Lloyds Metals and Energy | BUY

Pellet-led growth; copper consolidation drives beat

Lloyds Metals and Energy reported Q1FY27 consolidated EBITDA of INR 27.8bn, higher than JMFe of INR 24.9bn driven by outperformance in pellets business. Pellet production reached 1.69mn tons, with the second pellet plant achieving full capacity utilisation within four months. Margin expanded sharply as slurry pipeline commissioning and a richer value-added product mix drove blended EBITDA/t to ~INR 4k/t, up ~INR 0.4k/t QoQ. Key takeaways from the conference call: i) FY27 production guidance remains intact at 26mn tons iron ore, 7.75–8mn tons pellets, 825kt DRI and 8–10kt copper. ii) Structural cost benefits includes INR 400–500/t iron ore savings and INR 500–600/t freight savings from the 85km slurry pipeline. iii) TEIPL maintained its 28–30% full-year EBITDA margin guidance. iv) BHQ beneficiation remains on track for Mar'28 commissioning. Consolidated net debt stands at ~INR 190bn, including ~USD 800mn at Chemaf; restructuring is expected by next quarter and should materially reduce consolidated leverage. We are revising earnings for FY27E/28E/29E upwards by 9%/13%/27% as we consolidate the copper business. We are rolling forward TP to FY29E at 9x EV/EBITDA for the core business. We continue to prefer Lloyd Metals for its volume-led growth pipeline, copper business and cost efficiencies: maintain BUY with a revised TP of INR 2,380 (earlier INR 2,110).

- **Pellet-led growth drives Q1FY27 beat:** The company reported consolidated EBITDA of INR 27.8bn, higher than JMFe of ~INR 24.9bn, driven by outperformance in pellet volumes. Consolidated revenue stood at INR 73.5bn, up 22% QoQ. EBITDA increased 9% QoQ to INR 27.8bn, while blended EBITDA/t improved to ~INR 4k/t from INR 3.5k/t in Q4FY26, despite iron ore sales volumes declining 11% QoQ to 5.46mn tons due to seasonality. Revenue of steel and other related segments came in at INR 22.7bn, up 65% QoQ, and EBIT/t increased to INR 5.3k/t. Mining revenue declined 9% QoQ to INR 35bn, but EBIT/t improved to ~INR 2.2k/t. Within the operating portfolio, DRI sales stood at 184kt, while pellet production reached 1.69mn tons, with the second pellet plant achieving full capacity utilisation within four months. Adjusted PAT stood at INR 17.3bn, up 13% QoQ.

- **Cost optimisation and richer mix support margin expansion:** Cost optimisation and mix improvement were key earnings drivers in Q1FY27, with the company highlighting the commissioning of the slurry pipeline, stronger realisations and a higher contribution from value-added products. Iron ore savings are estimated at INR 400–500/t on a consolidated basis, while freight savings are INR 500–600/t on the 85km slurry pipeline and INR 800–1,000/t on the planned 195km pipeline; internal freight optimisation could add another INR 100–150/t. Pellets were particularly strong with EBITDA/t at INR 5,803 supported by captive ore, slurry logistics and favourable realisations. TEIPL also reported a sharp margin improvement to 24.6% in Q1FY27 with management retaining their 28–30% full-year EBITDA margin guidance.

- **Growth projects remain on track; deleveraging key to watch:** Management maintained their FY27 operating targets of 26mn tons iron ore, 7.75–8mn tons pellets, 825kt DRI and 8–10kt copper, while WRM steel commissioning remains targeted for Q4FY27. The BHQ beneficiation plant remains on track for commissioning by Q4FY27. Copper remains a key investment area, with ~USD 300mn capex planned in FY27 and copper production guidance is 8–10kt in FY27. Consolidated net debt stands at ~INR 190bn, including ~USD 800mn at Chemaf with debt restructuring expected by next quarter, and management indicating a significant reduction thereafter.

