

Lloyds Metals And Energy Ltd

Earnings Acceleration Through Expansion

CMP	Rs 1,271	Target Price	Rs 1,800
		Dec 2026	
Rating	LONG	Upside	
		42% (↑)	

- Lloyds Metals & Energy (LMEL) reported a 154% yoy rise in 2QFY26 EBITDA to Rs 10.4bn (+31% qoq), supported by higher iron ore volumes, pellet contributions, and the consolidation of TEIPL.
- LMEL has guided for iron ore production of 20–22mt and pellet sales of 2.8–3mt in FY26E. For FY27E, it expects to produce 25–26mt of iron ore and sell 5.5–7mt of pellets, along with an additional 0.15–0.2mt contribution from the wire rod facility.
- Maintain LONG with a revised SOTP-based Dec'26 target price of Rs 1,800 (earlier Sep'26 TP: Rs 1,700).

Strong Volume Leverage Despite Seasonality: LMEL delivered a robust performance in a seasonally weak quarter, with EBITDA rising 154% yoy to Rs 10.4bn (+31% qoq). The growth was driven by (1) an 80% yoy jump in iron ore production to 3.42mt, following EC clearance for expanded mining in Jun'25 (EBITDA/t: Rs 1,781), (2) pellet sales of 0.69mt from the newly commissioned plant at end-Jun'25 (EBITDA/t: Rs 5,039), and (3) contribution from TEIPL, which posted EBITDA of Rs 2.3bn. EBITDA was lower than the normal run rate due to seasonal weakness in mining operations. Net income surged 88% yoy to Rs 5.7bn (EPS: Rs 10.2/share) in 2QFY26.

Operational Upswing from FY27E: LMEL has guided for iron ore production of 20–22mt in FY26E (lower due to delayed EC approval) and pellet sales of 2.8–3mt, implying external iron ore sales of 16–18mt. For FY27E, the company expects iron ore production to increase to 25–26mt, pellet sales to 5.5–7mt, and an additional 0.15–0.2mt contribution from the wire rod facility, translating to 16–19mt of external iron ore sales. On TEIPL operations, management noted that FY26E EBITDA will likely fall short of the acquisition guidance due to the 3–4-month delay in EC clearance, which constrained LMEL's production. However, EBITDA is expected to align with earlier guidance from FY27E as mining volumes ramp up.

Sequential Commissioning to Drive Growth: LMEL commissioned its 4mtpa pellet plant and ~90km slurry pipeline in 1QFY26, with the pellet plant achieving 100% utilization by Oct'25. The second 4mtpa pellet plant is in advanced stages of completion and is expected to contribute from FY27E, marking the completion of Phase-1 capex. Under Phase-2, the wire rod mill is slated for commissioning in FY27E, while the 30mtpa beneficiation plant will be commissioned in phases starting 4QFY27E. Phase-3 growth projects are planned for rollout over FY28–29E.

Maintain LONG: LMEL is simultaneously pursuing volume growth, value addition, and cost optimization initiatives, which we believe will drive an 89% EBITDA CAGR over FY25–28E. Our current estimates exclude TEIPL operations, pending further disclosures in the FY26 annual report. We value LMEL's standalone business at 8x EV/EBITDA and TEIPL operations at 10x EV/EBITDA (post minority interest and debt, including RPS), arriving at a Dec'26 target price of Rs 1,800 (earlier Sep'26 TP: Rs 1,700).

Financial Summary

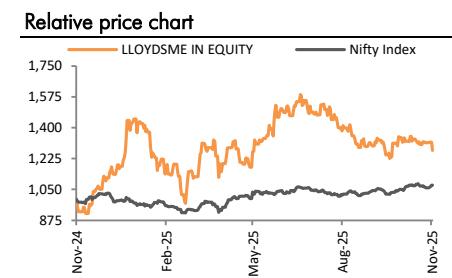
YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY25A	66,263	19,529	14,499	27.7	45.9	10.4	34.1	22.6	40.6	29.1
FY26E	1,54,881	67,327	49,232	87.9	14.5	5.5	9.4	37.7	77.4	42.4
FY27E	1,94,163	78,406	56,230	100.4	12.7	3.8	8.2	30.2	54.6	39.1
FY28E	2,23,600	1,00,062	70,432	125.7	10.1	2.8	6.4	27.5	46.3	42.8

Source: Company, Equirus Securities

Estimate Revision			
Forecasts		% Change	
(Rs mn)	FY26E	FY27E	FY26E
Sales	1,54,881	1,94,163	(6.4)
EBITDA	67,327	78,406	(0.0)
PAT	49,232	56,230	(0.0)
EPS	87.9	100.4	(0.0)

Stock Information			
Market Cap (Rs Mn)	6,69,274	52 Wk H/L (Rs)	1,613/908
Avg Daily Volume (1yr)	4,14,033		
Avg Daily Value (Rs Mn)	6.6		
Equity Cap (Rs Mn)	64,021		
Face Value (Rs)	1		
Share Outstanding (Mn)	526.4		
Bloomberg Code	LLOYDSME IN		
Ind Benchmark	BSE METL		

Ownership (%)	Recent	3M	12M
Promoters	65.7	(0.1)	(8.9)
DII	0.0	0.0	0.0
FII	0.3	0.1	0.1
Public	34.0	0.0	8.8



Analysts

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Exhibit 1: Quarterly Performance (Consolidated)

