



3R MATRIX

	+	=	-
Right Sector (RS)	Green	Grey with check	Orange
Right Quality (RQ)	Green with check	Grey	Orange
Right Valuation (RV)	Green with check	Grey	Orange

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	Grey	↔	Grey
RQ	Green	↔	Green
RV	Green	↔	Green

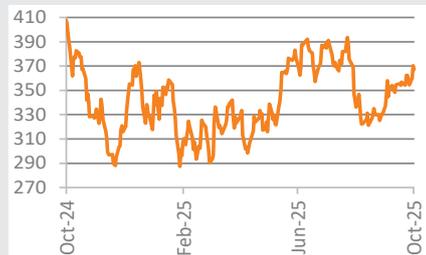
Company details

Market cap:	Rs. 7,468 cr
52-week high/low:	Rs. 410/281
NSE volume: (No of shares)	8.4 lakh
BSE code:	533286
NSE code:	MOIL
Free float: (No of shares)	7.1 cr

Shareholding (%)

Promoters	64.9
FII	6.2
DII	6.6
Others	22.3

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	11.1	-5.9	11.9	-10.0
Relative to Sensex	10.7	-2.1	6.5	-7.2

Source: Mirae Asset Sharekhan Research, Bloomberg

MOIL Ltd

Strong volume growth prospects

Metal & Mining	Sharekhan code: MOIL			
Reco/View: Buy	↑	CMP: Rs. 368	Price Target: Rs. 405	↑

Summary

- MOIL is India's largest manganese ore producer with a share of almost 50% of domestic production.
- The strong infrastructure and steel demand in the country will fuel manganese ore volume growth.
- The Chinese government steps to control excess steel production would support manganese ore pricing.
- Hence, we upgrade the stock to a Buy with a revised PT of Rs. 405, assigning a 7x EV/EBITDA multiple.

Outlook: Infrastructure investments from the government, such as for roads, railways, and metros, are expected to fuel strong demand for steel. Company's volumes will increase with the growth in the domestic steel industry, as manganese ore is primarily used in steel production. Around half of India's manganese ore requirement is currently imported due to unavailability of higher grades. MOIL has the requisite higher grades and hence, there should be strong volume growth. Company plans to increase its production volume to 3.5mn tonne (from 1.8mn tonne in FY25) by FY30. Volume growth of more than 10% is expected every year inline with this.

Recent result: In Q1FY26, revenue of 348 crore fell 29% y-o-y because of decrease in the sales volume. Consequently, operating profit/ PAT of Rs. 79/52 crore was down 63%/66% respectively. The company has delivered good volume growth after that in the months of July and August. In July, volumes of 1.45 lakh tonnes increased 11.4% y-o-y and similarly, August volumes of 1.45 lakh tonnes rose 17% y-o-y. A pricing increase of 3% has also been taken.

Explorations: MOIL in collaboration with Gujarat Mineral Development Corporation Limited (GMDC), a Gujarat State enterprise, explored the possibility of mining of manganese ore in the Pani area of Gujarat and exploration results indicate availability of manganese ore and quantum of about 9.51 million tonnes. Now, MOIL is in the process of signing Joint Venture (JV) agreement with GMDC in terms of the MoU. MOIL has signed tripartite MoU with the Govt. of Madhya Pradesh and Madhya Pradesh State Mining Corporation Limited (MPSMCL) to explore the possibilities of manganese ore in four districts, i.e., Balaghat, Jabalpur, Jhabua and Chhindwara. Govt. of Madhya Pradesh has reserved 487 Sq. km. and 850 Sq. km. areas in Chhindwara and Balaghat district respectively, to carry out exploration work.

Our Call

Valuation - Upgrade to Buy with a revised PT of Rs. 405: The sentiment for manganese ore prices has improved in tandem with that of the steel sector. Volumes are expected to grow well with the strong domestic growth outlook of steel. MOIL has an aim of production of 3.5mt by FY30 (1.8mt in FY25). The company is debt free and cash in hand is more than 10% of the market cap. We upgrade the stock to Buy with a revised PT of Rs. 405, assigning a 7x EV/EBITDA multiple.

Key Risks

Lower than expected manganese ore price and demand can impact profitability.

Valuation

Particulars	Rs cr				
	FY23	FY24	FY25	FY26E	FY27E
Revenue	1,342	1,449	1,585	1,897	2,376
OPM (%)	27.5	30.2	33.3	33.2	40.8
Adjusted PAT	251	293	382	435	688
% y-o-y growth	-32.4	17.1	30.1	13.9	58.2
Adjusted EPS (Rs)	12.3	14.4	18.8	21.4	33.8
P/E (x)	29.8	25.5	19.6	17.2	10.9
P/B (x)	3.3	3.0	2.8	2.6	2.2
EV/EBITDA (x)	17.6	15.0	12.3	10.0	6.2
RoNW (%)	11.4	12.5	15.0	15.7	21.9
RoCE (%)	14.9	16.0	18.4	19.8	27.7

Source: Company; Mirae Asset Sharekhan estimates

Outlook and Valuation

■ Sector Outlook – Rise in domestic steel consumption to drive manganese ore demand

The National Steel Policy of India aspires to achieve 300 million tonnes of steelmaking capacity by 2030. This would translate into additional consumption of steelmaking raw materials such as iron ore and manganese ore. The pricing outlook is also expected to be stable.

