgaon		UG	36
Kandri		UG	38
Munsar		UG	32

Source: Company, Anand Rathi Research

The company is the only EMD manufacturer in India (1,500 tonnes pa), with 12,000 tonnes pa of ferromanganese manufacturing capacity. The average manganese grade used at the company's ferromanganese facility is 46-48%, which is higher than the pan-India average of 35-40%. For production of one-tonne of ferromanganese, ~2.6 tonnes of manganese ore are utilized.

Fig 22 – Peers ferro/silico manganese specifications

Ferro/silico manganese manufacturer	Avg. grade used
MOIL	46-48%
Ferro-Alloys Corp. Ltd.	70-75%
Nav Bharat Ferro-Alloys Ltd.	28-50%
Sarda Energy & Minerals Ltd.	28-30% (Low), 37-40%, 42-44%, 46% (High)
Monnet Ispat & Energy Ltd.	28-46%
Hira Power & Steel Ltd. (across units)	32-35%
S. R. Chemicals & Ferro Alloys	38-40%
Thermit Alloys Ltd	48-54%
Nagpur Power & Industries Ltd.	42-46%
Tata Steel Ltd.	43%, min. (for FeMn), 36% min. (for SiMn)
Silcal Metallurgical Ltd	35-40% & above

Source: IBM, Anand Rathi Research

Fig 23 – Business vertical / product portfolio snapshot

Particulars	Mining business	EMD	Ferro Manganese
Description and usage	Silvery grey metal which hard and brittle in nature. It is essential for steel production for sulphur fixing, deoxidizing and alloying	Used for the manufacture of dry battery cells	Used as a degasser, deoxidizer and de-sulphurizer in steel production, it helps in removing nitrogen and other hazardous elements that are found during iron melting process
Current TAM	~8.85m tonnes of ore demand	Though no official data are available, (but according to MOIL, they manufacture ~46% of the total requirement)	As per Indian Ferro Alloys Producers' Association the total installed capacity of manganese alloys including ferro/silicomanganese is ~3.16m tonnes
FY24 production volumes	1.756m tonnes	1,413 tonnes	10,163 tonnes
Revenue contribution (FY24)	~94%	~1.4%	~3.8%
RM	NA	Manganese dioxide and sulfic acid or Manganese sulfate	Manganese ore, coke and flux.
Locations	10 mines	Dongri Buzurg	Balaghat

Revenue contribution is adjusted to intersegment
Source: IBM, Company, Anand Rathi Research

For UG mines, getting precise and reliable access inside is of utmost importance for continuous excavation of ore. Using suitable and speedy shaft-sinking not only decreases the overall capex timeline but also helps with higher mine productivity. The company currently is undertaking two high-speed shaft sinking projects at Balaghat and Gumgaon, which are likely to increase production capacity from these mines to 1.15m tonnes, from 0.45m tonnes.

Compared to other major minerals, manganese ore has one of the lowest royalty rates in India (5%, excl. DMF + NMET + other cess) on an ad valorem basis. Including 30% DMF and 2% NMET, the net rate works out to 6.6% (Madhya Pradesh has a 5% state cess taking the royalty rate to 11.6%). Unlike other minerals, the royalty rate on manganese ore in India is within a certain range vs. international geographies. For instance, Australia (Queensland) has 2.7% royalty on manganese mining, Canada 5-10%, South Africa -up to 7% and Russia 4.8%, etc.

Further, as the company operates in Maharashtra and Madhya Pradesh, it does not expect any major headwinds on its royalty payment (incl.

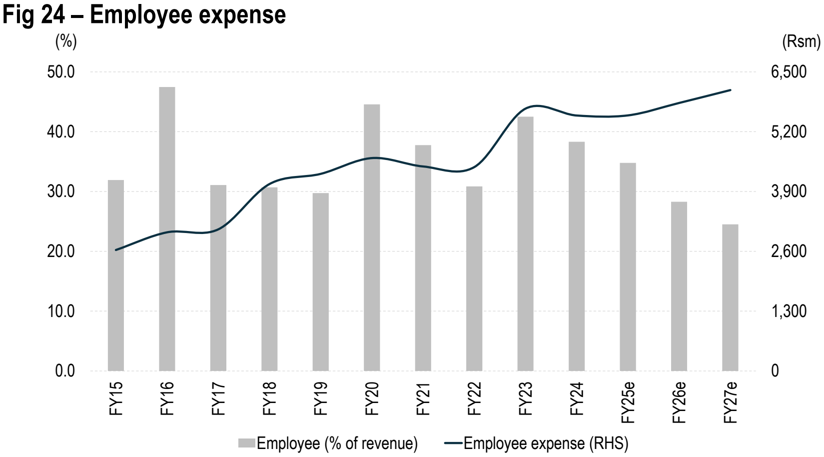
retrospective royalties). Further, as it is already paying additional 5% cess in Madhya Pradesh, it does not expect major changes in its royalty calculation.

Ad valorem royalty (as defined by the Indian Bureau of Mines) = Sale price of mineral (grade-wise and state-wise) published by IBM x rate of royalty (%) x total quantity of mineral grade produced/dispatched (tonnes).

Employee cost as a percentage of revenue

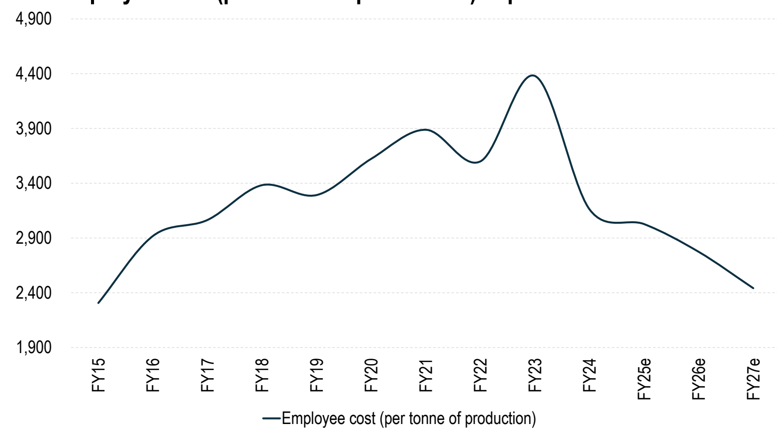
Further, as a percentage of revenue, employee cost is one of the largest component in the P&L. However, the increase in employee cost (% of revenue) was due to wage revision in Oct'21. The company had revised wages for all its employees for a 10-year duration (from Aug'17) and the next revision for executives and non-executives is expected in Jul'27. In the last round of wage revision, the employees received ~20% hike, along with other benefits and production-linked bonuses. The total financial impact of the same worked out to Rs870m pa. We believe, by FY27, many senior employees with higher salaries might retire, and these positions are expected to be filled by younger employees, leading to a reduction in the average pay scale for executives. Given the typical duration of wage negotiations and finalization, any impact from this revision is not expected to be reflected until FY28. Though employee cost (as % of revenue) reduced from 44.6% in FY20 to 38.3% in FY24, it is comparatively higher that other mining entities' costs (NMDC ~7.8%, OMDC ~25%, Coal India ~37.9% and Hindustan Copper ~15.6%); we expect it to reduce ahead (as a % of revenue).