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,380
Upside/(Downside)	19.8%
Previous Price Target	2,110
Change	12.8%

Key Data – LLOYDSME In

Current Market Price	INR1,986
Market cap (bn)	INR1,118.0/US$11.7
Free Float (%)	23
Shares in issue (mn)	562.9
Diluted share (mn)	562.9
3-mon avg daily val (mn)	INR1,077.9/US$11.3
52-week range	INR2,127/1,043
Sensex/Nifty	78,154/24,472
INR/US$	95.4

Price Performance

%	1M	6M	12M
Absolute	10.4	62.5	42.9
Relative*	9.5	73.9	46.7

*To the NSE Nifty 50

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Financial Summary (INR mn)

Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Net Sales	66,263	168,224	288,991	356,689	401,379
Sales Growth (%)	2.2	153.9	71.8	23.4	12.5
EBITDA	19,529	61,402	102,590	123,351	147,732
EBITDA Margin (%)	29.1	35.9	35.4	34.5	36.7
Adjusted Net Profit	14,499	36,633	65,967	76,814	82,873
Diluted EPS (INR)	25.8	65.1	117.2	136.5	147.3
Diluted EPS Growth (%)	16.7	152.7	80.1	16.4	7.9
ROIC (%)	31.9	25.6	23.8	21.5	21.0
ROE (%)	31.3	36.0	37.5	30.1	24.3
P/E (x)	79.7	31.5	17.5	15.0	13.9
P/B (x)	17.9	8.3	5.4	3.9	3.0
EV/EBITDA (x)	59.2	20.7	12.6	10.6	8.8
Dividend Yield (x)	-	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of August 11, 2026

Q1FY27 conference call takeaways

- **FY27 production guidance:**
  - Iron ore: 26mn tons
  - Pellet: 7.75–8mn tons
  - DRI: 825kt
  - Copper: 8–10kt
  - Steel (WRM): commissioning expected in Q4FY27
  - TEIPL guidance for 28–30% EBITDA margin maintained on a full year basis.
- **Net Debt:** Consolidated net debt stands at ~INR 190bn with a significant portion attributable to Chemaf (~USD 800mn). Chemaf debt is being worked on for restructuring at favourable terms (to be done by next quarter leading to significant reduction in consolidated net debt).
- **Capex guidance:**
  - Copper capex of ~USD 300mn in FY27, in addition to ~INR 8.5bn capex on other projects.
  - Capex expected to increase from FY28 as the steel project comes on stream.
  - Capex of ~INR 11.5bn p.a. expected over the next two years and ~INR 15bn p.a. thereafter.
- **Margins increased significantly in Q1FY27, driven by:**
  - Commissioning of the slurry pipeline.
  - Higher realisations across segments.
  - Higher share of value-added products in the mix.
- **BHQ plant expected to be commissioned by Mar'28, as per the original schedule:**
  - Total gangue expected to be <3%.
  - Finished product expected to be 66–67% grade.

Exhibit 1: Consolidated – Quarterly financial performance (INR mn)

