

India Metals & Mining

Lloyds Metals and Energy

Equities
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India

- ◆ We attended Lloyds Metals & Energy's Business Update Meet
- ◆ LMEL's foray into copper and partnership with Tata Steel were key discussion points
- ◆ LMEL is a low-cost iron ore producer evolving into an integrated mining-to-metals company

We attended Lloyds Metals & Energy's Business Update Meet on 11 December 2025. We do not cover the stock; therefore we do not have a rating, nor are we commenting on the investment merit of the company's securities.

Foray into copper: LMEL (LLOYDSME IN, INR1,280.20, not covered) has diversified into the copper value chain by entering the Democratic Republic of Congo (DRC), specifically the Katanga Copper Belt, through the acquisition of a 50% stake in Nexus (private). The current operations are supported by a cathode processing plant with an initial capacity of 12kt, with a roadmap to expand to 30kt. Management expects combined economics of Copper and MDO (Mine Developer and Operator) operations to remain robust.

Scaling up mining and manufacturing capabilities: LMEL holds long-term mining rights for the Surjagarh Mining Complex (SMC) until 2057, securing c157 MT of DSO and 706 MT of BHQ ore. The company plans to expand iron ore mining capacity from 10 MTPA to 55 MTPA by FY29 (FY27 guidance of 25-26MT prod), including 45 MTPA of BHQ. Under-execution projects include a 2nd pellet plant, and a 1.2 MTPA wire rod mill. Future projects include a 195 km slurry pipeline (ROW approval in progress), 3rd pellet plant (construction to start in 4QFY26), 3MT Steel plant (construction to start in 1QFY27). LMEL's cost structure has a low royalty burden as mining rights were allotted prior to the 2015 MMDR Amendment and carry no auction premium.

Strategic collaboration with Tata Steel: TATA (TATA IN, INR166.38, Buy) acquired a 50.01% stake in Thriveni Pellets Private Limited (TPPL), which in turn holds 100% of Brahmani River Pellets Limited (BRPL); LMEL holds the remaining 49.99% stake in TPPL. BRPL operates a 4 MTPA pellet plant and a 212 km slurry pipeline in Odisha, and will convert iron ore into pellets for TATA's internal requirements. In addition, LMEL has signed an MoU with TATA to jointly explore mining, logistics, and steelmaking opportunities in Maharashtra, including evaluating a potential 6 MTPA greenfield steel facility. Over the next year the companies will work on assessing the potential for the project and how iron ore availability evolves in Maharashtra.

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Journey from mining to metal

- ◆ Low royalty on the allocated mines as mining rights were allotted prior to the 2015 MMDR Amendment
- ◆ LMEL has multiple forward integration projects
- ◆ Management expects iron ore reserves to support its planned capacity expansion

One of India's largest low-cost iron ore producers

Lloyds Metals and Energy Limited (LMEL) is the only Iron ore miner in Maharashtra. Incorporated in 1977, it is engaged in mining iron ore, manufacturing Direct Reduced Iron (DRI), pellet trading and power generation. It has an Iron ore mining lease for 50 years until 2057 at Surjagarh village in Gadchiroli district. The mining capacity is being scaled from 10 MTPA in FY25 to a phased target of up to 55MTPA as beneficiation comes online. Its DRI capacity of 700 ktpa is spread across two locations and is largest in Maharashtra. LMEL also operates an 85km slurry pipeline from Hedri to Konsari and a 4 MTPA pellet plant at Konsari. It is adding 12 MT pellet plant, 1.2 MTPA long steel complex at Ghugus and a 3MTPA flat steel complex at Konsari.