Rs mn	2QFY26	2QFY26E	1QFY26	2QFY25	Change (%)			1HFY26	1HFY25	YoY (%)
					2QFY26E	1QFY26	2QFY25			
Revenue	36,514	25,129	23,835	14,357	45	53	154	60,349	38,529	57
Cost of Goods Consumed	6,224		1,938	2,363		221	163	8,163	4,796	70
Employee Expenses	3,678		638	347		477	961	4,316	684	531
Mining Royalty & Selling Expenses	12,307		12,092	6,724				24,399	19,479	
Other Expenses	3,873		1,225	817		216	374	5,098	2,277	124
Total Costs	26,083		15,893	10,250		64	154	41,976	27,236	54
EBITDA	10,431	9,829	7,942	4,107	6	31	154	18,373	11,294	63
Depreciation	1,665		307	177		442	842	1,973	364	442
EBIT	8,766	9,509	7,635	3,930	-8	15	123	16,400	10,930	50
Other Income	555		282	341		97	63	837	399	110
Interest Expenses	1,758		146	36		1,102	4,756	1,904	55	3,356
Exceptional Items	0		0	0				0	0	#DIV/0!
Profit Before Tax	7,562	9,649	7,770	4,235	-22	-3	79	15,333	11,274	36
Tax Expenses	1,888		1,354	1,222		39	55	3,243	2,687	21
Profit After Tax	5,674	7,218	6,416	3,013	-21	-12	88	12,090	8,587	41
EPS (Rs)	10.2	14.3	11.5	5.8	-29	-11	77	21.7	16.4	32
Key Ratios (%)										
EBITDA Margins	28.6	39.1	33.3	28.6	(1055 bps)	(475 bps)	(4 bps)	30.4	29.3	113 bps
Tax Rate	25.0		17.4	28.9		754 bps	(388 bps)	21.1	23.8	(268 bps)

Source: Company Data, Equirus

Exhibit 2: Segmental Performance (Consolidated)

Rs mn	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	Change (%)	
										1QFY26	2QFY25
Segment Revenue											
Mining	9,404	13,658	12,980	19,855	11,205	14,746	10,417	21,604	16,195	-25	45
Steel & Other Related Segments	1,722	5,612	3,062	4,900	3,768	2,610	2,175	3,193	11,996	276	218
Steel & Iron Ore Business Revenue	11,126	19,270	16,042	24,755	14,973	17,356	12,592	24,797	28,192	14	88
MDO Operations & Related Services	0	0	0	0	0	0	0	0	16,830		
Less: Inter Segment Revenue	14	34	418	524	275	424	466	679	7,954	1,071	2,794
Net Revenue	11,112	19,236	15,624	24,231	14,698	16,932	12,126	24,117	37,068	54	152
Segment EBIT											
Mining	2,854	3,731	4,202	6,258	3,293	4,942	2,538	7,602	4,330	-43	31
Steel & Other Related Segments	106	730	299	800	979	384	47	314	3,707	1,079	279
Steel & Iron Ore Business Revenue EBIT	2,960	4,461	4,500	7,058	4,271	5,326	2,584	7,917	8,037	2	88
MDO Operations & Related Services	0	0	0	0	0	0	0	0	1,284		
Consolidated EBIT	2,960	4,461	4,500	7,058	4,271	5,326	2,584	7,917	9,320	18	118

Source: Company Data, Equirus

Exhibit 3: Production and sales volumes (excluding TEIPL)

mt	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	Change (%)	
										1QFY26	2QFY25
Production											
Iron Ore	1.70	2.72	2.00	4.00	1.90	2.70	1.40	3.96	3.42	-14	80
Sponge Iron	0.05	0.08	0.07	0.08	0.08	0.08	0.07	0.08	0.09	12	4
Pellets									0.81		
Sales											
Iron Ore	1.98	2.48	1.98	3.39	1.98	2.43	1.66	3.45	2.50	-28	26
Sponge Iron	0.05	0.07	0.07	0.08	0.08	0.08	0.07	0.08	0.09	12	4
Pellets									0.69		

Source: Company Data, Equirus

Exhibit 4: Iron ore EBITDA/t improved by 4% yoy to Rs 1,663/t in 2QFY26

Rs mn	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	Change (%)		
										1QFY26	2QFY25	
Iron Ore Account												
Production (mt)	1.70	2.72	2.00	4.00	1.90	2.70	1.40	3.96	3.42	-14	80	
External Sales (mt)	1.98	2.48	1.98	3.39	1.98	2.43	1.66	3.45	2.50	-28	26	
Revenue	9,404	13,547	12,562	19,331	10,930	14,322	9,961	20,891	13,758	-34	26	
EBITDA					6,265	3,303	4,911		7,669	4,453	-42	35
EBIT	2,854	3,731	4,202	6,258	3,293	4,942	2,538	7,602	4,330	-43	31	
Realisation (Rs/t)	4,749	5,463	6,344	5,702	5,520	5,894	6,001	6,055	5,503	-9	-0	
EBITDA (Rs/t)					1,666	1,848	1,668	2,021	2,223	1,781	-20	7
EBIT (Rs/t)	1,441	1,504	2,122	1,846	1,663	2,034	1,529	2,203	1,732	-21	4	

Source: Company Data, Equirus

Exhibit 5: TEIPL financials were weak in 2QFY26 largely due to seasonality as Jul-Sep is a seasonally weak quarter for the mining industry