Y/E March (INR mn)	Q1FY27	Q1FY27E	% Var	Q1FY26	YoY %	Q4FY26	QoQ %
Net Sales	**73,544**	**62,521**	**17.6**	**23,835**	**208.6**	**60,197**	**22.2**
Blended Sales Volume (mn tons) incl others	7.0	7.3		3.5	97.9	7.2	-3.5
Blended Realisation (INR/ton)	10,530	*8,533*		6,754	55.9	8,316	26.6
Manufacturing exp. (incl inventory)	**12,517**	**2,481**		1,938	545.8	3,728	235.7
Manufacturing exp./t	1,792	*339*		549	226.3	515	248.0
Gross profit	**61,027**	**60,040**	**1.6**	**21,897**	**178.7**	**56,469**	**8.1**
Gross profit/t	*8,738*	*8,194*		*6,205*		*7,801*	
Mining, Royalty & Freight Expenses	22,673	**23,571**		12,092	**87.5**	18,458	**22.8**
Royalty & cess/t	*3,246*	*3,217*		*3427*		*2550*	
Staff costs	4,000	**4,600**		638	**526.9**	4,498	**-11.1**
Staff costs/t	*573*	*628*		*181*		*621*	
Other costs	6,540	**6,961**		1,225	**433.9**	8,060	**-18.9**
Other costs/t	*936*	*950*	**1.5**	*347*		*1114*	
Total expenditure	**45,729**	**37,613**	**21.6**	**15,893**	**187.7**	**34,744**	**31.6**
EBITDA	**27,815**	**24,908**	**11.7**	**7,942**	**250.2**	**25,454**	**9.3**
EBITDA (%)	*37.8*	*39.8*		*33.3*		*42.3*	
Blended EBITDA /t	3,983	*3,400*		2,251	**77.0**	3,517	**13.3**
Other income	1,283	**450**		282	355.2	112	1044.7
Depreciation	2,615	2,300		307		2,244	
EBIT	**26,483**	**23,058**	**14.9**	**7,917**	**234.5**	**23,322**	**13.6**
Interest	2,755	1,850		146		1,676	
PBT	**23,727**	**21,208**		**7,770**		**21,647**	
Tax	6,715	5,344		1,354		6,571	
Eff. Tax rate (%)	*28*	25		*17.4*		*30.4*	
XO items	0	0		0		0	
Share of Profit/loss associates	327	0		0		226	
Reported PAT	**17,339**	**15,864**	**9.3**	**6,416**	**170.2**	**15,302**	**13.3**
Adj. PAT	**17,339**	**15,864**	**9.3**	**6,416**	**170.2**	**15,302**	**13.3**
EPS (INR)	**31.86**	**29.1**		**12.3**		**29.2**	