Fig 24 – Employee expense



Source: Company, Anand Rathi Research

Fig 25 – Employee cost (per tonne of production) expected to reach FY15 levels



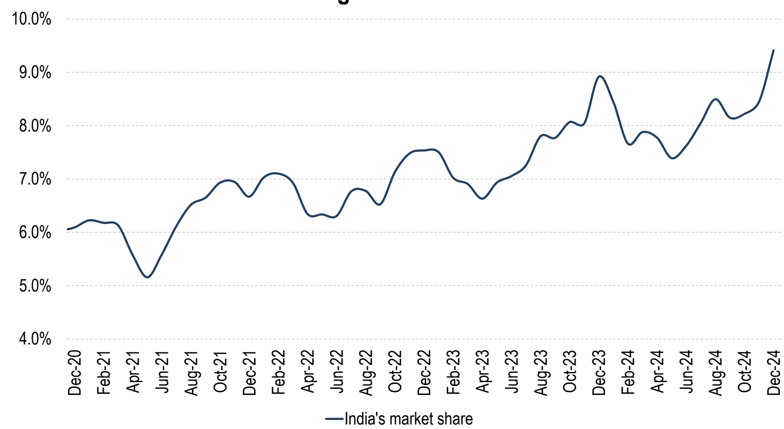
Source: Company, Anand Rathi Research

Global and domestic manganese demand

Manganese demand directly linked to steel sector's growth

India's steel consumption has been showing greenshoots, driven by more public and private capex. Post FY21, the pace of growth has been sharper on sustained thrusts from construction, infrastructure, automobiles, renewable energy (RE) and consumer durables. Crude steel production for CY24 rose 6.3% y/y to ~150m tonnes. India is one of the fastest growing steel producers globally and its market share (~9.4% now) has been consistently improving since May'24.

Fig 26 – India's market share in the global steel sector



Source: JPC, worldsteel.org, Anand Rathi Research

In 2018, India overtook Japan as the second largest steel producer. To meet the mounting domestic demand, all tier-I steel manufacturers are adding capacity. By FY30, ~210m-220m tonnes of steel are expected to be produced and ~190m-210m tonnes consumed. Domestic steel demand would be driven by the thrust from infrastructure and construction, which accounts for ~60% of consumption, followed by automobiles and general engineering (~23%).

Fig 27 – Domestic production and consumption (m tonnes)

Year	Production	Consumption
FY19	111	99
FY20	109	100
FY21	103	95
FY22	120	106
FY23	127	120
FY24	144	136
FY30e	210-220	190-210

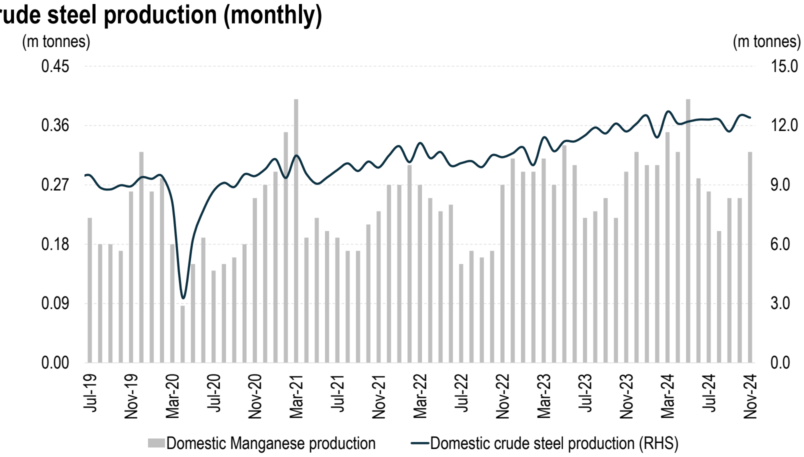
Source: JPC, BigMint, Anand Rathi Research

The dependency between steel and manganese is profound as ~90% of manganese is consumed by the steel sector (either directly or indirectly). It is the production (and not consumption) of steel, which drives manganese demand. Demand for manganese ore has a high correlation with steel production. As crude steel production increases in India, demand for manganese ore too is expected to surpass ~11m tonnes ahead. With the company reaching 3.5m tonnes of production volume, its market share is expected to increase from ~20% now to ~32% by FY30.

The company's high-grade ore sales from Balaghat mine is also expected to increase as the current shaft-sinking projects get commissioned and the mine stabilizes. The share of Balaghat mine is expected to increase from ~15-16% to ~22-24% ahead.

By FY35, ~75-77m tonnes of additional capacity would come on stream by tier-I and tier-II steel manufacturers (mostly via BF-BoF) in India. This is expected to drive demand ahead. Further, as demand for VAP grows, the per-tonne demand for manganese ore too is expected to increase. Product brochures of various tier-I and tier-II mills indicate that as metal characteristics improve toward higher-value VAP, the per-tonne consumption of manganese too increases.

Fig 28 – Domestic manganese ore production and its relationship with domestic crude steel production (monthly)

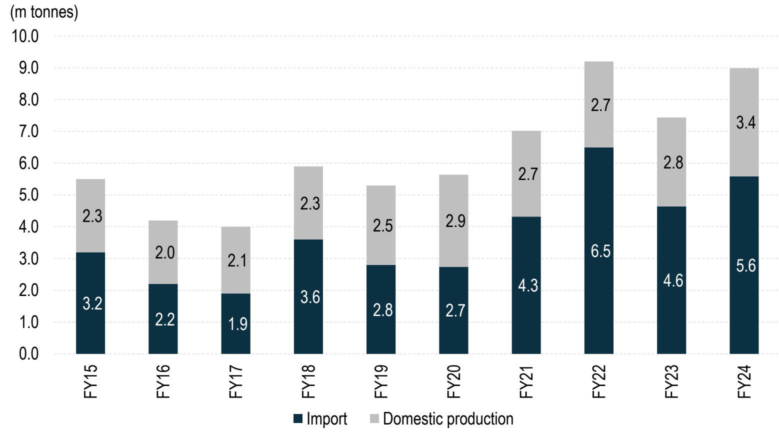


Source: JPC, BigMint, Company, Anand Rathi Research

Indian manganese ore deposits occur mainly as metamorphosed bedded sedimentary deposits, associated with Gondite series. Odisha has the largest R&R of manganese ore (~34%), followed by Karnataka (~25%), Madhya Pradesh (~11.9%), Maharashtra (~11.7%), and the rest are found across numerous states. Grade-wise, ferromanganese accounts for 8%, medium-grade 7%, BF grade 29% and the remaining 56% are of mixed, low-beneficiable-unclassified grades. Barring the company, which is the largest manganese ore miner in India, other entities in the industry are Sandur Manganese and Iron Ore (0.582m tonnes), Tata Steel (captive consumption), etc.

