Short Term Fundamental Pick

Tuesday, 07 July 2026

LLOYDS METALS

Rating	: Buy
Cmp	: ₹1755.40 as on 06th July 2026
Sector	: Metals & Mining
Target	: ₹2115.25
Upside Potential	: 20.50%
Time Frame	: 8-12 Months

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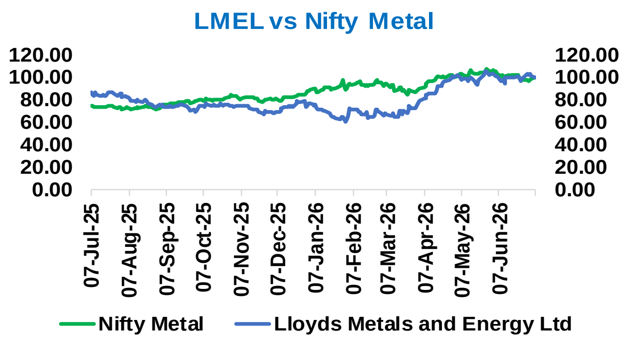
Key Data	
Nifty/Sensex	24430.35/78285.07
BSE Code	512455
NSE Code	LLOYDSME
Bloomberg Code	LLOYDSME:IN
Basic Industry	Industrial Minerals
Market Cap(Cr.)	98,864.13
No. of Shares(Cr.)	56.32
Face Value	1
52 Week High/Low	1888.60/1042.90

Shareholding Pattern	
Particulars	**Q4FY26**
Promoter	61.60%
MF	1.70%
FII	2.30%
Public	34.35%
Others	0.05%



Diversified Key Strategy Projects, Multiple Expansion Initiatives, Sharp Capex Jump and Strong Domestic Demand, Which will Deliver High Growth in Medium to Long Term…

Lloyds Metals and Energy Ltd is a leading India-based metals and mining company engaged in iron ore mining, sponge iron (Direct Reduced Iron - DRI) manufacturing, and power generation. The company has strategically located operations in Chandrapur and Gadchiroli, Maharashtra, and is progressing towards becoming a fully integrated and sustainable steel producer. LMEL operates India's largest iron ore mine and is in the process of ramping up its dispatchable iron ore capacity to 26 million tonnes per annum (MTPA). Its core product portfolio includes iron ore, sponge iron (DRI), and iron ore pellets, while several value-added downstream products are under development as part of its long-term growth strategy.

Highlights and Investment Rationale

- **Strong Earnings Growth:** LMEL reported a 400% YoY rise in Q4FY26 revenue, while EBITDA increased 874% YoY, with margins expanding to 42.3% from 21.9%. FY26 revenue grew 154.6% YoY with EBITDA margins improving to 36% (vs. 29.1%), driven by strong mining and steel operations along with the inclusion of the MDO business, supporting robust earnings growth.
- **Iron Ore Business Continues to Drive Profitability:** Iron ore revenue surged 262% YoY in Q4FY26, led by a 271% increase in quarterly sales volume to 6.16 MnT, while FY26 volumes rose 71% to 16.18 MnT. With realizations of ₹5,806/tonne and EBITDA of ₹1,930/tonne, supporting strong cash generation.
- **Value-Added Products Enhance Margin Profile:** The Revenue from pellets, DRI and power increased 532% YoY in Q4FY26, with DRI sales rising 171% to 188 KT and pellet operations achieving 100% capacity utilisation within 4 months of commissioning. Higher contribution from value-added products is expected to improve margins and reduce dependence on iron ore sales.

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- **MDO Business Adds Diversified Earnings Stream:** TEIPL, housing LMEL's MDO business, reported 14% YoY revenue growth with EBITDA margins expanding to 38.7% from 24.9% in Q4FY26. Gadchiroli operations produced 8.64 MT during the quarter, strengthening the company's mining services business.

- **Copper Business Opens New Growth Avenue:** LMEL commenced commercial production from its 12,000 TPA copper cathode plant in the DRC, targeting 10,000 tonnes in CY26 and 15,000 tonnes in CY27. The long-term goal of 100,000 TPA capacity could generate nearly US$1.3 billion in revenue, diversifying earnings beyond iron ore and steel.

- **Strategic Entry into Critical Minerals:** The company acquired a 49% stake in Congo based Chemaf Group (DRC), expanding into copper and cobalt mining. This solidifies its presence in critical minerals, providing long-term exposure to the fast-growing global electric vehicle battery supply chain.

- **Tata Steel Partnership Strengthens Integration:** LMEL signed an MoU with Tata Steel to collaborate in iron ore mining, slurry pipelines, pellets and steelmaking. The partnership is expected to improve logistics efficiency, optimise capacity utilisation and enhance long-term raw material security.

- **Aggressive Capacity Expansion to Drive Future Growth:** LMEL plans to increase iron ore production to 26 MT, pellet capacity to 7.75–8 MT, DRI production to 825 KT, and commence 0.15–0.20 MT wire rod production in FY27. Backed by an estimated ₹15,000 crore FY27 capex, these expansions are expected to significantly boost revenue, operating leverage and profitability

- **Growth Drivers:** India's iron ore requirement is projected to increase from 376 MTPA in FY23 to 525–637 MTPA by FY30, indicating strong long-term demand. With low-cost mining assets, long-life reserves and expanding capacity, LMEL is well positioned to benefit through higher sales volumes, stable realizations and sustained earnings growth.