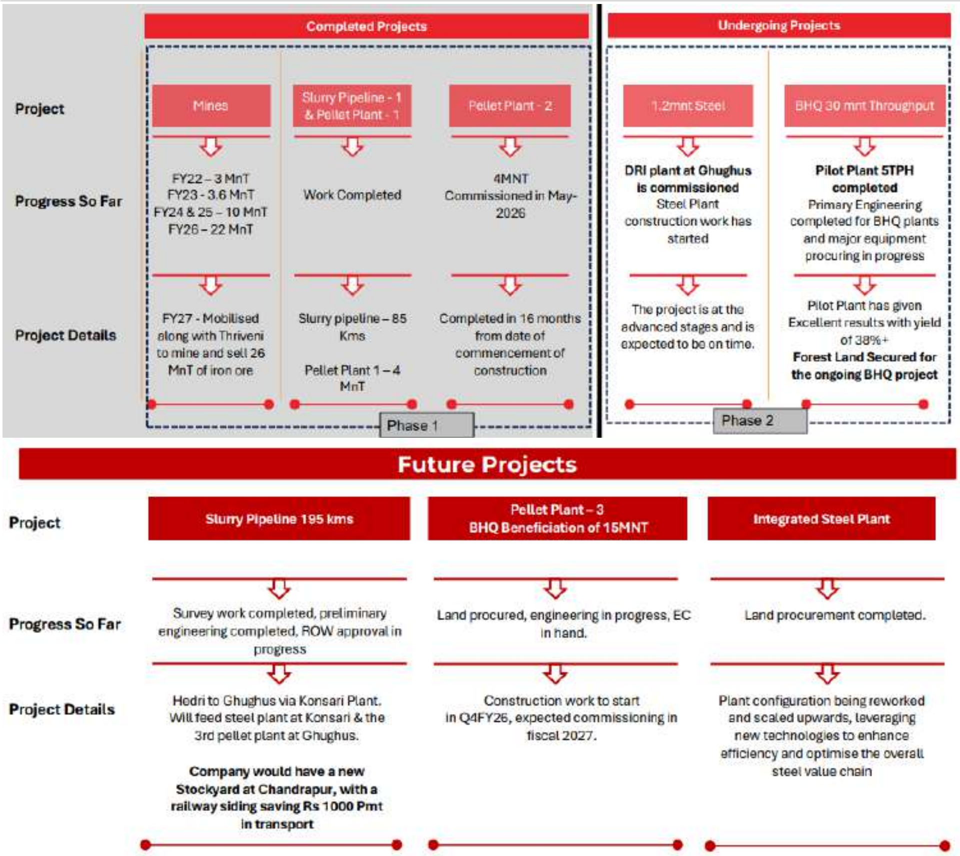
Source: Company, JM Financial

Exhibit 2: Segmental breakup

Y/E March (INR mn)	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ
Revenue					
- Mining	***35,026***	***21,347***	**64.1**	***38,423***	**-8.8**
as a % of sales	*47.6*	*90*		*63.8*	
Mining volumes	*5.5*	*3.5*	58.3	*6.2*	-11.4
Mining realisation (INR/t)	***6,415***	***6,187***	**3.7**	***6,238***	**2.8**
- Steel and other related segements	*22,693*	*3,168*		*13,779*	64.7
Volumes (DRI/pellets)	*1.5*	*0.1*		*1.1*	
as a % of sales	*30.9*	*13*		*22.9*	
-MDO Operation and related services	***27,624***	***0***		***25,239***	9.4
as a % of sales	*37.56*	-		*41.93*	
-Copper and other related products	*4,443*	-		-	
as a % of sales	*6.04*	-		-	
EBIT					
- Mining	**12,052**	***7,454***	**61.7**	**10,847**	**11.1**
Mining EBIT/t	*2,207*	*2,161*		*1,761*	
- Steel and other related segements	8,162	*289*		4,304	
- Steel and other related segements/t	*5,356*	*3,666*	46.1	*3,991*	34.2
-MDO Operation and related services	5,817	0		8,151	-28.6
-Copper and other related products	-831	0		-93	
EBIT Margin (in %)					
- Mining	*34.4*	*34.9*		*28.2*	
- Steel and other related segements	*36.0*	*9.1*		*9.7*	
-MDO Operation and related services	21.1			32.3	
-Copper and other related products	(18.7)				

Source: Company, JM Financial

Exhibit 3: Project timelines



Source: Company, JM Financial

Exhibit 4: Lloyds Metals and Energy – Target Price

FY29E EBITDA (INR bn)	**91**
IPS benefits	4
Multiple (x)	9
MDO Business	
EBITDA	30
Multiple (x)	11
Copper Business (Lloyds Metals stake : 50%)	
EBITDA	29
Multiple (x)	12
Implied EV (INR bn)	**1356**
CWIP (INR bn) @50%	119
Net Debt (INR bn)	134
Total Mcap. (INR bn)	1341
Target price INR/sh.	**2,380**