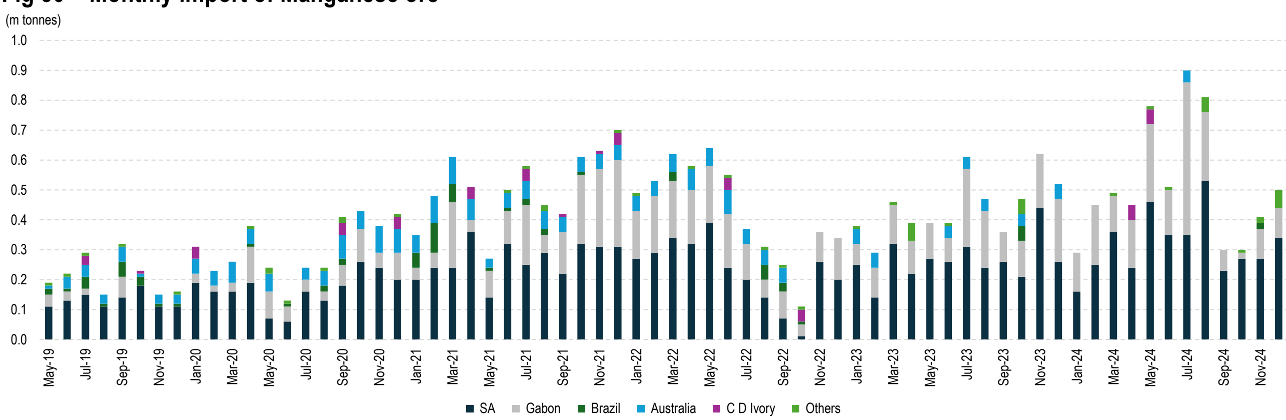
Though India has ample manganese ore R&R, certain belts are not suitable for ore excavation as they are under forests or greenbelt, especially in Odisha. Further, lower availability of high-grade ore domestically also led to higher import of manganese ore in India. Predominantly, ~two-thirds of manganese ore is imported, with the maximum from South Africa. India's consumption of manganese ore has surpassed global demand growth and as the gap between captive production and imports narrow, domestic ore excavators would benefit immensely. The company is the largest manganese ore miner, which stands to gain the most.

Fig 29 – Domestic import and production of manganese ore



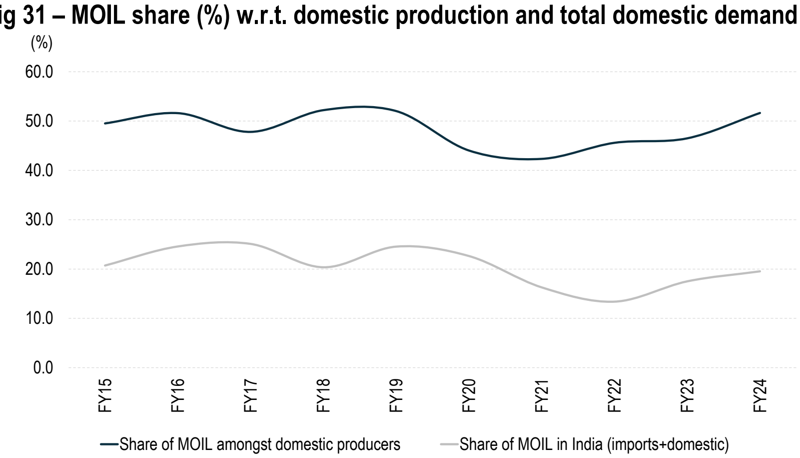
Source: BigMint, Company, Anand Rathi Research

Fig 30 – Monthly import of Manganese ore



Source: BigMint, Anand Rathi Research

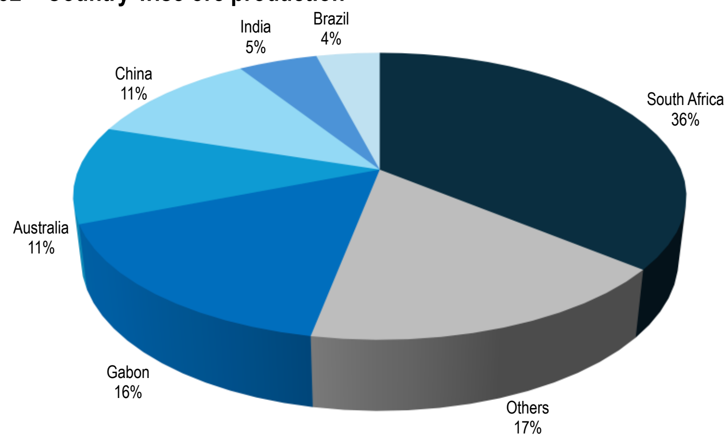
Fig 31 – MOIL share (%) w.r.t. domestic production and total domestic demand



Source: Company, Anand Rathi Research

Globally, manganese is the fourth most widely used metal in the world, after iron, aluminium and copper. Global manganese production is expected ~60.5m tonnes, with South Africa (36% share) being the largest manganese ore producer. Further, MOIL, with a market share of ~2.2%, ranks among major manganese producers globally.

Fig 32 – Country-wise ore production



Source: Company, Anand Rathi Research

South Africa and Australia have the largest proven reserves of respectively >500m and >600m tonnes. South32 has huge operations in South Africa and Australia, whereas Eramet is the largest manganese ore miner globally (~12.2% global mining share) and holds ~25% of global manganese ore reserves. Eramet through its Comilog subsidiary excavates ore from Moanda mines, Gabon (the largest manganese ore mine globally).