- **Management Guidance:** Management has guided FY27 iron ore production of 26 MT and dispatches of 27 MT, while targeting a ₹10,000–11,000 crore standalone capex funded through debt. Key risks include pellet price volatility, DRC ramp-up challenges, and execution of multiple expansion projects.

Key risks:

- **Large Asset Dependency:** High Reliance on Surjagarh Iron ore mine. Any disruption to the mine may direct towards revenue and EBITDA volatility with working capital stress.

- **Strategic Execution:** Simultaneous execution of multiple large-scale capex projects could lead to cost overruns, commissioning delays, and pressure on returns and profitability.

- **Geopolitical Risk**: Changes in global trade policies, tariffs, export restrictions, or geopolitical tensions could impact export demand, commodity prices, and currency movements, leading to volatility in realizations, margins, and overall profitability.

Key Financial Indicators & Valuation (Consolidated)					
YE March (Cr.)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Revenue	6,524.65	6,721.05	17,112.67	25,669.01	30,802.81
EBITDA	1,731.25	1,955.74	6,152.16	10,251.57	13,245.22
EBITDA Margin(%)	26.53%	29.10%	35.95%	39.94%	43.00%
PAT	1,242.93	1,455.24	3,808.03	6,682.21	8,717.18
Net Profit Margin(%)	19.05%	21.65%	22.25%	26.03%	28.30%
ROE(%)	44.22%	22.53%	26.54%	32.35%	29.66%
EPS	24.60	27.81	65.40	117.85	153.65
PE	71.36	63.11	26.84	14.90	11.42
EV/EBITDA	51.00	47.00	18.90	11.20	8.50
P/BV	31.50	14.50	7.10	5.00	3.90

Variance Analysis (Consolidated)					
Particulars (Rs. In Cr.)	**2026-March**	**2025-March**	**YoY%**	**2025-Dec**	**QoQ %**
Net Sales	6,019.72	1,193.30	404%	5,058.08	19%
Total Expenditure	3,474.42	932.20	273%	3,298.87	5%
PBIDT (Excl OI)	2,545.30	261.10	875%	1,759.21	45%
PAT	1,507.54	201.88	647%	1,091.51	38%
PBIDTM% (Excl OI)	42.28%	21.88%	93%	34.78%	22%
PATM%	25.04%	16.92%	48%	21.58%	16%
EPS(Rs)	25.22	3.86	554%	19.24	31%

Valuation and Outlook:

LMEL, supported by its leadership in iron ore mining, expanding value-added product portfolio, and diversification into copper and critical minerals. Its FY27 production guidance of 26 MT iron ore, 7.75–8 MT pellets, and 825 KT DRI, coupled with a ₹15,000 crore expansion capex, provides strong visibility for future growth. Additionally, India's projected iron ore demand of 525–637 MTPA by FY30 versus 376 MTPA in FY23 offers a structural demand tailwind, while long-life mining leases, low-cost operations, and strategic partnerships strengthen its competitive positioning. However, execution of large capex projects, dependence on the Surjagarh mine, and geopolitical risks remain key monitorables. **Lloyds Metals and Energy Ltd is currently trading at a discount to its 1-year median P/E multiple. We expect Revenue, EBITDA, and PAT to grow at a CAGR of 35%, 48%, and 50%, respectively, over FY27–FY28. We derive a target price of ₹2115.25, implying an upside potential of 20.50%.**

Profit And Loss Statement Consolidated)					
YE March (Cr.)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
I. Income					
Net Sales	**6,524.65**	**6,721.05**	**17,112.67**	**25,669.01**	**30,802.81**
II. Expenditure					
Raw Material Cost	891.96	806.07	1,818.64	2,461.88	2,772.24
Employee Cost	114.02	156.76	1,281.80	1,917.89	1,848.17
Other Expenses	3,787.42	3,802.48	7,860.07	11,037.67	12,937.18
Total Expenditure	**4,793.40**	**4,765.31**	**10,960.51**	**15,417.44**	**17,557.59**
EBITDA	**1,731.25**	**1,955.74**	**6,152.16**	**10,251.57**	**13,245.22**
Depreciation & Amortization	48.99	80.80	607.16	956.80	1,186.16
EBIT	**1,682.26**	**1,874.94**	**5,545.00**	**9,294.77**	**12,059.06**
Interest	5.68	27.22	522.36	588.15	616.15
Other Income	49.95	53.71	193.73	203.00	180.00
Earnings Before Tax(EBT)	**1,726.53**	**1,901.43**	**5,216.37**	**8,909.62**	**11,622.91**
Tax	483.60	446.19	1,408.34	2,227.40	2,905.73
Profit After Tax(PAT)	**1,242.93**	**1,455.24**	**3,808.03**	**6,682.21**	**8,717.18**
Exceptional Items	-	-	-	-	-
Share of Associate	-	-	20.61	90.24	90.24
Minority Interest	-	-	-147.79	-140.00	-160.00
Consolidated Net Profit	**1,242.93**	**1,455.24**	**3,680.85**	**6,632.45**	**8,647.42**
EPS - Basic	24.60	27.81	65.40	117.85	153.65
No. Shares(Cr.)	50.53	52.32	56.28	56.28	56.28

Source: Company website, SSL Research Centre, ACE Equity, Trendlyne, Screener, NSE & BSE, etc

Investment Rating Matrix

Ratings	Expected Return
Buy	>15%
Accumulate	10% to 15%
Hold	0% to 15%
Sell	< - 15%

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