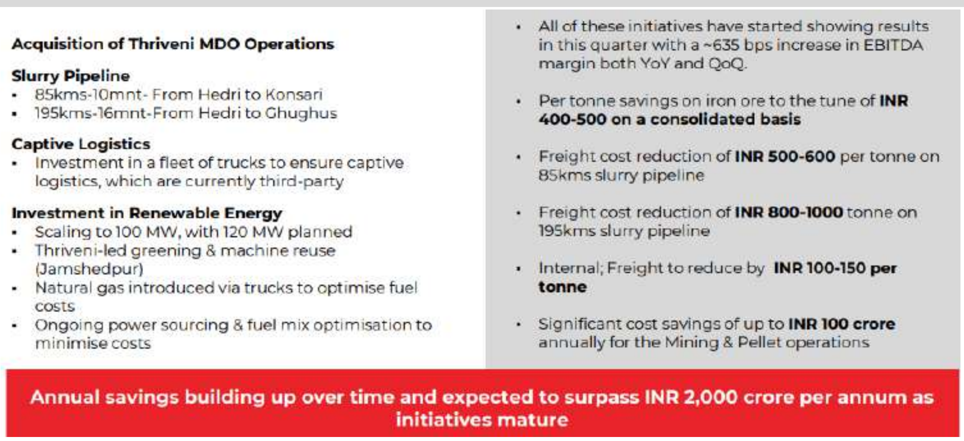
Source: Company, JM Financial

Exhibit 5: Key assumptions table

Key Assumptions	FY25	FY26	FY27E	FY28E	FY29E
Iron Ore (US$/t)	109	109	100	105	105
USDINR	84.5	88.0	94.0	94.0	94.0
Production (mt)					
Iron Ore	10.00	21.96	26.00	26.00	26.00
Sponge Iron	0.31	0.48	0.69	0.69	0.69
Pellets	-	3.03	7.60	8.40	9.00
Hot Metal	-	-	0.50	0.55	0.57
Wire Rod	-	-	0.18	0.60	0.66
External Sales (mt)					
Iron Ore	9.46	16.18	17.55	16.67	16.00
Sponge Iron	0.20	0.26	0.31	0.48	0.60
Pellets	-	3.03	5.85	6.59	7.15
Hot Metal	-	-	0.39	0.17	0.15
Wire Rod	-	-	0.18	0.60	0.66
Financials (INR mn)					
EBITDA	19,529	61,402	102,590	123,351	147,732
Net Debt	(261)	107,643	128,852	136,416	134,244

Source: Company, JM Financial

Exhibit 6: Driving cost optimisation across the value chain

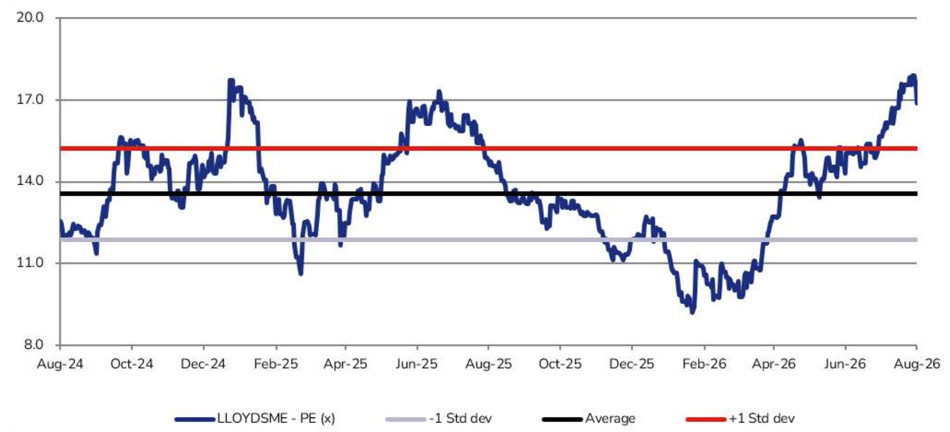


Source: JM Financial, Company

Exhibit 7: One-year forward EV/EBITDA valuation

Source: Bloomberg, JM Financial

Exhibit 8: One-year forward PE valuation



Source: Bloomberg, JM Financial

Exhibit 9: Changes in estimates

		OLD			NEW			% Change		
	Unit	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Net Sales	INR mn	268,730	295,357	300,359	288,991	356,689	401,379	7.5%	20.8%	33.6%
EBITDA	INR mn	93,895	106,287	107,337	102,590	123,351	147,732	9.3%	16.1%	37.6%
PAT	INR mn	60,508	68,040	65,137	65,967	76,814	82,873	9.0%	12.9%	27.2%
EPS		107.5	121	116	117.2	136.5	147.3	9.0%	12.9%	27.2%
Target Price	INR		**2,110**				**2,380**			**12.8%**
Rating			**BUY**				**BUY**			