Rs mn	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	Change (%)	
										1QFY26	2QFY25
P&L Data											
Revenue								16,774	16,070	-4	
Expenses								13,702	13,805	1	
EBITDA								3,071	2,265	-26	
EBITDA Margins (%)								18.3	14.1	(421 bps)	
Operational Data											
Iron Ore (mt)								9.87	8.35	-15	
Baryte (mn cubic meters)								2.43	0.76	-69	
Coal India Operations (mn cubic meters)								23.09	16.87	-27	
Coal Overseas Operations (mn cubic meters)								9.89	8.41	-15	
Total Coal Handled (mn cubic meters)								32.98	25.28	-23	

Source: Company Data, Equirus

Note: Consolidation of TEIPL is from 2QFY26

Exhibit 6: Guidance for FY26-27E

Product Category	FY25 Actual	FY26 Guidance	FY27 Guidance
Iron Ore Production	10MnT	20-22MnT	25-26MnT
Pellet Production	-	2.8-3MnT	5.5-7MnT
DRI Production	340kt	450-550kt	700kt
Steel (WRM) Production	-	-	0.15-0.2MnT

Source: Company Data, Equirus

Exhibit 7: Updates on key projects in Phase 1 & 2

	Completed Projects		Undergoing Projects	
Project	Mines	Slurry Pipeline - 1 & Pellet Plant - 1	Pellet Plant - 2	1.2mmt Steel
Progress So Far	FY22 - 3 mnt FY23 - 3.6 mnt FY24 & 25 - 10 mnt	Work Completed	Major Machinery Ordered, Work at Site in full swing	DRI plant at Ghughus is commissioned Steel Plant construction work has started
Project Details	FY26 - Mobilised along with Thriveni to mine and sell 20-22 mnt of iron ore	Project commissioned	Project in advanced stages to be completed ahead of the Schedule	The project is at the advanced stages and is expected to be on time.
		Phase 1		Phase 2

Source: Company Data, Equirus

Exhibit 8: Projects which are likely to be in Phase 3

	Future Projects		
Project	Slurry Pipeline 195 kms	Pellet Plant - 3 BHQ Beneficiation of 15MNT	Integrated Steel Plant 3mnt
Progress So Far	Survey work completed, preliminary engg completed, ROW approval in progress	Land procured, engg in progress, EC in progress	Preliminary engg vendor being short listed, EC & land procurement in progress
Project Details	Hedri to Ghughus via Konsari Plant. Will feed steel plant at Konsari & the 3rd pellet plant at Ghughus.	Construction work to start in Q4FY26	Construction work to start before Q1FY27

Source: Company Data, Equirus

Earnings Call Takeaways

Industry: The overall steel and mining industry continues to face cyclicalities with subdued steel prices and weak DRI realizations. Management reiterated that the company is structurally insulated from the steel cycle due to its captive ore, cost-efficient slurry logistics, and value-added product mix. The long-term outlook remains positive as domestic iron ore demand is stable, and the company benefits from premium realizations on quality ore and pellets despite softer global prices.

Operational Updates: 2QFY26 marked a milestone quarter for Lloyds Metals with higher ore dispatches and commencement of pellet sales. EBITDA surged both qoq and yoy reflecting efficiency gains from the slurry pipeline, higher realisations from pellet sales and cost control. The company achieved full utilization at its first 4mt pellet plant within four months of commissioning, with October production exceeding 350,000 tonnes. DRI expansion was commissioned during the quarter and is ramping up smoothly. The company continues to emphasize disciplined execution across its project pipeline, including the 85 km slurry pipeline, which saved ~Rs 600 per tonne in logistics costs. The workforce now totals around 32,000 employees, underscoring large-scale operational capability.

Iron Ore: Iron ore production for the quarter stood at 3.42mt, while sales were 2.5mt despite monsoon disruptions. Management guided annual dispatches of 20–22mt, with a target to fully utilize EC capacity. Additionally, about 1.2mt of BHQ ore have been mined and booked in inventory, over and above the 22mt annual plan. The BHQ beneficiation plant (three units of 15mt input each) is scheduled for commissioning in the last quarter of FY27E, with output expected at 10mt by FY28E.

Pellets: Pellet production during 2QFY26 stood at 0.78mt, with realizations of Rs 9,916/t and EBITDA of Rs 5,039/t. The strong margin performance significantly higher than industry peers—was attributed to captive ore sourcing, slurry pipeline logistics, and low conversion costs. The company expects to sustain Rs 4,000–5,000/t EBITDA given stable pricing and cost benefits. A second pellet plant is under advanced construction, while the third is targeted for commissioning by FY29E, aligned with the third phase of beneficiation. Total pellet capacity will reach 12mt across three plants. Exports are currently 60,000–70,000 tonnes per month, mostly to China, but the company plans to expand into Europe and the Middle East leveraging CBAM opportunities.

TEIPL (Thriveni Earthmovers Integrated Pvt Ltd): Thriveni delivered steady performance despite extended monsoons impacting mining volumes. Thriveni's expansion includes new projects such as Dalpar Mines and Surjagarh Gadchiroli, along with coal contracts for NTPC (3mt). These projects, combined with enhanced Surjagarh capacity, are expected to lift mining throughput materially in 2HFY26E. By FY28E, management targets Rs 78–80bn revenues from Thriveni operations.