Existing and proposed capacity expansion

(MTPA)	Category	Existing Capacity	Expansion	Total post expansion
BHQ Beneficiation	Iron Ore	-	45.0	45.0
CPP (MW)	Power Plant	34.0	470.0	504.0
Iron Ore pellet plant	Steel	4.0	8.0	12.0
Slurry pipeline (Km)	Slurry Pipeline	85.0	190.0	275.0
Sponge/DRI	Steel	0.7	-	0.7
Wire rod plant (WRM)	Steel	-	1.2	1.2
HRC plant	Steel	-	3.0	3.0
Copper JV	Copper	12kt	18kt	30kt

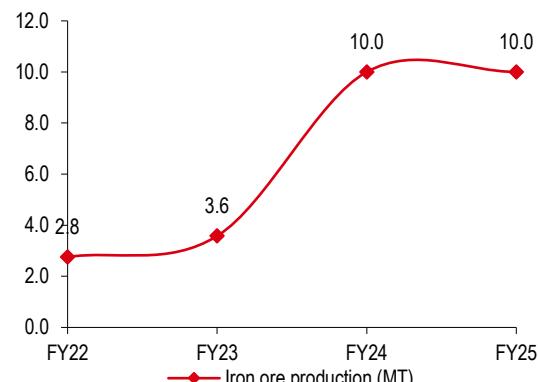
Source: Company data

Management outlook

Management flagged that LMEL is positioning for its next leg of growth with higher mining capacity (55 MTPA) and a move into pellet, DRI and steel. LMEL is the sole iron ore miner in Maharashtra and qualifies for the lowest royalty bracket in India. The company has earmarked INR327bn for its expansion plan over FY23-30 and flagged more capacity addition beyond FY30.

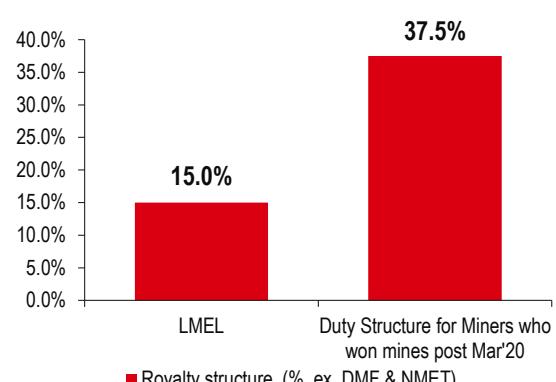
LMEL in charts and tables

Iron ore production increased from 2.8MT in FY22 to 10MT in FY25



Source: Company data

LMEL royalty structure



Source: Company data, DMF stands for District Mineral Foundation; NMET stands for National Mineral Exploration Trust

Growth trajectory across key product verticals

	FY25	FY26 guidance	FY27 guidance
Iron Ore Production	10 MT	20-22 MT	25-26 MT
Pellet Production	-	2.8-3 MT	5.5-7 MT
DRI Production	340kt	450-550kt	700kt
Steel (WRM) Production	-	-	0.15-2MT

Source: Company data

Mines are valid until 2057

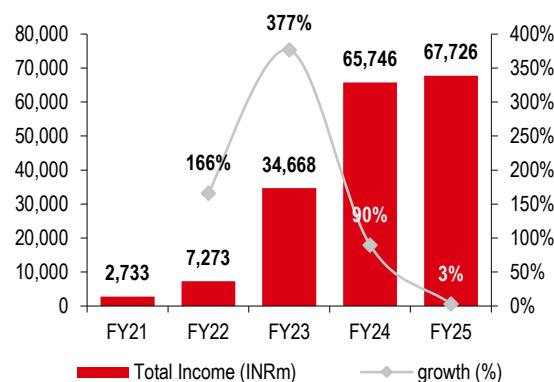
Year	Total mines due for auction	Estimated total production capacity (MTPA)
2025	6	25
2026	6	5
2027	3	2
2029	2	17
2030	8	59