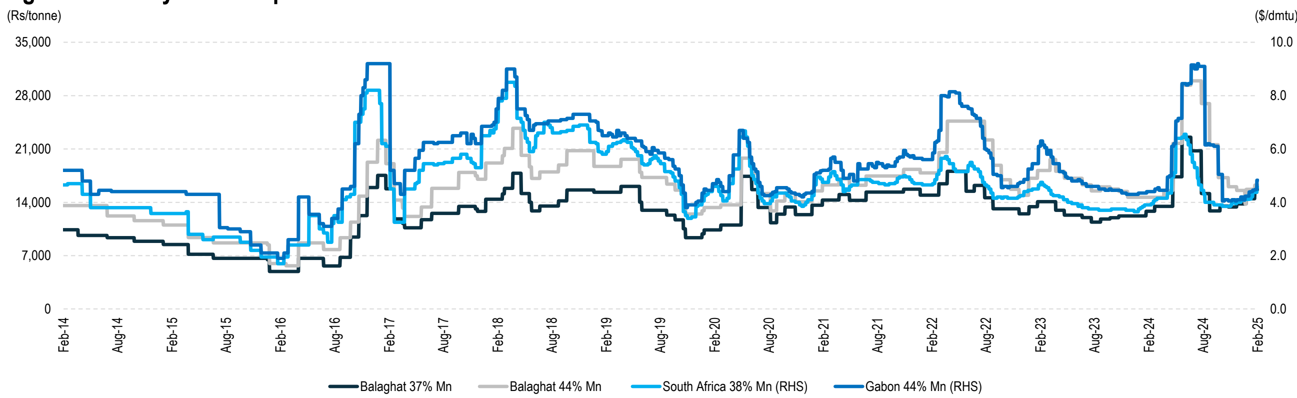
Manganese prices have started improving

Over the last two years, manganese prices have ben extremely volatile. Prices (especially of high-grade ore) reached highs in early-FY25 due to supply crunch from global mines. The suspension of South32 high-grade GEMCO mines in Australia resulted in global ore supply being squeezed ~4-5%, which led to domestic prices touching a high of >Rs29,900/tonne for high-grade ore. Similarly, international prices skyrocketed, with prices in South Africa and Gabon rising ~75-85% within three months. However, as panic settled and supply normalized, prices cooled off ~50% and bottomed in Dec'24.

International miners, however, recently hiked manganese prices. Eramet Comilog raised Mar'25 delivery prices by $0.45/dmtu m/m (Mn 44.5% lumps at $4.75/dmtu, Mn 43% chips at $4.55/dmtu, CIF China). Similarly, Australian high-grade (46% Mn) ore prices were raised $0.37/dmtu to $5.16. Similarly, prices of Gabonese high-grade (44% Mn) ore were hiked $0.39/dmtu to $4.87. Although South32 has resumed production at GEMCO (Australia) in recent weeks, it will take at least a couple of quarters to be completely ramped up. A further fall in stocks at ports resulted in global miners raising prices for Mar'25 deliveries. As India is predominantly an import-driven manganese market, domestic prices tend to move in tandem with international prices. Domestic prices, too, have risen in recent weeks: Mn 37% ore prices (Balaghat) ~8.2% m/m to Rs15,660/tonne; high-grade

Mn 44% ore prices (Balaghat) have risen ~3.5% to Rs16,266/tonne and Mn 46% ore prices (Balaghat), increased ~3.6% to Rs17,004

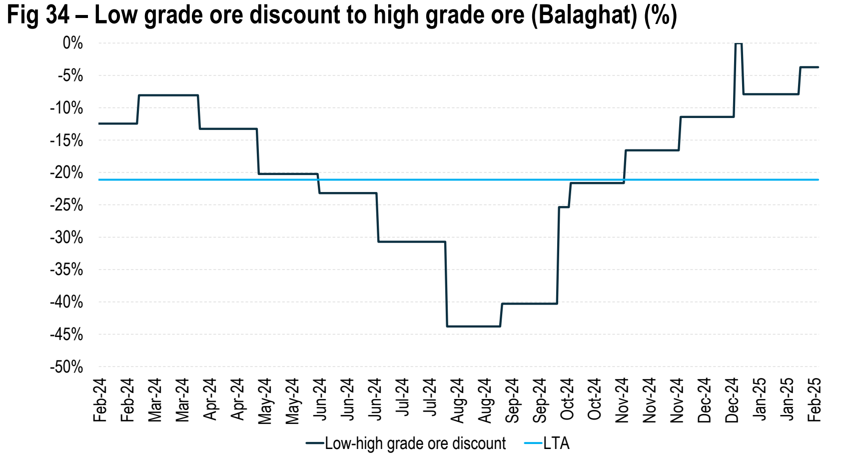
Fig 33 – Country-wise Mn prices



Source: BigMint, Anand Rathi Research

After a prolonged period of price reduction, manganese ore prices have been positive. The increase in international and domestic prices were driven by higher demand for ore amid growing steel production. Historically, low-grade ore commanded a ~21% discount to high-grade; this, however, has narrowed in recent months. In recent weeks price hikes of high-grade ore in India has been ~3.5-3.6%, against ~8.2% for medium grade ore. As prices pick up internationally, the premium commanded by high-grade ore will move to its LTA, expected to provide a positive trajectory for high-grade ore prices.

Fig 34 – Low grade ore discount to high grade ore (Balaghat) (%)



Source: BigMint, Anand Rathi Research

Management profile

Mr Ajit Kumar Saxena, the company's Chairman-cum-Managing Director, holds a B.Tech in Metallurgy and an MBA. He has ~38 years' experience in the steel industry. He began his career in 1986 at SAIL and has held various leadership roles, including Director (Operations) at RINL and Chief General Manager at IISCO. He received the "Young Metallurgy of the Year Award" in 2000 from the Ministry of Steel, Government of India.

Mr Rakesh Tumane, Director (Finance), is a Computer Science Engineer from NIT Nagpur, with dual MBAs in Finance and Strategy. He has extensive experience in financial management, having served as Director (Finance) at Indian Rare Earths Limited and General Manager (Finance) at MTNL, Mumbai. He is also a Fellow Member of the CIMA, UK, and has worked internationally on projects for companies like BT and Vodafone. His expertise includes financial strategy, project evaluation and corporate governance.

Mr Mirza Mohammad Abdulla, Director (Production & Planning) is a Gold medallist in Mining Engineering and holds a First Class Mine Managers' Certificate of Competency. He joined the company as an Underground Mine Foreman in 1987 and served in various roles, before being elevated to his current position. With ~38 years' experience, he has transformed mining operations and received multiple safety awards for his contributions.

Mrs Rashmi Singh, Director (Commercial), holds a BSc (PCM) from Canning College, Lucknow University, and an MBA (Marketing) from BIT, Mesra. She joined SAIL as a Management Trainee in 1991 and has ~34 years' experience in steel sales and marketing, including domestic and export markets. She has held various roles in marketing functions and was responsible for corporate coal procurement as Head of Coal Import Group.