Capex and Net Debt: Capex during 1HFY26 stood at Rs 24.1bn, with full-year spending guided at Rs 45–50bn and a similar Rs 60–65bn planned for FY27 and FY28 each. Key spends include the DRI expansion, second pellet plant, BHQ beneficiation modules, and infrastructure at Chandrapur. Consolidated debt rose to ~Rs 79bn, primarily due to the consolidation of Thriveni's liabilities (~Rs 60bn, including RPS), the company holds ~Rs 4bn in cash, bringing net debt to around Rs 56.7bn. Additional funding of Rs 6.5bn via NCDs and Rs 8bn working capital limits are sanctioned, but management targets maintaining net debt/EBITDA near 1x through internal accruals and ongoing repayments from Thriveni.

Others:

- The company received Rs 9.4 bn IPS benefit in 2QFY26, with annual inflows expected at Rs 3.5-4bn going forward.
- EBITDA for DRI stood at Rs 3,100/t in 2QFY26 (Rs 3,879/t for 1HFY26), with weak realizations offset by lower coal costs.
- Captive consumption of iron ore is projected at ~8mt for pellets and ~1–1.2mt for DRI in FY26E.
- The recently acquired land near Konsari (~10 km from the plant) will serve as a switchyard and housing facility.
- The 1.2mt wire rod plant at Chandrapur is under development, with commissioning expected next year, while the 3mt integrated steel plant construction is planned to begin by 1QFY27E, subject to land acquisition and design finalization with a Chinese consultant. The product mix will include HRC, downstream cold-rolled, and galvanized/color-coated steel products.
- The Bharat Wire ropes CCPS acquisition is purely a financial investment with expected returns of 18-20% within 18 months.

Earnings Revision

We have fine-tuned our estimates to reflect higher Fx assumptions. Incorporating management's latest guidance, we have updated our earnings model, which now factors in lower external iron ore sales for LMEL in FY26E. Additionally, we have adjusted our capacity utilization assumptions for FY27–28E to align with the commissioning and ramp-up timelines.

Exhibit 9: Earnings Revision Table

Rs mn	Old Estimates			New Estimates			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Global									
HRC Price (US\$/t)	470	485	495	470	488	500	-	0.6	1.0
Iron Ore (US\$/t)	100	98	95	100	98	95	-	-	-
Coking Coal (US\$/t)	175	170	180	190	185	185	8.6	8.8	2.8
USDINR	86.5	88.0	89.5	88.0	89.0	89.5	1.7	1.1	-
Consolidated									
Iron Ore Production (mt)	23.0	25.0	25.0	23.0	26.0	26.0	-	4.0	4.0
External Iron Ore Sales (mt)	22.3	17.3	16.4	20.0	18.7	17.4	(10.4)	8.3	6.1
Revenue	1,69,477	2,11,758	2,24,514	1,58,699	2,00,604	2,33,850	(6.4)	(5.3)	4.2
EBITDA	67,346	84,775	91,949	67,327	78,406	1,00,062	(0.0)	(7.5)	8.8
PAT	49,246	60,996	64,362	49,232	56,230	70,432	(0.0)	(7.8)	9.4
Net Debt	(30,241)	(24,679)	(21,383)	(29,069)	(18,640)	(23,728)	(3.9)	(24.5)	11.0

Source: Company Data, Equirus

Exhibit 10: Key Assumptions

	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Global Assumptions								
Iron Ore (US\$/t)	128	155	118	120	104	100	98	95
USDINR	74.2	74.5	80.4	82.8	84.6	88.0	89.0	89.5
Production (mt)								
Iron Ore	-	2.80	3.59	10.00	10.00	23.00	26.00	26.00
Sponge Iron	0.09	0.12	0.20	0.26	0.31	0.55	0.79	0.93
Pellets	-	-	-	-	-	2.80	6.80	8.00
Hot Metal	-	-	-	-	-	-	0.63	0.76
Wire Rod	-	-	-	-	-	-	0.18	1.02
External Sales (mt)								
Iron Ore	-	0.44	5.30	9.65	9.46	20.00	18.72	17.44
Sponge Iron	0.09	0.12	0.20	0.26	0.31	0.55	0.69	0.40
Pellets	-	-	-	-	-	2.00	4.61	5.39
Hot Metal	-	-	-	-	-	-	0.52	0.11
Wire Rod	-	-	-	-	-	-	0.18	1.02
Financials (Rs mn)								
EBITDA	300	1,732	8,472	17,313	19,529	67,327	78,406	1,00,062
Net Debt	1,461	547	(2,384)	(1,877)	1,503	(29,069)	(18,640)	(23,728)

Source: Company Data, Equirus

Exhibit 11: Proforma Consolidated P&L for FY26-28E

	LMEL			TEIPL			Proforma P&L		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	1,58,699	2,00,604	2,33,850	65,000	95,470	97,280	2,23,699	2,96,074	3,31,130
Expenses	91,372	1,22,198	1,33,788	44,000	64,090	65,900	1,35,372	1,86,288	1,99,688
EBITDA	67,327	78,406	1,00,062	21,000	31,380	31,380	88,327	1,09,786	1,31,442
Depreciation	1,801	3,767	6,445	3,356	4,699	235	5,157	8,466	6,680
EBIT	65,526	74,639	93,617	17,644	26,681	31,145	83,170	1,01,320	1,24,762
Other Income	505	506	506	842	1,179	1,238	1,348	1,685	1,744
Finance Cost	240	0	0	4,489	5,986	5,986	4,729	5,986	5,986
PBT	65,792	75,144	94,123	13,997	21,875	26,398	79,789	97,020	1,20,521
Tax Expenses	16,560	18,914	23,691	3,597	5,622	6,784	20,157	24,536	30,475
PAT	49,232	56,230	70,432	10,400	16,253	19,614	59,632	72,484	90,046
Key Ratios (%)									
EBITDA Margins	42.4	39.1	42.8	32.3	32.9	32.3	39.5	37.1	39.7
EBIT Margins	41.3	37.2	40.0	27.1	27.9	32.0	37.2	34.2	37.7
PAT Margins	31.0	28.0	30.1	16.0	17.0	20.2	26.7	24.5	27.2

Source: Company Data, Equirus

Maintain LONG

Maintain LONG with a revised SOTP-based Dec'26 target price of Rs 1,800 (earlier Sep'26 TP: Rs 1,700).

