November 27, 2026

The Sandur Manganese & Iron Ores Limited: Ratings upgraded to [ICRA]AA-(Stable)/[ICRA]A1+

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long Term-Fund based-Term Loan	81.00	252.00	[ICRA]AA- (Stable); upgraded from [ICRA]A+ (Stable)	RBI
Long term/short term – fund based – working capital facilities	-	180.00	[ICRA]AA- (Stable)/[ICRA]A1+; upgraded from [ICRA]A+ (Stable)/ [ICRA]A1	RBI
Long Term-Fund Based-Cash Credit	146.00	-	-	RBI
Short Term Non-fund-based Facilities	205.00	-	-	RBI
Total	**432.00**	**432.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings upgrade factors in the significant improvement in the operating and financial risk profile of The Sandur Manganese & Iron Ores Limited (SMIORE), which is expected to sustain over the medium term, supported by higher volumes in the mining operations, greater diversification of its business profile following the ramp-up of the acquired steel business, and overall healthy cash generation. The company's performance in FY2026 was better than ICRA's earlier expectations, with consolidated operating income of ~Rs. 5,088 crore and OPBITDA of ~Rs. 1,214 crore, translating into a healthy operating margin of ~24%. The healthy performance sustained in H1 FY2027, with consolidated OPBITDA of Rs. 721 crore, and operating margin of ~25%. The performance, despite moderation in iron ore and manganese ore realisations, was supported by healthy iron ore production, higher manganese ore sales along with improvement in the ferroalloy and coke businesses and healthy contribution from Royal Sandur Metals Private Limited (RSMPL; erstwhile Arjas Steel Private Limited). Going forward, enhanced mining capacities, healthy contribution from RSMPL and improved performance of the other businesses are expected to support consolidated earnings and cash accruals.

The ratings also factor in the improvement in SMIORE's leverage position following the prepayment of around Rs. 423 crore of outstanding non-convertible debentures (NCDs) and Rs. 235 crore of outstanding term loans, through internal accruals in March 2026, resulting in significant improvement in net debt position at the consolidated level. The improved earnings and strengthened balance sheet provide adequate headroom for the company's planned investments while maintaining comfortable credit metrics. ICRA expects SMIORE to maintain a prudent capital structure, notwithstanding its growth and diversification plans, which will remain important for sustaining the improved credit profile.

The ratings continue to factor in SMIORE's established track record of over seven decades in the mining industry and its position as one of the leading merchant miners of manganese and iron ore. The company has sizeable iron ore and manganese ore reserves, which, along with the validity of its mining lease till December 2033, provide medium-term revenue visibility to the mining operations. The operating profile has further strengthened following the enhancement in iron ore mining capacity from 3.81 MTPA to around 4.45 MTPA and manganese ore capacity to around 0.599 MTPA. Iron ore production increased by

around 14% to a record 4.35 MTPA in FY2026, while manganese ore production increased by around 15% to 5.9 lakh tonnes. Manganese ore external sales also increased significantly to 0.34 MTPA from 0.18 MTPA in FY2025.

The ratings also consider the improved diversification of the consolidated business risk profile following the acquisition of RSMPL. FY2026 was the first full year of consolidation of the steel business and its operating performance was better than anticipated, supported by improved capacity utilisation, operational stabilisation initiatives and the commissioning of the new ingot casting facility at Tadipatri. The healthy performance of the steel operations, along with the recovery in the ferroalloys and coke businesses, has diversified the company's earnings profile reducing its dependence on the standalone mining operations.

The ratings are, however, constrained by the company's exposure to regulatory risks inherent in the mining industry, wherein any adverse changes in Government policies or regulations could impact its operations and profitability. The company's earnings also remain exposed to fluctuations in iron ore, manganese ore and ferroalloy prices, as reflected by the decline in iron ore and manganese ore realisations in FY2026. Further, RSMPL remains exposed to the inherent cyclicality of the steel industry as well as fluctuations in raw material and finished steel prices.

ICRA also notes SMIORE's plans to diversify beyond its traditional mining and metals businesses, with the incorporation of wholly-owned subsidiaries in hospitality, academy and MedTech. While these businesses are presently not material to the consolidated credit profile, the quantum and timing of investments in these ventures and their funding mix will remain monitorable. Any material debt-funded investments or sizeable cash outflows towards these businesses that weaken the Company's capital structure or liquidity position would remain a key credit monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectation that SMIORE will sustain its healthy operating performance and comfortable credit metrics, supported by increased mining capacities, healthy earnings contribution from the steel operations and steady cash accruals. The outlook also factors in the expectation that the Company will maintain a prudent capital structure while undertaking its planned growth and diversification initiatives.