Quarterly Performance

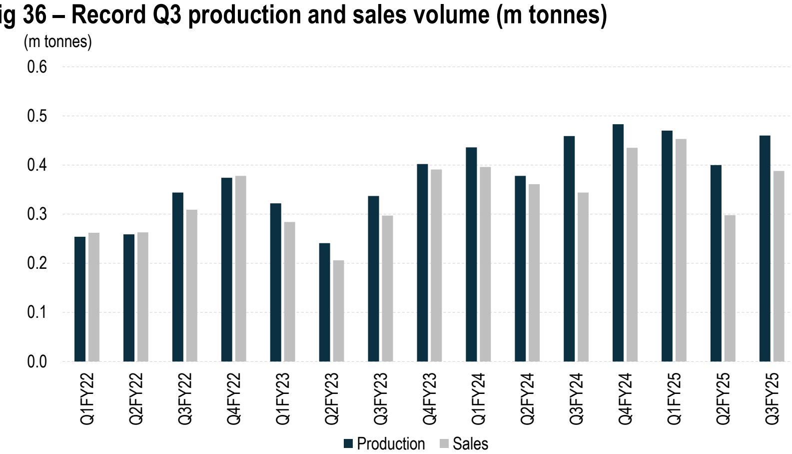
Fig 35 – Quarterly trend-consolidated

(Rs m)	Q1 FY24	Q2 FY23	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	% y/y	% q/q
Production non-fines (m tonnes)	0.360	0.328	0.392	0.395	0.389	0.351	0.376	(4.1)	7.1
Production fines (m tonnes)	0.076	0.050	0.067	0.088	0.081	0.049	0.084	25.4	71.4
Total production volumes (m tonnes)	**0.436**	**0.378**	**0.459**	**0.483**	**0.470**	**0.400**	**0.460**	0.2	15.0
Sale non-fines (m tonnes)	0.324	0.312	0.282	0.353	0.372	0.249	0.307	8.9	23.3
sale fines (m tonnes)	0.072	0.049	0.062	0.083	0.081	0.049	0.081	30.6	65.3
Total sale volumes (m tonnes)	**0.396**	**0.361**	**0.344**	**0.435**	**0.453**	**0.298**	**0.388**	12.8	30.2
Non-fines ASP (Rs/tonne)	10,671	10,102	9,753	10,321	12,005	10,143	9,883	1.3	(2.6)
Fines ASP (Rs/tonne)	2,366	2,380	2,163	2,073	2,998	2,663	2,311	6.9	(13.2)
Blended ASP (Rs/tonne)	**9,167**	**9,054**	**8,385**	**8,751**	**10,395**	**8,913**	**8,302**	(1.0)	(6.8)
Revenue	**3,797**	**3,475**	**3,063**	**4,159**	**4,928**	**2,919**	**3,668**	19.8	25.7
EBITDA	**1,237**	**963**	**894**	**1,282**	**2,137**	**792**	**952**	6.4	20.2
EBITDA margins (%)	*32.6*	*27.7*	*29.2*	*30.8*	*43.4*	*27.1*	*25.9*		
Interest	0	0	0	0	0	0	0	-	-
Depreciation	333	352	365	393	364	378	388	6.3	2.6
Other income	257	205	234	240	271	268	327	39.6	22.1
PBT before Exceptional item	1,161	816	764	1,130	2,043	682	890	16.6	30.7
Exceptional items	0	0	0	0	0	0	0		
PBT after Exceptional item	1,161	816	764	1,130	2,043	682	890	16.6	30.7
Tax	295	201	223	218	520	182	254	14.0	39.4
Reported PAT	866	615	541	911	1,524	500	637	17.7	27.5
Adj. PAT	**866**	**615**	**541**	**911**	**1,524**	**500**	**637**	17.7	27.5
APAT margins (%)	*22.8*	*17.7*	*17.7*	*21.9*	*30.9*	*17.1*	*17.4*		

Source: Company, Anand Rathi Research

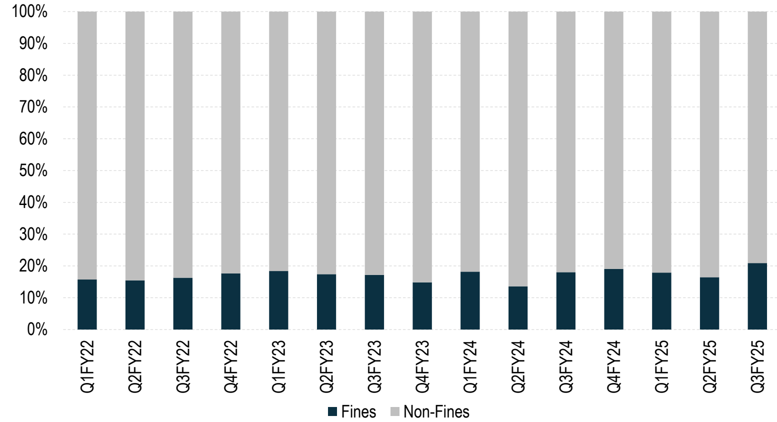
Quarterly charts

Fig 36 – Record Q3 production and sales volume (m tonnes)



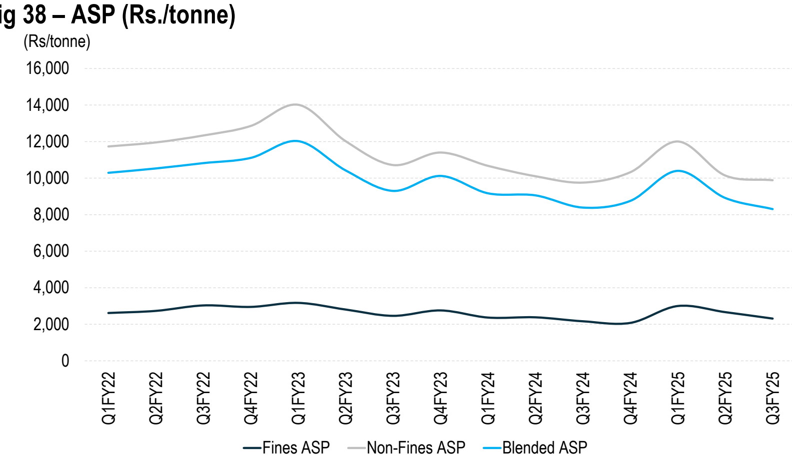
Source: Company, Anand Rathi Research

Fig 37 – Sales mix (%)