Exhibit 12: Target Price Methodology

Item	Unit	Valuation
LMEL Business		
Standalone Business FY28E EBITDA	Rs mn	1,00,062
1- year Forward Multiple	x	8.0
End FY27E EV	Rs mn	8,00,497
End FY27E Net Debt	Rs mn	(18,640)
End FY27E Equity Value	Rs mn	8,19,137
End FY27E Equity Value	Rs/share	1,462
1-year Forward Price Target (A)	Rs/share	1,400
TEIPL Business		
FY28E EBITDA	Rs mn	31,380
1- year Forward Multiple	x	10.0
End FY27E EV	Rs mn	3,13,800
Guarantees & Debt (over FY27-28E)	Rs mn	34,860
End FY27E Equity Value	Rs mn	2,78,940
LMEL Stake in the Business	%	80
Value Attributable to LMEL Holders	Rs mn	2,22,650
End FY27E Equity Value	Rs/share	397
1-year Forward Price Target (B)	Rs/share	400
Consolidated 1-year Forward Price Target (A+B)	Rs/share	1,800

Source: Company Data, Equirus

Exhibit 13: Equirus Coverage Comparison

Company Name	Reco	CMP	MCap	Target Price	Target Date	EBITDA (Rs bn)				Net Debt (Rs bn)			
		Rs	Rs bn	Rs		FY25A	FY26E	FY27E	FY28E	FY25A	FY26E	FY27E	FY28E
Coal India	Reduce	383	2,362	360	Dec-26	430	386	391	393	-285	-476	-538	-643
GPIL	Add	263	176	210	Sep-26	12	13	22	22	-4	-3	-8	-14
Hindalco	Reduce	812	1,825	790	Dec-26	328	323	363	390	406	443	519	566
Jindal Steel	Long	1,088	1,110	1,250	Dec-26	403	447	544	670	120	134	116	60
JSW Steel	Reduce	1,184	2,895	1,100	Dec-26	229	323	393	458	769	764	721	617
Lloyds Metals	Long	1,271	669	1,800	Dec-26	20	67	78	100	2	-29	-19	-24
NMDC	Add	77	680	80	Dec-26	83	96	99	99	-63	-99	-113	-124
SAIL	Short	145	598	110	Dec-26	106	121	126	129	289	282	304	359
Tata Steel	Add	177	1,314	170	Dec-26	253	338	399	428	827	801	752	676
Company Name	EV/EBITDA (x)				P/B (x)				RoE (%)				Div Yield (%)
	FY25A	FY26E	FY27E	FY28E	FY25A	FY26E	FY27E	FY28E	FY25A	FY26E	FY27E	FY28E	FY26E
Coal India	4.8	4.9	4.7	4.4	2.4	2.0	1.8	1.6	35.2	26.5	23.2	20.6	5.9
GPIL	14.4	13.6	7.8	7.5	3.3	2.8	2.3	1.9	13.8	14.0	20.1	17.2	0.4
Hindalco	6.8	7.0	6.5	6.1	1.5	1.3	1.2	1.0	13.4	11.2	11.1	10.4	0.4
Jindal Steel	3.1	2.8	2.3	1.7	2.3	2.1	1.8	1.5	6.9	10.7	13.4	16.1	0.0
JSW Steel	16.0	11.3	9.2	7.7	3.6	3.2	2.7	2.3	4.6	11.0	13.7	15.2	0.2
Lloyds Metals	34.3	9.5	8.3	6.5	10.4	5.5	3.8	2.8	22.6	37.7	30.2	27.5	0.1
NMDC	7.5	6.0	5.7	5.6	2.3	2.0	1.7	1.6	22.6	23.0	20.6	17.9	4.6
SAIL	8.3	7.3	7.2	7.4	1.1	1.0	1.0	0.9	4.3	6.3	6.0	5.4	1.1
Tata Steel	12.0	8.9	7.4	6.7	2.4	2.2	2.0	1.8	7.7	10.8	12.9	13.5	2.0

Source: Bloomberg, Company Data, Equirus

Exhibit 14: Global Comparison (Iron Ore)