Average 20 MTPA of iron ore mine due for upcoming auctions

More than 100 MTPA of iron ore mining capacity due for auction until CY30

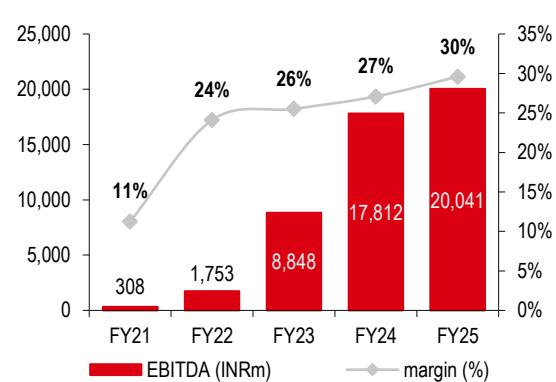
Source: Company data

Total Income growth over the years



Source: Company data. Total income includes other income

EBITDA and EBITDA margin profile



Source: Company data

Financial statements

Income statement

(INRm)	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Total income	4,149	4,394	5,081	3,974	2,733	7,273	34,668	65,746	67,726
Revenue from operations	4,010	4,147	4,773	3,717	2,534	6,975	33,923	65,247	67,214
Other income	139	247	308	256	199	298	745	500	512
Cost of materials	(2,458)	(3,034)	(3,784)	(2,976)	(2,174)	(3,733)	(5,044)	(5,366)	(5,334)
Purchases of stock-in-trade	(581)	(307)	(90)	-	-	-	-	(3,702)	(1,822)
Change in inventory	77	70	32	98	145	604	(358)	149	(904)
Employees benefits expense	(153)	(161)	(217)	(227)	(147)	(184)	(543)	(1,178)	(1,633)
Other expenses	(427)	(430)	(556)	(400)	(249)	(2,207)	(19,876)	(37,837)	(37,992)
Depreciation and amortisation	(130)	(137)	(151)	(176)	(138)	(180)	(230)	(490)	(808)
Finance costs	(102)	(104)	(109)	(161)	(168)	(181)	(650)	(57)	(272)
PBT (before exceptional item)	56	170	206	131	1	1,392	7,967	17,265	18,961
Exceptional items	-	-	-	-	-	(514)	(11,944)	-	-
PBT	56	170	206	131	1	878	(3,977)	17,265	18,961
Tax expense	-	-	-	187	-	95	1,091	(4,836)	(4,462)
Net Profit	56	170	206	318	1	973	(2,885)	12,429	14,499

Source: Company data

Cash flow statement

(INRm)	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
PBT (before exceptional item)	56	170	206	131	1	878	(3,977)	17,265	18,961
Depreciation	130	137	151	176	138	180	230	490	808
Other comprehensive income	1	(2)	3	(3)	5	7			
Expense on stock option scheme	-	-	29	36	11	(2)	68	360	530
Profit / loss on disposal of PPE	0	(14)	(12)	-	0	1	37	(196)	(14)
Loss on disposal of PPE	0	1	1	0	0	1	37	3	(14)
Profit / loss on sale of share or investment	(14)	(13)			(0)	-	(198)	-	-
Interest / dividend income	(17)	(6)	(5)	(5)	(5)	(6)	(124)	(231)	(494)
Interest & financial charges	102	16	37	104	70	102	60	57	273
Working capital changes	(325)	242	(793)	75	(370)	(1,939)	(1,447)	1,539	(3,092)
Cash generated from operations	(54)	543	(384)	515	(149)	(779)	(5,132)	19,284	16,974
Direct taxes paid / net of refunds	(1)	0	1	1	(1)	(3)	(33)	(2,273)	(4,920)
Net cash flow from operating activities	(55)	544	(383)	516	(149)	(782)	(5,164)	17,010	12,053
Net cash flow from investing activities									
Purchase of PPE	(395)	(427)	(275)	(299)	(189)	(562)	(996)	(7,240)	(7,827)
Right to use account								(264)	(33)
Increase / decrease on FDR	(10)	12	(15)	15	(9)	(5)	(2,288)	(476)	(4,147)
Increase / decrease on investment	-	-	-	-	-	(0)	-	198	-
Increase / decrease on investment in JV	-	-	-	-	(0)	-	-	(1)	(2)
Sale of PPE	0	21	37	-	(4)	(0)	(15)	-	884
Interest / dividend received	17	5	6	3	4	6	49	231	494
Increase / decrease in capital WIP	(19)	(145)	(132)	(62)	(423)	(12)	(2,872)	(9,703)	(29,129)
Net cash flow from investing activities	(407)	(535)	(379)	(342)	(622)	(574)	(6,123)	(17,254)	(39,760)
Net cash flow from financing activities									
Interest & financial charges	(102)	(16)	(35)	(102)	(77)	(99)	(661)	(8)	(271)
Proceeds from / repayments in borrowing	(8)	10	865	196	433	752		-	7,462
Proceeds from issue of shares	-	-	-	10	381	2,016	13,083	2	21,412
Repayment of borrowing	-	(2)	(70)	(161)	(79)	(1,181)	(750)	-	-
Dividend Paid	-	-	-	-	-	-	(222)	-	(523)
Net cash flow from financing activities	460	(8)	760	(57)	657	1,489	11,425	(6)	28,080
Net Change in Cash	(3)	1	(2)	116	(114)	133	138	(250)	374