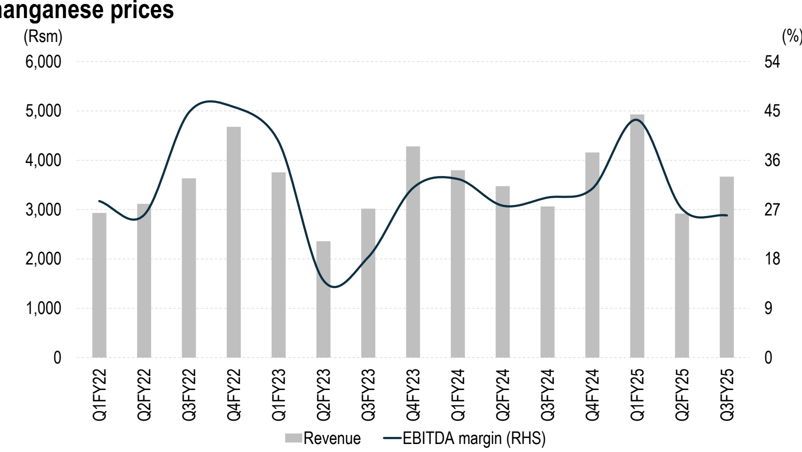
Source: Company, Anand Rathi Research

Fig 38 – ASP (Rs./tonne)



Source: Company, Anand Rathi Research

Fig 39 – EBITDA margin improved in Q1FY25 due to temporary panic in global manganese prices



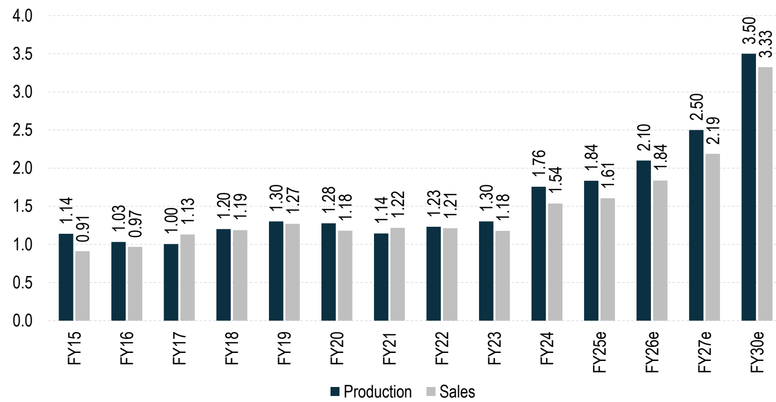
Source: Company, Anand Rathi Research

Financial analysis

Production to ramp up to 2.5m tonnes by FY27

The company has 10 OC and UG mines across Maharashtra and Madhya Pradesh. We believe once the ongoing high-speed shaft-sinking projects are completed at Balaghat and Gumgaon mines, it will further ramp up volumes. The company has been consistently improving its volumes (as highlighted by its record Q3 production of 0.46m tonnes and sales of 0.388m tonnes). Over 5-6 years, it plans to double its production volumes to 3.5m tonnes, which will be supported by its existing and greenfield mines.

Fig 40 – Production and sales volume (m tonnes)

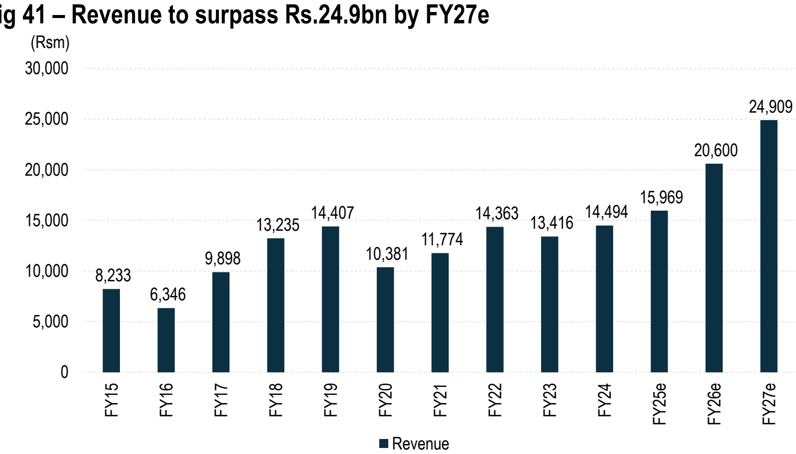


Source: Company, Anand Rathi Research

>19% revenue CAGR expected over FY24–27

Revenue growth is expected to surpass volume growth (12% CAGR) over FY24-27, driven by increase in manganese prices. International and domestic ore prices recently improved after touching bottom levels in Q4CY24. Ahead, we expect blended ore ASP to sustain over Rs10,500-10,800/tonne.

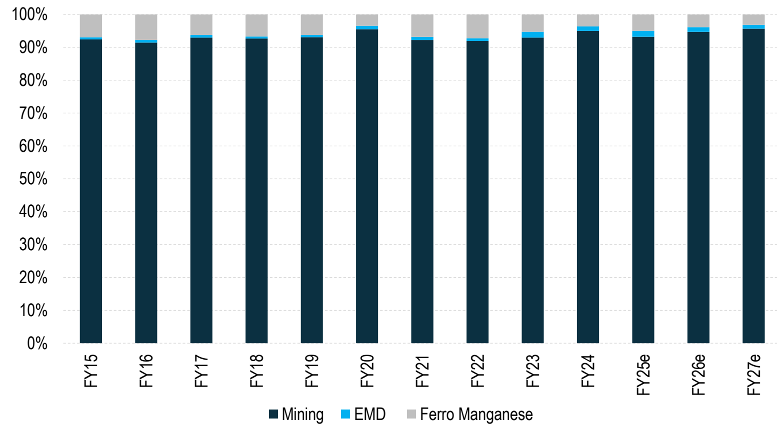
Fig 41 – Revenue to surpass Rs.24.9bn by FY27e



Source: Company, Anand Rathi Research

Mining business to remain cornerstone for the company

Fig 42 – Share of mining business to continuously improve

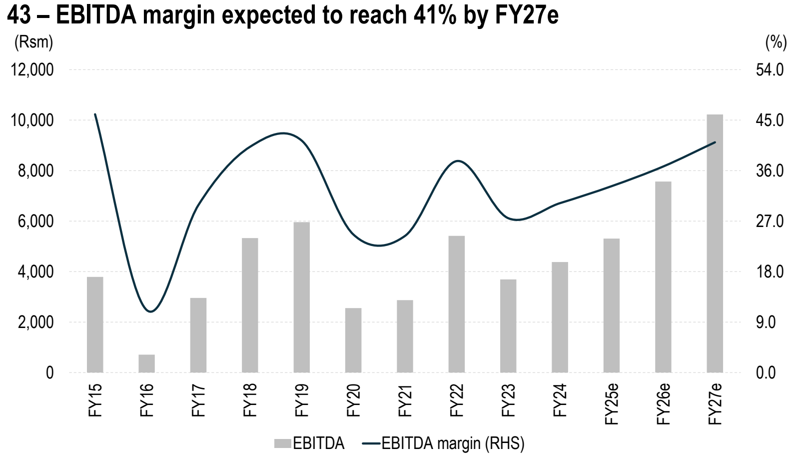


Source: Company, Anand Rathi Research

EBITDA margins to improve ahead

The company's margins were impacted post FY20 due to multiple issues. However, with multiple cost-control steps undertaken by the company, margins are expected to gradually improve ahead and reach 41% by FY27.