Company Name	Bloomberg Ticker	CMP	Mcap	Net Debt	EV/EBITDA (x)		P/E (x)		P/BV (x)		ROE (%)	
		Local Currency	US\$ mn	1 Year Frwd	2 Year Frwd	1 Year Frwd	2 Year Frwd	1 Year Frwd	2 Year Frwd	1 Year Frwd	2 Year Frwd	1 Year Frwd
BHP	BHP AU	43	1,44,412	8,270	8.6	9.0	18.0	18.7	4.2	3.8	21.8	19.0
Champion Iron	CIA AU	5	1,918	439	6.7	5.5	15.7	11.5	1.9	1.8	13.1	16.5
Deterra Royalties	DRR AU	4	1,375	-16	9.1	10.8	14.3	15.3	10.4	8.6	95.9	68.7
Fortescue (FMG)	FMG AU	20	41,298	729	8.2	9.6	18.5	23.7	3.1	3.0	16.5	12.3
Godawari Power & Ispat	GODPI IN	263	24,841	-544	12.8	7.7	25.4	17.9	2.8	2.2	15.1	21.2
Kumba Iron Ore	KIO SJ	34	6,393	-865	3.1	3.8	0.8	1.1	0.2	0.2	24.4	19.4
Lloyds Metals & Energy	LLOYDSME IN	1,271	7,548	-2	10.7	8.3	14.9	10.8	5.8	3.9	41.6	40.1
Mineral Resources	MIN AU	51	6,622	3,490	8.6	8.0	33.1	27.8	2.6	2.3	9.2	11.8
NMDC	NMDC IN	77	7,674	-656	6.6	5.8	9.1	8.6	2.0	1.7	23.3	21.6
Rio Tinto	RIO AU	134	1,22,150	3,290	8.1	8.1	21.2	20.0	3.5	3.3	17.5	17.8
Vale	VALE3 BZ	66	56,513	12,309	4.5	4.3	6.6	6.8	1.2	1.1	20.7	18.6
Global Average					7.9	7.4	16.2	14.8	3.4	2.9	27.2	24.3
Global Average (Ex-Conglomerates)					7.2	6.2	16.0	13.4	2.0	1.8	17.6	18.1

Source: Bloomberg, Company Data, Equirus

Exhibit 15: Global Comparison (Steel)

Company Name	Bloomberg Ticker	CMP	Mcap	Net Debt	EV/EBITDA (x)		P/E (x)		P/BV (x)		ROE (%)	
		Local Currency	US\$ mn	1 Year Frwd	2 Year Frwd	1 Year Frwd	2 Year Frwd	1 Year Frwd	2 Year Frwd	1 Year Frwd	2 Year Frwd	1 Year Frwd
Arcelor Mittal	MT NA	35	34,564	5,996	5.4	4.5	8.8	7.3	0.5	0.5	5.8	6.5
ThyssenKrupp	TKA GY	9	6,742	-4,678	1.3	0.7	29.1	11.3	0.6	0.6	1.9	5.4
Voestalpine	VOE AV	34	7,079	1,912	5.3	4.5	15.6	10.9	0.8	0.7	5.1	7.0
SSAB	SSABA SS	62	6,447	-1,876	4.2	3.6	12.4	9.0	0.9	0.8	7.0	9.4
Klockner & Co	KCO GY	5	626	898	7.7	5.3	-17.5	11.4	0.3	0.3	-2.1	2.8
Salzgitter	SZG GY	30	2,124	875	8.0	4.2	-21.7	9.3	0.4	0.4	-1.9	3.7
Europe Average					5.3	3.8	4.4	9.9	0.6	0.5	2.6	5.8
Commercial Metals Co	CMC US	61	6,808	507	6.3	6.4	10.8	11.1	1.4	1.3	14.1	11.8
Nucor Corporation	NUE US	148	33,958	3,119	8.6	7.2	18.5	13.5	1.6	1.5	9.0	11.2
Steel Dynamics	STLD US	158	23,052	2,608	11.4	8.2	18.6	12.1	2.6	2.2	13.9	18.3
North America Average					8.8	7.3	16.0	12.2	1.9	1.6	12.3	13.8
Companhia Siderurgica National	CSNA3 BZ	9	2,192	6,316	4.0	4.3	-17.0	78.6	0.8	0.9	-1.5	4.6
Gerdau	GBBR4 BZ	19	6,856	1,257	4.1	3.7	10.9	8.6	0.7	0.6	6.5	8.0
Ternium	TX US	37	7,395	-1,406	3.7	3.0	12.8	8.9	0.6	0.6	4.8	6.4
Usiminas	USIM5 BZ	5	1,268	178	3.7	3.4	14.1	13.7	0.3	0.3	0.6	2.6
South America Average					3.9	3.6	5.2	27.4	0.6	0.6	2.6	5.4
Angang Steel Co	347 HK	2	3,560	3,276	20.0	7.7	-12.4	45.3	0.5	0.5	-3.9	1.2
Bao Steel	600019 CH	8	23,820	498	5.3	5.2	15.6	13.8	0.8	0.8	5.1	5.7
Hyundai Steel Co	004020 KS	32,600	2,968	4,764	5.6	4.9	48.7	9.3	0.2	0.2	0.4	2.4
Maanshan Iron & Steel Co	323 HK	3	4,307	3,422	12.3	7.5	63.8	14.1	0.9	0.9	1.6	7.9
POSCO	005490 KS	3,22,500	17,809	8,244	5.8	4.9	23.5	13.2	0.5	0.5	2.0	3.4
Bluescope Steel	BSL AU	23	6,654	-37	5.4	5.0	13.9	11.6	0.9	0.9	6.5	7.5
Sims Ltd	SGM AU	16	1,995	404	7.4	5.7	20.7	14.9	1.1	1.1	5.2	6.7
Asia (Ex-India) Average					8.8	5.8	24.8	17.4	0.7	0.7	2.4	5.0
Jindal Steel	JindalSP IN	1,088	12,515	1,412	10.3	7.8	20.1	13.2	2.1	1.8	11.3	14.8
JSW Steel	JSTL IN	1,184	32,652	11,299	11.6	9.2	26.1	18.4	3.2	2.8	13.1	15.9
SAIL	SAIL IN	145	6,741	4,056	8.0	6.7	17.0	13.6	1.0	0.9	6.0	7.1
Tata Steel	TATA IN	177	24,872	9,328	8.5	7.2	17.5	13.4	2.2	2.0	12.8	15.5
India Average					9.6	7.7	20.2	14.6	2.1	1.9	10.8	13.3
Global Average					7.3	5.7	14.1	16.3	1.2	1.1	6.2	8.7