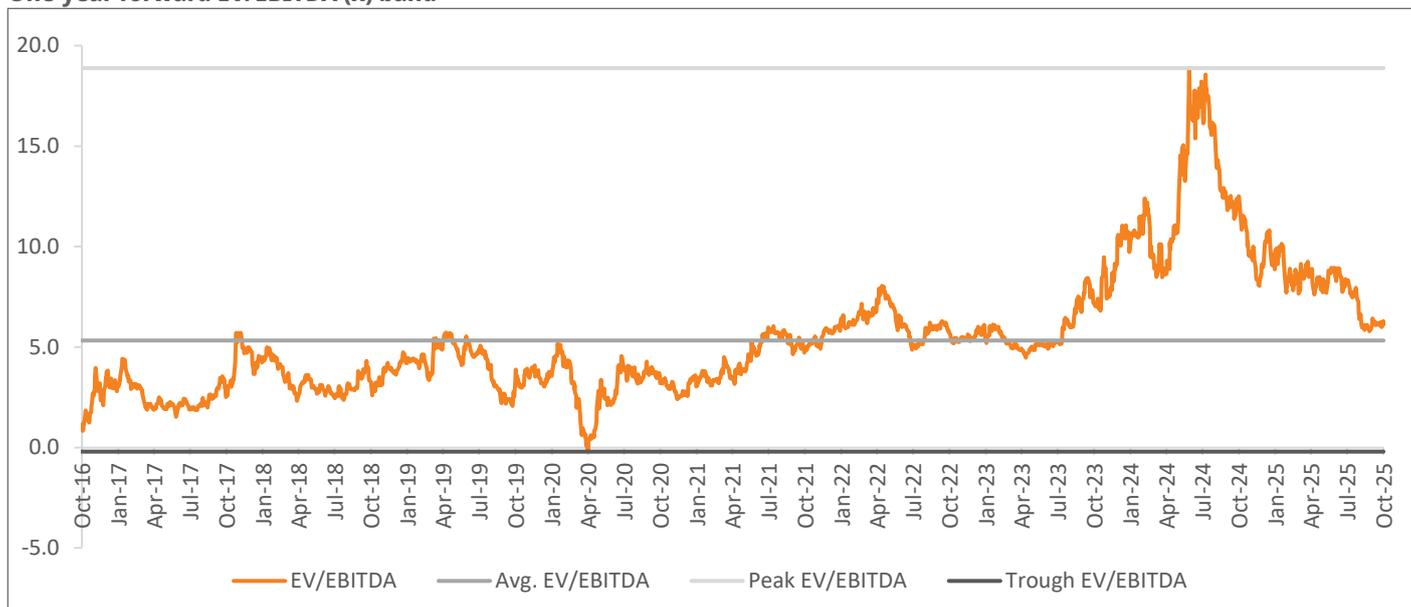
■ Company Outlook – Volumes to drive growth but uncertain pricing outlook a concern

MOIL has an aim of production of 3.5mn tonnes of manganese ore by FY30 aided by capacity expansion. Volumes of the company will grow in tandem with the steel demand in the country and can grow at more than 10% CAGR. The pricing environment has improved with the Chinese government trying to curb excess steel production. We expect a good Revenue/EBITDA CAGR of 22%/36% over FY2025-FY2027E considering the low base.

■ Valuation – Upgrade to Buy with a revised PT of Rs. 405

The sentiment for manganese ore prices has improved in tandem with that of the steel sector. Volumes are expected to grow well with the strong domestic growth outlook of steel. MOIL has an aim of production of 3.5mt by FY30 (1.8mt in FY25). The company is debt free and cash on hand is more than 10% of the market cap. We upgrade the stock to Buy with a revised PT of Rs. 405, assigning a 7x EV/EBITDA multiple.

One-year forward EV/EBITDA (x) band



Source: Company; Mirae Asset Sharekhan Research

About company

MOIL is a miniratna state-owned manganese ore mining company headquartered in Nagpur, India. It is the largest producer of manganese ore in India, with a market share of approximately 50%. MOIL operates 11 mines in the adjoining districts of Maharashtra and Madhya Pradesh. The company produces various grades of manganese ore, including high-grade ore for ferro manganese production, medium-grade ore for silico manganese production, blast furnace grade ore for hot metal production, and dioxide for dry battery cells and chemical industries

Investment theme

MOIL is well placed to capitalise on the strong domestic steel demand growth in the country. Moreover, more than half of manganese ore is imported in India, hence import substitution can also help the company. MOIL has set an aggressive manganese ore production target of 3.5 mt by 2030. The outlook for the steel sector has also improved with the Chinese government trying to curb excess steel production and it supports manganese ore pricing as well.

Key Risks

Lower than expected manganese ore price and demand can impact profitability.

Additional Data

Key management personnel

Name	Designation
Ajit Kumar Saxena	Chairman and Managing Director
Rakesh Tumane	Director - Finance
M.M. Abdulla	Director - Production & Planning
Rashmi Singh	Director (Commerical)

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	3.52
2	Dimensional Fund Advisors LP	0.86
3	Canara Robeco Asset Management Co	0.68
4	Blackrock Inc	0.67
5	Aditya Birla Sun Life Asset Manage	0.52
6	LIC Mutual Fund Asset Management L	0.34
7	Tata Asset Management Pvt Ltd	0.29
8	IDFC Mutual Fund/India	0.27
9	Victory Capital Management Inc	0.15
10	ICICI Prudential Asset Management	0.12

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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