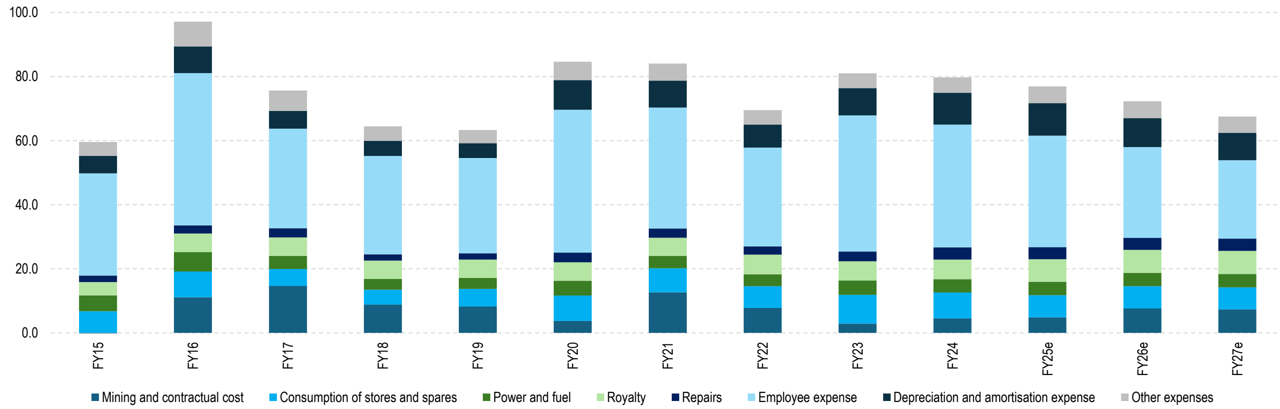
Fig 43 – EBITDA margin expected to reach 41% by FY27e



Source: Company, Anand Rathi Research

Cost break-up (% of revenue)

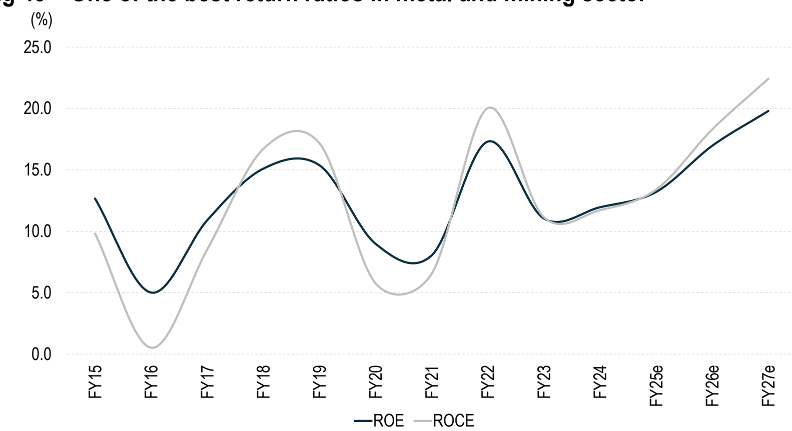
Fig 44 – Cost as a % of revenue



Source: Company, Anand Rathi Research

ROE and ROCE (%)

Fig 45 – One of the best return ratios in metal and mining sector



Source: Company, Anand Rathi Research

Recent stock (price) movement

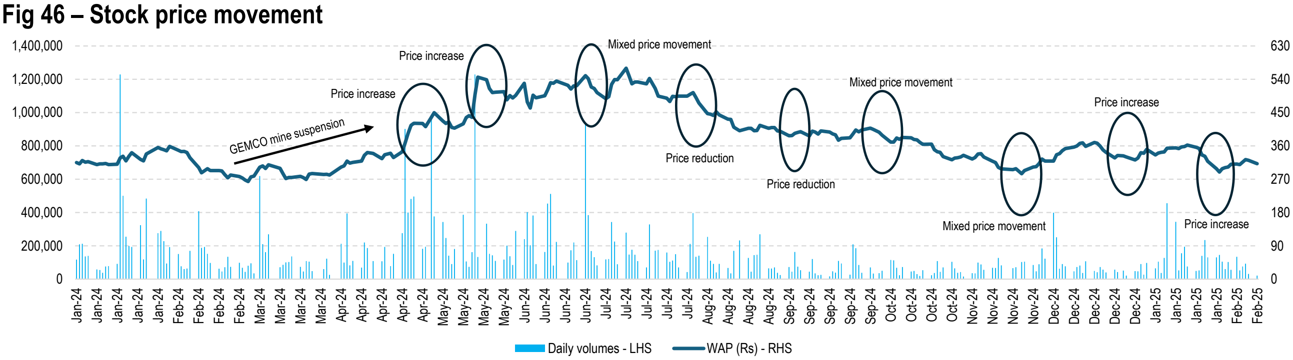
The stock price movement can be interlinked with many events. When the company increases or decreases its product prices, the stock moves in a similar direction. When it increased its manganese ore and product prices on 30th Apr'24 (effective 1st May), the WAP rose ~6% d/d; similarly, when it reduced prices in Aug and Sep'24, the stock fell ~2.5-3% on that/the following day. Trading volumes, also, tend to pick up around these events.

Similarly, on the suspension of South32's GEMCO operations at Australia due to tropical cyclone Megan, the stock continuously moved up in-line with higher product prices, touching a high Rs588.35 on 8th Jul'25, which coincided with manganese ore hitting highs internationally and domestically. At this time FPI increased its stake in the company from 3.48% in Jun'24 to 4.87% in Sep'24.

However, as the overhang due to the disruption at the GEMCO mine started to fade, metal prices, too, fell ~30-35% for low grade and ~50% for high grade ore. The stock price too was pressured in line with the lower metal prices and touched a 52-week low.