Source: Bloomberg, Company Data, Equirus

Company Snapshot

How we differ from consensus

Particular (Rs Mn)	Equirus	Consensus	% Diff	Comment
Sales	FY26E	1,58,699	1,49,799	5.9
	FY27E	2,00,604	1,90,221	5.5
EBITDA	FY26E	67,327	58,800	14.5
	FY27E	78,406	72,749	7.8
PAT	FY26E	49,232	44,278	11.2
	FY27E	56,230	59,251	(5.1)

Our Key Investment arguments:

- LMEL is expected to maintain its position as the most cost-effective iron ore producer until 2057E because the company doesn't incur additional premiums, unlike mines that were auctioned after 2020.
- By investing in steel assets, LMEL is poised to become India's most cost-efficient steel producer, a status it is likely to maintain well beyond 2030E.
- The benefits derived from the Investment Promotion Scheme (IPS) on steel capital expenditures will contribute to a quicker payback period.

Risks to Our View

- Fluctuation in Seaborne iron ore prices.
- Potential Structural Downside risk in long term
- Third party infrastructure
- Regulatory risk

Key Triggers

- Sharp improvement in Chinese steel demand.
- Global steel companies continued focus on decarbonisation.

Company Description

Lloyds Metals and Energy Limited (LMEL) is the leading player in the Iron and Steel making industry, with its operations spread around Nagpur, Maharashtra. LMEL is the sole iron ore miner in the State of Maharashtra, operating at 10mtpa, with 2,70,000 tonne DRI and 30MW CPP; the Company is all set to be one of the most efficient steel makers going ahead. Leveraging on the latest technology and five decades of experience, LMEL constantly seek new ways to revolutionise mining, iron and steel making.

Key Financials (Consolidated)

Income Statement

Y/E Mar (Rs mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	6,815	33,430	64,810	66,263	1,54,881	1,94,163	2,23,600
COGS	3,129	5,401	8,920	8,061	5,933	5,267	8,317
Employee Cost	184	543	1,178	1,633	1,796	1,976	2,173
Other Expenses	2,207	19,876	37,837	37,992	83,644	1,14,955	1,23,298
EBITDA	1,732	8,472	17,313	19,529	67,327	78,406	1,00,062
Depreciation	180	230	490	808	1,801	3,767	6,445
EBIT	1,552	8,242	16,823	18,721	65,526	74,639	93,617
Interest Exp.	181	650	57	272	240	0	0
Other Income	21	376	500	512	505	506	506
Profit before Tax	1,392	7,967	17,265	18,961	65,792	75,144	94,123
Tax Expenses	(95)	(1,091)	4,836	4,462	16,560	18,914	23,691
Profit After Tax	1,487	9,059	12,429	14,499	49,232	56,230	70,432
Minority Interest	0	0	0	0	0	0	0
Profit/(Loss) from Associates	1	0	0	0	0	0	0
Recurring PAT	1,487	9,058	12,429	14,499	49,232	56,230	70,432
Exceptional Items	(514)	(11,944)	0	0	0	0	0
Reported PAT	974	(2,886)	12,429	14,499	49,232	56,230	70,432
Other comprehensive income.	7	21	28	(7)	0	0	0
PAT after comp. income.	981	(2,865)	12,457	14,492	49,232	56,230	70,432
FDEPS	2.6	(5.7)	24.7	27.7	87.9	100.4	125.7
DPS	0	0	1	1	1	1	1
BVPS	13	30	56	122	233	332	457

YoY Growth (%)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	185.0	390.5	93.9	2.2	133.7	25.4	15.2
EBITDA	476.5	389.2	104.4	12.8	244.8	16.5	27.6
EBIT	857.2	431.0	104.1	11.3	250.0	13.9	25.4
PAT	76,695.7	0.0	0.0	16.7	239.6	14.2	25.3

Key Ratios

Profitability (%)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Gross Margin	60.5	86.4	86.9	89.3	98.6	100.6	100.9
EBITDA Margin	23.9	24.7	26.5	29.1	42.4	39.1	42.8
PAT Margin	13.5	(8.4)	19.1	21.6	31.0	28.0	30.1
ROE	19.2	2.7	44.3	22.6	37.7	30.2	27.5
ROIC	24.5	73.0	74.7	36.5	63.9	46.7	42.1
Core ROIC	25.0	83.6	85.1	40.6	77.4	54.6	46.3
Dividend Payout	0.0	0.0	4.1	3.6	1.1	1.0	0.8

CAGR (%)	1 year	2 years	3 years	5 years	7 years	10 years
Revenue	2.2	40.8	113.4	78.9	49.9	26.7
EBITDA	12.8	51.8	124.2	147.3	97.9	0.0
PAT	16.7	0.0	146.0	114.6	88.7	0.0