Source: JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Net Sales	66,263	168,224	288,991	356,689	401,379
Sales Growth (%)	2.2	153.9	71.8	23.4	12.5
Other Operating Income	951	2,902	951	951	951
Total Revenue	**67,214**	**171,127**	**289,942**	**357,640**	**402,330**
Cost of Goods Sold/Op. Exp	8,061	18,187	30,460	31,173	31,801
Personnel Cost	1,633	12,929	11,981	12,514	13,200
Other Expenses	37,992	78,609	144,911	190,602	209,596
EBITDA	**19,529**	**61,402**	**102,590**	**123,351**	**147,732**
EBITDA Margin (%)	29.1	35.9	35.4	34.5	36.7
EBITDA Growth (%)	13.0	214.4	67.1	20.2	19.8
Depn. & Amort.	808	6,072	7,188	10,464	14,851
EBIT	18,721	55,330	95,403	112,887	132,881
Other Income	512	1,937	3,506	4,006	4,006
Finance Cost	272	5,104	7,457	9,775	12,071
PBT before Excep. & Forex	18,961	52,164	91,452	107,119	124,816
Excep. & Forex Inc./Loss(-)	-	-	-	-	-
PBT	18,961	52,164	91,452	107,119	124,816
Taxes	4,462	14,083	23,346	27,075	31,343
Extraordinary Inc./Loss(-)	-	-	-	-	-
Assoc. Profit/Min. Int.(-)	-	1,859	1,775	383	-8,048
Reported Net Profit	14,499	36,633	65,967	76,814	82,873
Adjusted Net Profit	**14,499**	**36,633**	**65,967**	**76,814**	**82,873**
Net Margin (%)	21.6	21.4	22.8	21.5	20.6
Diluted Share Cap. (mn)	563	563	563	563	563
Diluted EPS (INR)	**25.8**	**65.1**	**117.2**	**136.5**	**147.3**
Diluted EPS Growth (%)	16.7	152.7	80.1	16.4	7.9
Total Dividend + Tax	-	563	563	563	563
Dividend Per Share (INR)	-	1.0	1.0	1.0	1.0

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Shareholders Fund	64,601	142,661	218,784	305,008	394,664
Share Capital	523	563	563	563	563
Reserves & Surplus	64,078	138,146	212,312	296,730	385,110
Preference Share Capital	-	-	-	-	-
Minority Interest	-	3,952	5,909	7,715	8,991
Total Loans	7,898	141,329	154,639	177,605	200,572
Def. Tax Liab. / Assets (-)	755	2,017	2,017	2,017	2,017
Other non-current liabilities / Lease Liabilities	-	-	-	-	-
Total - Equity & Liab.	**72,499**	**283,990**	**373,423**	**482,613**	**595,236**
Net Fixed Assets	59,578	271,150	378,266	480,607	586,310
Gross Fixed Assets	22,051	142,906	213,406	283,906	364,406
Intangible Assets	-	-	-	-	-
Less: Depn. & Amort.	5,146	11,217	24,100	41,760	66,057
Capital WIP	42,673	139,461	188,961	238,461	287,961
Investments	751	6,657	6,657	6,657	6,657
Current Assets	28,778	138,692	175,262	219,929	264,977
Inventories	4,327	26,596	48,250	58,361	64,744
Sundry Debtors	1,714	14,805	24,250	26,872	29,044
Cash & Bank Balances	7,409	27,029	19,130	34,533	59,671
Loans & Advances	15,328	70,262	83,632	100,164	111,519
Other Current Assets	-	-	-	-	-
Current Liab. & Prov.	15,852	130,493	184,746	222,564	260,692
Current Liabilities	1,080	26,642	60,126	73,019	81,239
Provisions & Others	14,772	103,850	124,620	149,544	179,453
Net Current Assets	12,926	8,200	-9,484	-2,634	4,285
Other Non Current Assets/ROU Assets	-	-	-	-	-
Total - Assets	**72,499**	**283,990**	**373,423**	**482,613**	**595,236**