Source: Company data

Balance Sheet

(INRm)	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Total assets									
Total non-current assets	3,673	4,099	3,951	4,358	4,660	5,148	11,040	28,101	63,967
PPE	3,199	3,482	3,582	3,709	3,609	3,991	4,817	11,568	15,315
Right to use assets	-	-	-	30	8	6	506	780	810
Capital work in progress	85	230	362	424	847	859	2,979	12,682	41,811
Financial assets	1	1	1	1	1	1	0	0	324
Investments	1	1	1	1	1	1	0	0	0
Loans	-	-	-	-	-	-	-	-	323
Deferred tax assets	-	-	-	187	187	282	1,374	0	2
Other non-current assets	388	385	6	6	7	9	1,364	3,072	5,706
Total current assets	1,354	1,462	1,958	2,063	2,543	3,089	9,220	11,274	30,202
Inventories	681	679	736	841	1,157	1,668	2,698	2,311	4,318
Financial assets	405	391	442	458	325	456	3,509	3,976	12,366
Trade receivables	109	155	231	79	69	237	245	799	1,714
Cash and cash equivalent	2	4	2	118	4	137	276	26	400
Bank balances	79	68	83	68	76	81	2,370	2,845	6,993
Loans & advances	-	-	-	-	-	-	251	15	2,508
Other financial assets	184	152	116	182	176	-	-	-	-
Prepayments	29	12	11	11	-	-	-	-	-
Investment	-	-	-	-	-	-	368	290	751
Other current assets	268	393	779	764	1,060	965	3,014	4,988	13,519
Total assets	5,027	5,561	5,909	6,421	7,203	8,237	20,260	39,375	94,169
Total equity and liabilities									
Total equity	676	844	1,083	1,444	1,821	4,816	15,290	28,109	64,021
Equity share capital	224	224	224	227	253	370	505	505	523
Other equity	452	620	858	1,217	1,568	4,445	14,785	27,603	63,498
Equity attributable to owners	676	844	1,083	1,444	1,821	4,816	15,290	28,109	64,021
Total liabilities	4,351	4,717	4,826	4,977	5,381	3,422	4,971	11,267	30,148
Total non-current liabilities	3,444	3,774	3,927	3,649	3,817	2,239	248	1,407	9,006
Financial liabilities	872	100	826	809	932	567	-	-	7,539
Borrowings	93	100	826	809	932	567	-	-	7,539
Lease liability	-	-	-	25	6	4	22	294	359
Provisions	40	43	51	57	57	54	226	249	350
Other non-current liabilities	2,533	3,630	3,049	2,757	2,822	1,614	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	864	757
Total current liabilities	906	943	900	1,328	1,564	1,182	4,723	9,859	21,142
Financial liabilities	844	885	742	1,065	1,228	899	767	3,988	416
Borrowings	165	191	27	180	97	-	-	-	18
Lease liability	-	-	-	6	2	2	6	37	35
Trade payables	599	676	640	611	353	152	745	3,951	363
Other financial liabilities	80	17	75	268	777	745	16	-	-
Other current liabilities	42	36	75	120	232	144	3,835	3,084	13,344
Provisions	20	22	83	144	103	139	121	190	217
Current tax liabilities (net)	-	-	-	-	-	-	-	2,598	7,165
Total equity and liabilities	5,027	5,561	5,909	6,421	7,203	8,237	20,260	39,375	94,169

Source: Company data

Disclosure appendix

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