Valuation (x)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
P/E	479.9	0.0	51.6	45.9	14.5	12.7	10.1
P/B	97.8	42.0	22.8	10.4	5.5	3.8	2.8
P/FCFF	(560.4)	(62.0)	(3,277.3)	(24.2)	48.2	(67.4)	117.7
EV/EBITDA	384.3	78.2	38.3	34.1	9.4	8.2	6.4
EV/Sales	97.7	19.8	10.2	10.1	4.1	3.3	2.9
Dividend Yield (%)	0.0	0.0	0.1	0.1	0.1	0.1	0.1

Balance Sheet

Y/E Mar (Rs mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Equity Capital	370	505	505	523	560	560	560
Reserves	4,446	14,785	27,603	63,498	1,29,882	1,85,552	2,55,424
Net Worth	4,817	15,290	28,109	64,021	1,30,442	1,86,113	2,55,985
Total Debt	765	630	1,285	9,647	0	0	0
Other long term liabilities	2,365	3,475	4,977	19,165	33,532	40,130	45,373
Minority Interest	0	0	0	0	0	0	0
Account Payables	152	745	3,951	363	857	1,083	1,262
Other Current Liabilities	139	121	190	217	238	262	288
Total Liabilities	8,238	20,260	39,376	94,169	1,65,827	2,28,345	3,03,666
Gross Fixed Assets	7,615	9,152	16,596	21,123	62,934	1,12,934	1,87,934
Acc. Depreciation	(3,618)	(3,828)	(4,249)	(4,998)	(6,799)	(10,566)	(17,011)
Net Fixed Assets	3,997	5,324	12,347	16,125	56,135	1,02,368	1,70,923
Capital WIP	859	2,979	12,682	41,811	50,000	75,000	75,000
long term investments	2	0	0	0	0	0	0
Others	9	1,364	3,072	6,029	5,706	5,706	5,706
Inventory	1,668	2,697	2,311	4,318	6,522	7,145	8,329
Receivables	237	245	799	1,714	2,174	2,748	3,203
Loans and advances	0	0	0	0	0	0	0
Other current assets	965	3,264	5,003	16,027	16,219	16,736	16,775
Cash & Cash Equivalents.	219	3,013	3,162	8,143	29,069	18,640	23,728
Total Assets	8,238	20,260	39,376	94,169	1,65,827	2,28,345	3,03,666
Non-Cash WC	2,580	5,340	3,972	21,479	23,820	25,284	26,756
Cash Conv. Cycle	88.3	23.4	(4.7)	30.8	18.0	16.0	16.0
WC Turnover	2.6	6.3	16.3	3.1	6.5	7.7	8.4
Gross Asset Turnover	0.9	3.7	3.9	3.1	2.5	1.7	1.2
Net Asset Turnover	1.4	4.0	2.6	1.1	1.5	1.1	0.9
Net D/E	0.1	(0.2)	(0.1)	0.0	(0.2)	(0.1)	(0.1)
Days (x)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Receivable Days	12	3	4	9	5	5	5
Inventory Days	84	29	13	23	15	13	13
Payable Days	8	8	22	2	2	2	2
Non-cash WC days	138	58	22	118	56	48	44
Cash Flow							
Y/E Mar (Rs mn)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E
Profit Before Tax	878	(3,977)	17,265	18,961	65,792	75,144	94,123
Depreciation	180	230	490	808	1,801	3,767	6,445
Others	0	1,093	(67)	23	349	28	31
Tax paid	(3)	(33)	(2,273)	(4,920)	(16,560)	(18,914)	(23,691)
Change in WC	(1,939)	(2,538)	1,538	(3,092)	12,001	5,105	3,740
Operating Cashflow	(782)	(5,164)	17,010	12,053	63,623	65,131	80,648
Capex	(563)	(3,869)	(17,207)	(36,988)	(50,000)	(75,000)	(75,000)
Change in Invest.	(5)	0	78	(460)	0	0	0
Others	(6)	(2,254)	(125)	(2,311)	0	0	0
Investing Cashflow	(574)	(6,123)	(17,254)	(39,760)	(50,000)	(75,000)	(75,000)
Change in Debt	(429)	(750)	0	7,462	(9,647)	0	0
Change in Equity	2,016	13,059	2	21,412	17,750	0	0
Others	(99)	(661)	(8)	(271)	(240)	0	0
Financing Cashflow	1,489	11,425	(6)	28,080	7,303	(560)	(560)
Net Change in Cash	133	138	(250)	374	20,926	(10,429)	5,088

Source: Company, Equirus Research



Rating & Coverage Definitions: Absolute Rating <ul style="list-style-type: none"> LONG : Over the investment horizon, ATR >= Ke for companies with Free Float market cap >Rs 5 billion and ATR >= 20% for rest of the companies ADD: ATR >= 5% but less than Ke over investment horizon REDUCE: ATR >= negative 10% but <5% over investment horizon SHORT: ATR < negative 10% over investment horizon Relative Rating <ul style="list-style-type: none"> OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon BENCHMARK: likely to perform in line with the benchmark UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon Investment Horizon Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter	Registered Office: Equirus Securities Private Limited Unit No. A2102B, 21st Floor, A Wing, Marathon Futurex, N M Joshi Marg, Lower Parel, Mumbai-400013. Tel. No: +91 - (0)22 - 4332 0600 Fax No: +91 - (0)22 - 4332 0601
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Disclosure of Interest statement for the subject Company	Yes/No	If Yes, nature of such interest
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