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Profit before Tax	14,499	38,286	67,924	78,621	84,149
Depn. & Amort.	808	6,072	7,188	10,464	14,851
Net Interest Exp. / Inc. (-)	-	-	-	-	-
Inc (-) / Dec in WCap.	-4,404	24,346	9,785	8,553	18,219
Others	-	-	-	-	-
Taxes Paid	-	-	-	-	-
Operating Cash Flow	**10,903**	**68,704**	**84,896**	**97,637**	**117,219**
Capex	-35,357	-81,310	-120,000	-120,000	-130,000
Free Cash Flow	-24,454	-12,606	-35,104	-22,363	-12,781
Inc (-) / Dec in Investments	-460	-5,906	-	-	-
Others	121	-122,119	14,457	15,362	15,516
Investing Cash Flow	**-35,696**	**-209,335**	**-105,543**	**-104,638**	**-114,484**
Inc / Dec (-) in Capital	21,763	27,383	-	-	-
Dividend + Tax thereon	-	-563	-563	-563	-563
Inc / Dec (-) in Loans	7,567	133,431	13,310	22,967	22,967
Others	-	-	-	-	-
Financing Cash Flow	**29,330**	**160,251**	**12,747**	**22,404**	**22,404**
Inc / Dec (-) in Cash	**4,537**	**19,621**	**-7,899**	**15,403**	**25,138**
Opening Cash Balance	2,871	7,409	27,029	19,130	34,533
Closing Cash Balance	7,409	27,029	19,130	34,533	59,671

Source: Company, JM Financial

Dupont Analysis					
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Net Margin (%)	21.6	21.4	22.8	21.5	20.6
Asset Turnover (x)	1.3	1.0	0.9	0.8	0.7
Leverage Factor (x)	1.1	1.8	1.9	1.7	1.6
RoE (%)	31.3	36.0	37.5	30.1	24.3

Source: Company, JM Financial

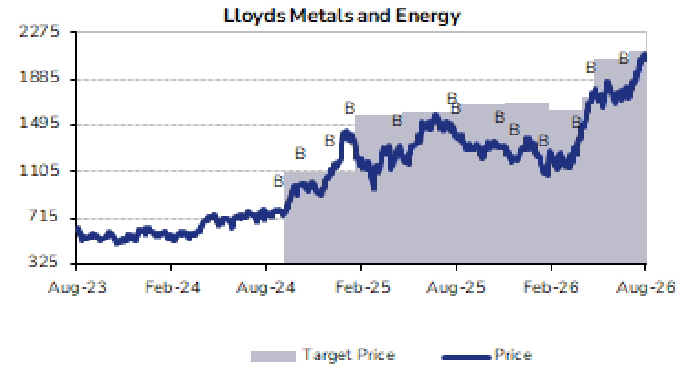
Key Ratios					
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
BV/Share (INR)	114.8	246.5	378.2	528.2	685.3
ROIC (%)	31.9	25.6	23.8	21.5	21.0
ROE (%)	31.3	36.0	37.5	30.1	24.3
Net Debt/Equity (x)	0.0	0.8	0.6	0.5	0.4
P/E (x)	79.7	31.5	17.5	15.0	13.9
P/B (x)	17.9	8.3	5.4	3.9	3.0
EV/EBITDA (x)	59.2	20.7	12.6	10.6	8.8
EV/Sales (x)	17.2	7.4	4.5	3.7	3.2
Debtor days	9	32	31	27	26
Inventory days	23	57	61	60	59
Creditor days	8	89	117	114	116

Source: Company, JM Financial

LLOYDSME – Recommendation history table

Date	Recommendation	Target Price	% Chg.
10-Jul-26	BUY	2,110	2.7
6-May-26	BUY	2,055	18.1
9-Apr-26	BUY	1,740	6.8
4-Feb-26	BUY	1,630	-3.5
11-Dec-25	BUY	1,690	0.0
13-Nov-25	BUY	1,690	0.6
18-Aug-25	BUY	1,680	0.0
13-Aug-25	BUY	1,680	4.4
30-Apr-25	BUY	1,610	1.9
29-Jan-25	BUY	1,580	43.7
19-Dec-24	BUY	1,100	0.0
25-Oct-24	BUY	1,100	0.0
12-Sep-24	BUY	1,100	

LLOYDSME – Recommendation history chart



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Research Analyst(s) Certification

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