Key rating drivers and their description

Credit strengths

Improved business diversification and forward integration following the foray into specialty steel – The acquisition of RSMPL has strengthened SMIORE's business diversification and established its presence in the downstream specialty and alloy steel segment, providing a natural forward integration to its mining operations. In FY2026, the steel business reported revenues of around Rs. 3,141 crore, OPBITDA of Rs. 356 crore and sales volumes of 4.06 lakh tonnes (bars), registering YoY growth of around 9%, 85% and 11%, respectively. Consequently, the consolidated business profile has become significantly more diversified, with consolidated operating income increasing to Rs. 5,088 crore in FY2026, while the mining business continues to remain the key profitability and cash-flow driver. The specialty-steel operations are expected to broaden the Company's earnings base and partly moderate its dependence on the inherently cyclical mining business over the medium term.

Healthy financial risk profile and healthy liquidity - SMIORE's consolidated financial risk profile remains healthy, supported by robust cash generation from the mining business and sustained deleveraging following the acquisition of RSMPL. The company prepaid Rs. 423 crore of NCDs and outstanding term loans of Rs. 235 Crore in March 2026, enabling the standalone entity to become net debt free as on March 31, 2026, while the consolidated capital structure also remained comfortable. The consolidated debt/tangible net worth stood at a modest 0.2 times as on September 30, 2026, supported by healthy earnings, with consolidated OPBITDA of Rs. 721 crore in H1 FY2027 against ~Rs. 1,214 crore in FY2026. Further, the reduction in consolidated borrowings translated into lower finance costs, supporting improvement in interest cover from 5.7x in FY2026 to 14.5x in H1 FY2027. The company's liquidity position remains healthy, aided by strong cash accruals from the mining operations and limited leverage, which provide adequate financial flexibility to meet its debt-servicing obligations and planned capital expenditure

Established track record of over seven decades in mining industry; considerable experience of promoters – SMIORE was incorporated in 1954 by Late M. Y. Ghorpade, the eldest son of the former ruler of Sandur, Late Yeshwantrao Hindurao Ghorpade. SMIORE produces iron ore with Fe content of 56-58%. The company is also among the large miners of manganese ore in India. In addition, SMIORE manufactures ferro-alloys (silico-manganese and ferro-manganese) and coke, providing a diversified revenue stream.

One of the largest private sector iron ore and manganese ore miners in Karnataka with adequate reserves – The company has two mining leases, valid up to December 31, 2033, with proven reserves of almost 137 mt of iron ore and around 15 mt of manganese ore. It has an annual production capacity of 4.45 mtpa of iron ore and 0.60 mtpa of manganese ore. ICRA takes comfort from the vast reserves, the medium validity of the mining licence and the established presence of the company in the mining industry. ICRA also positively considers the low-cost iron ore mining operations, which support the profitability of the mining division.

Credit challenges

Diversification into new business segments entails execution risks; scale and funding mix of the proposed investments remain monitorable – The company has outlined sizeable investments in the medium to long term, towards diversification beyond its core mining and specialty steel businesses, which expose it to project execution, stabilisation and market risks associated with the new ventures. However, the overall capital outlay, implementation timelines and funding mix would remain important monitorables. Any material increase in debt-funded capex, particularly before adequate cash flows accrue from the new businesses, could moderate the Company's currently healthy credit metrics. Nevertheless, the strong cash generation from the mining operations and comfortable leverage support the credit profile of the entity.

Exposure to regulatory risks – The company operates in a highly regulated mining industry, which exposes it to regulatory risks, as witnessed by the mining restrictions imposed in Karnataka in the past. Any unfavourable change in the mining policy by the Government may impact its revenue growth and profitability.

Exposure to price risks as it exposed to volatility in prices of iron ore, manganese ore and ferro alloys; steel business will be vulnerable to cyclicality in steel and auto sector - SMIORE's earnings from the mining business remain volatile, as it is exposed to fluctuation in the prices of iron ore and manganese ore. Metal ores and ferro-alloy prices exhibit considerable cyclicality and are highly sensitive to global demand patterns. The steel business of RSMPL, like other steel manufacturers, will remain exposed to the cyclicality inherent in the steel industry, besides remaining susceptible to the cyclical downturns in the automobile industry, given its high dependence on the sector.

Liquidity position: Adequate

SMIORE's liquidity profile remains adequate, reflected in the large cash/bank/investment balance of ~Rs. 608 crore as on September 30, 2026 and healthy cash flow from operations expected over the medium term aided by buoyant iron ore prices and improvement in earnings of the steel business. Against these sources of cash, ICRA expects company's capex of ~Rs.720 crore (towards existing businesses and upcoming medtech venture) and moderate debt repayment obligations in FY2027. Overall, ICRA expects the company to be able to comfortably meet its capex commitments and service its debt obligations through internal sources of cash and yet be left with sufficient cash surpluses.