Similarly, in line with other metals stocks, which also saw selling pressure by FPI and FII investors, reduced shareholding by mutual fund houses, FPIs and insurance companies have remained an overhang on the stock. LIC has continuously trimmed its stake from 7.48% in Jun'23 to 3.97% in Dec'24. Similarly, FPI which hiked its holding when the stock was going up, has started to offload its holdings. However, we believe, the institutional investors' holdings, which are at multi-year lows, should rise as the sector has started seeing higher ore prices in recent weeks despite headwinds internationally due to tariff implementations by the USA. In line with a renewed optimism, mutual fund houses raised their stakes in Dec'24 after having continuously sold for three quarters, and are back to Sep'23 levels.

Fig 46 – Stock price movement



Source: Company, BSE, Industry, Anand Rathi Research

Fig 47 – Change in shareholding pattern (%)

Quarter	Q1FY23 Jun-22	Q2FY23 Sep-22	Q3FY23 Dec-22	Q4FY23 Mar-23	Q1FY24 Jun-23	Q2FY24 Sep-23	Q3FY24 Dec-23	Q4FY24 Mar-24	Q1FY25 Jun-24	Q2FY25 Sep-24	Q3FY25 Dec-24
Promoter holding (A)	64.68	64.68	64.68	64.68	64.68	64.68	64.68	64.68	64.68	64.68	64.68
Public holding (B)											
Mutual Funds	1.62	1.62	1.63	1.62	1.89	2.74	4.02	5.92	3.55	1.90	2.98
Insurance Companies	10.10	10.11	10.11	10.11	10.11	9.74	7.19	6.43	6.35	6.02	5.26
FPI	5.76	5.80	5.93	5.97	6.16	5.72	4.71	2.36	3.48	4.87	3.12
Retail	14.86	14.74	14.55	14.65	14.32	13.62	15.72	16.97	17.68	19.13	20.48
Others	2.98	3.05	3.10	2.97	2.84	3.50	3.68	3.64	4.26	3.40	3.48
Total (B)	35.32	35.32	35.32	35.32	35.32	35.32	35.32	35.32	35.32	35.32	35.32

Source: BSE, Anand Rathi Research

Sensitivity analysis

We have worked out sensitivity to change in production volume (m tonnes) and blended ore ASP (Rs/tonne), based on our estimates.

Fig 48 – Change in FY27e revenue to change in production volume and blended ore ASP

(Rsm)		Production volume (m tonnes)				
		-0.05	-0.025	0	0.025	0.05
Change in blended ore ASP (Rs/tonne)	-500	23,361	23,588	23,816	24,043	24,270
	-250	23,897	24,130	24,362	24,595	24,828
	0	24,433	24,671	24,909	25,147	25,386
	250	24,968	25,212	25,456	25,700	25,944
	500	25,504	25,754	26,003	26,252	26,501

Source: Anand Rathi Research

Fig 49 – Change in FY27e EBITDA to change in production volume and blended ore ASP

(Rsm)		Production volume (m tonnes)				
		-0.05	-0.025	0	0.025	0.05
Change in blended ore ASP (Rs/tonne)	-500	9,156	9,303	9,451	9,598	9,745
	-250	9,535	9,686	9,837	9,988	10,139
	0	9,914	10,069	10,224	10,379	10,534
	250	10,293	10,452	10,611	10,770	10,928
	500	10,672	10,835	10,998	11,160	11,323

Source: Anand Rathi Research

Fig 50 – Change in TP to change in production volume and blended ore ASP

(Rsm)		Production volume (m tonnes)				
		-0.05	-0.025	0	0.025	0.05
Change in blended ore ASP (Rs/tonne)	-500	359	365	370	375	381
	-250	373	379	384	390	395
	0	387	392	400	404	409
	250	400	406	412	418	424
	500	414	420	426	432	438

Source: Anand Rathi Research *Rounded off to nearest decimal*

Valuation

The company is the largest manganese miner in India, with market shares at ~20% domestically and ~2.2% globally. However, it is relentlessly enhancing its EC and undertaking key volume expansion projects, which are expected to double its volumes by FY30. Further, multiple cost-saving initiatives undertaken by the company would also help to regain its EBITDA margin, which is expected to reach 41% by FY27.

The company's mines are strategically located near major steel manufacturing hubs of Chhattisgarh and Maharashtra. Further, as railway connectivity improves from Gondia (near Balaghat mines) to various railway hubs in east and south India, the pace of ore transportation to long-haul distance is also expected to increase. The company now transports ~60% of volumes via the railways and, as infrastructure improves, the share of rail is expected to increase further.

Despite India having ample ore reserves, it is still a net importer as much of the area is not permissible to be mined due to the presence of a forest belt. Hence, we believe, as EC of existing mines enhances and as demand for steel in India increases, volumes will keep on increasing.

Considering all these positive triggers, we have built in >19% revenue CAGR and a >32% EBITDA CAGR over FY24-27. We value the company at 6.5x FY27e EV/EBITDA and initiate coverage on the stock with a Buy rating and a TP of Rs400.

Further the stock is trading below its 10-year average P/E, P/BV and EV/EBITDA multiples. Based on its FY25e EPS of Rs17.5, it trades ata a ~20% discount to its 10-year LTA P/E multiple of 21.4x. Even ignoring the share of C-WIP in our calculation, our TP works out to Rs385.

Fig 51 – TP calculation

YE Mar	UoM	FY27e
EBITDA	Rsm	10,224
EV /EBITDA multiple	X	6.5
Target EV	Rsm	66.456
Net debt	Rsm	(11,682)
C-Wip @ 25% discount	Rsm	2,869
Equity Value	Rsm	81,008
No. of shares	Nos. m	203
TP	**Rs./share**	**400**

Source: Anand Rathi Research *Rounded off to nearest 5's*

Compared to global peers such as South32, the company has similar EV/EBITDA multiples. Further, other global miners (non-related to manganese ore mining) such as BHP, Rio Tinto, Anglo American, etc. have similar FY27e/CY26e EV/EBITDA of 4.5x-5x.

Fig 52 – Peer comparison – quick glance (FY24/CY23)

	MOIL	Eramet (manganese division)	South32 (manganese division)
Production (manganese ore)	1.756m tonnes	7.5m tonnes	4.499wm tonnes
Production (manganese alloy)	10,163 tonnes	0.635m tonnes	NA
Revenue	Rs14.5bn	€1.9bn	$779m
EBITDA	Rs4.4bn	-	$247m
Mine locations	10 locations in India	Moanda mines, Gabon	Australia and South Africa
R&R	107.76m tonnes	457m tonnes	483m tonnes
Forward EV/EBITDA (consolidated/company level)	4.9x FY27e	4x CY26	4.55x FY27

Source: Bloomberg, Company, Industry, Anand Rathi Research

Key Risks

- Delay in receipt of ECs
- Global manganese price fluctuations
- High logistics cost
- Higher employee expense under the upcoming wage-negotiation round.

Appendix

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