Environment and social risks

The mining and metals industry is exposed to elevated environmental risks, given the impact of mining activities on land, water and biodiversity, as well as the carbon-intensive nature of ferroalloy, coke and steel manufacturing operations. Consequently, The Sandur Manganese & Iron Ores Limited (SMIORE) remains exposed to risks arising from tightening environmental regulations and the need for continued investments towards emission reduction, mine reclamation, afforestation, water

management and cleaner sources of energy, which could entail additional capital and operating costs. These risks have increased following the Company's diversification into downstream specialty steel through RSMPL.

The social risks for SMIORE, similar to other mining and metals entities, primarily emanate from the health and safety of employees and workers engaged in mining and manufacturing operations. Accidents at mines or manufacturing facilities could result in operational disruptions, besides exposing the Company to regulatory and reputational risks. Further, mining operations remain exposed to risks associated with local communities and rehabilitation and environmental issues, which could affect mine development or expansion plans. Nonetheless, the company has established systems for safe and scientific mining and is certified under ISO 45001:2018 for occupational health and safety management. Further, SMIORE reported no employee or worker fatalities in FY2026 and continues to undertake community-development and employee-welfare initiatives in and around its operating areas

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if the company demonstrates significant growth in earnings, along with meaningful progress in its planned diversification initiatives, resulting in a stronger and more diversified operating profile, while maintaining comfortable leverage, debt coverage metrics and liquidity.

Negative factors – Pressure on SMIORE's ratings could arise in case of any large debt-funded capex/acquisition, resulting in a significant weakening of the leverage and coverage indicators and liquidity position. The ratings could also face pressure due to a material deterioration in the earnings because of unfavourable demand/pricing dynamics. A specific trigger for downgrade would be total debt/OPBDITA of more than 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Mining Iron & Steel
Parent/Company support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financials of The Sandur Manganese & Iron Ores Limited.

About the company

The Sandur Manganese & Iron Ores Limited (SMIORE), the flagship company of the Karnataka-based Sandur Company, was promoted in 1954 by Late M. Y. Ghorpade, the eldest son of the former ruler of Sandur, Late Yeshwantrao Hindurao Ghorpade. Mr. Bahirji A. Ghorpade, the grandson of Late M. Y. Ghorpade, has been the Managing Director of the company since June 17, 2020.

SMIORE is involved in the mining of low-phosphorous manganese and iron ore in the Hosapete-Ballari region of Karnataka. It has two mining leases, ML-2678 and ML-2679, covering 1,860.10 hectares (ha) and 139.20 ha, respectively, with permissible production capacities of 4.45 mtpa for iron ore and 0.599 mtpa for manganese ore. In addition, SMIORE manufactures ferro-alloys (silico-manganese and ferro-manganese) and coke at its plant in Vyasankare, near Hospet, and operates a 32-MW waste heat recovery boiler (WHRB)-based captive power plant. The Company has also diversified into the specialty steel business following the acquisition of RSMPL, which manufactures specialty and alloy steel products catering primarily to the automotive and engineering sectors.

Key financial indicators (audited)

SMIORE (Consolidated)	FY2025	FY2026
Operating income	3135	5089
PAT	475	659
OPBDIT/OI	25.0%	23.8%
PAT/OI	15.1%	12.9%
Total outside liabilities/Tangible net worth (times)	1.1	0.7
Total debt/OPBDIT (times)	2.4	0.8
Interest coverage (times)	6.7	5.7

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax (excluding share of JV/associates); OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2027)			Chronology of rating history for the past 3 years							
				FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Nov 27, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based-Term Loan	Long Term	252.00	[ICRA]AA-(stable)	Apr 10, 2026	[ICRA]A+ (Stable)	Sep 24, 2025	[ICRA]A+ (Stable)	May 07, 2024	[ICRA]A+ Rating Watch with Developing Implications	Feb 26, 2024	[ICRA]A+ (Stable)
								Aug 26, 2024	[ICRA]A+ Rating Watch with Developing Implications		
								Sep 24, 2024	[ICRA]A+ (Stable)		
Fund based – working capital facilities	Long term/ short term	180.00	[ICRA]AA-(stable)/ [ICRA]A1+	-	-						
Fund Based-Cash Credit	Long Term	-	-	Apr 10, 2026	[ICRA]A+ (Stable)	Sep 24, 2025	[ICRA]A+ (Stable)	May 07, 2024	[ICRA]A+ Rating Watch with Developing Implications	Feb 26, 2024	[ICRA]A+ (Stable)
								Aug 26, 2024	[ICRA]A+ Rating Watch with Developing Implications		
								Sep 24, 2024	[ICRA]A+ (Stable)		
Non-fund-based Facilities	Short Term	-	-	Apr 10, 2026	[ICRA]A1	Sep 24, 2025	[ICRA]A1	May 07, 2024	[ICRA]A1 Rating Watch with Developing Implications	Feb 26, 2024	[ICRA]A1

			Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Nov 27, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
								Aug 26, 2024	[ICRA]A1 Rating Watch with Developing Implications		
								Sep 24, 2024	[ICRA]A1		
NCD				Apr 10, 2026	[ICRA]A+ (Stable) Withdrawn	Sep 24, 2025	[ICRA]A+ (Stable)	Sep 24, 2024	[ICRA]A+ (Stable)		

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term-Fund based-Term Loan	Simple
Long term/short term – fund based – working capital facilities	Simple
Long Term-Fund Based-Cash Credit	Simple
Short Term Non-fund-based Facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator#
NA	**Fund based-Term Loan**	FY2018	NA	FY2028	252.00	[ICRA]AA- (stable)	RBI
NA	**Fund based – working capital facilities**	NA	NA	NA	180.00	[ICRA]AA- (stable)/ [ICRA]A1+	RBI

Source: Company

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Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Sandur Pellets Private Limited*	100%	Full Consolidation
Royal Sandur Metals Private Limited (erstwhile Arjas Steel Private Limited)	98.94%	Full Consolidation
Royal Sandur Green Steel Private Limited (erstwhile Arjas Modern Steel Private Limited)	98.94%	Full Consolidation
Renew Sandur Green Energy Private Limited	49%	Equity Method

*Source: Annual report FY2026; *the entity has been liquidated in the current fiscal*

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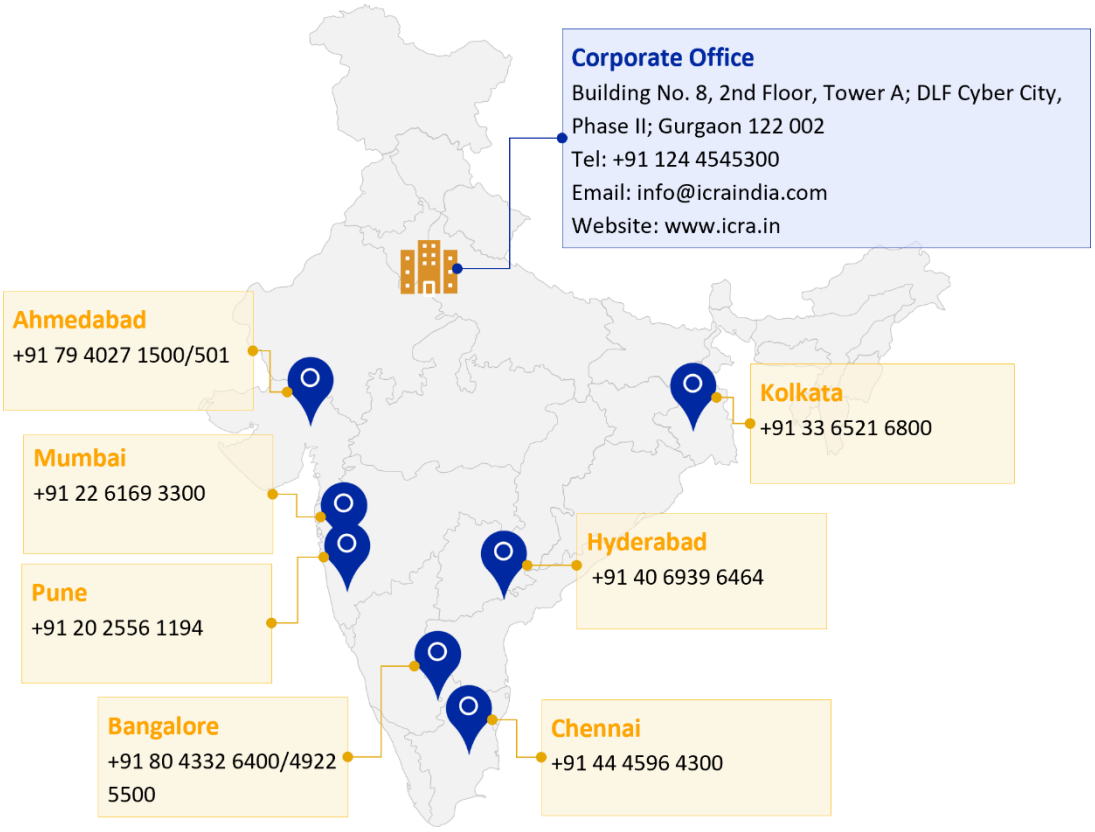

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