

Equity Research Desk

ALPHA

LLOYDS METALS

Empowering India's Infrastructure



Founded: 1977 |
Headquarters: Mumbai



Core Business: Integrated
mining-to-metals



Flagship Asset: Gadchiroli
Iron Ore Operations,
Maharashtra



Environmental Clearance:
55 MTPA iron ore



Operational Infrastructure:
Pellet plant, DRI units,
captive power, slurry
pipelines



Integrated Value Chain: Mining
• Beneficiation • Pelletizing • DRI
• Downstream Steel



Logistics Advantage: Two
slurry pipelines (85 km & 190
km) for major freight savings



Strategic Strength: One of
India's most scalable &
cost-efficient mining
ecosystems



Growth Focus: Expansion into
BHQ beneficiation, higher-value
pellets, and long steel

Subsidiaries



Subsidiaries: 3 Subsidiaries | No Associates / Joint
Ventures (as of FY25)

Growth Strategies



Massive Capacity Expansion Underway

- Transitioning from an iron ore miner to a fully integrated metals producer
- Backed by 55 MTPA EC, among the largest in India
- BHQ beneficiation project targeting 45 MTPA Input → ~17 MTPA output by 2030
- Expanding pellet capacity + new DRI units to convert low-value ore into high-margin products
- New capacities to phase in from FY27 onwards, boosting realizations & product mix



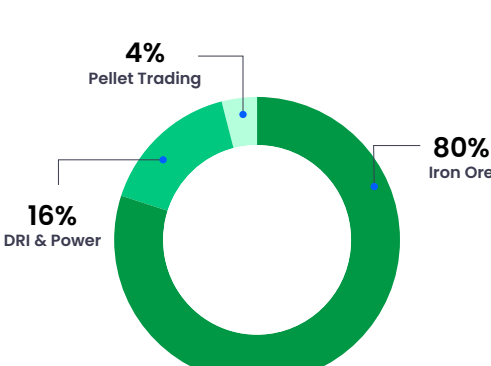
Structural Cost Advantages Driving Margins

- Two slurry pipelines (85 km & 190 km) to cut freight cost by ₹500–1,000/tonne
- Slurry logistics = cheaper, safer & more reliable than road transport
- Thriveni Earthmovers acquisition adds ₹400–500/tonne cost savings
- Captive logistics + captive power + improved beneficiation yield strengthen operating efficiency
- These levers expand EBITDA margins and reduce dependence on external inputs

Production Capacity	FY25 Actual	FY26 Guidance	FY 27 Guidance
Iron Ore (Mnt)	10	21	25.5
Pellet (Mnt)	0	2.9	6.25
DRI (kt)	340	500	700
Steel (Mnt)	0	0	0.175

Revenue Breakup - FY25

Total Revenue (FY25) - ₹6,721 crore



Product Portfolio



Iron Ore Mining

- Core upstream business
- Mining, extraction & sale of calibrated ore and fines
- Major revenue contributor driven by Gadchiroli operations



DRI & Captive Power

- Production of Direct Reduced Iron (DRI)
- Captive power supports operations + generates additional revenue
- Strengthens margins through integrated midstream capability



Pellet Trading

- Trading of iron ore pellets to complement in-house pelletization
- Enhances value capture across the iron ore supply chain
- Supports flexibility in product mix & revenue stability

Financial Highlights



Q2FY26

- Revenue:** ₹3,651 Cr (↑ 154% YoY vs ₹1,436 Cr)
- EBITDA:** ₹1,098 Cr (↑ 147% YoY vs ₹445 Cr)
- Net Profit:** ₹567 Cr (↑ 88% YoY vs ₹301 Cr)
- Margin Gains:**
 - EBITDA Margin boosted via cost optimisation (slurry pipeline + better fixed-cost absorption)
 - HIFY26 EBITDA margin ↑ 136 bps YoY
- Strong operational performance powered by value-added products & structural cost efficiencies



FY25

- Revenue:** ₹6,721 Cr (↑ 3% YoY)
- EBITDA:** ₹2,004 Cr (↑ 12.5% YoY)
- Net Profit:** ₹1,450 Cr (↑ 16.7% YoY)
- Steady growth driven by higher operational efficiency & expanding value-added output

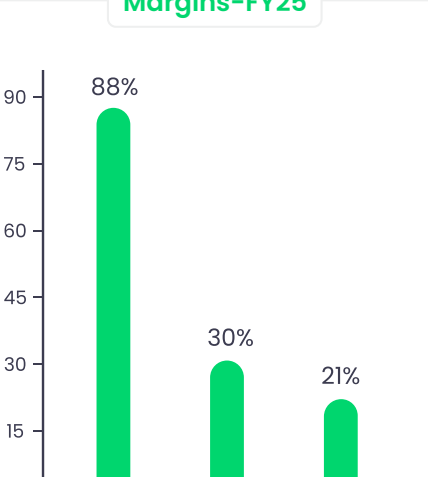


3-Year Financial Performance

- CAGR (FY23–25):** Revenue ↑ 113% | Net Profit ↑ 114%
- Avg. ROE & ROCE:** ~46% | ~66%
- Debt-to-Equity Ratio:** 1.06

- Exceptionally strong multi-year growth backed by high returns and efficient capital deployment

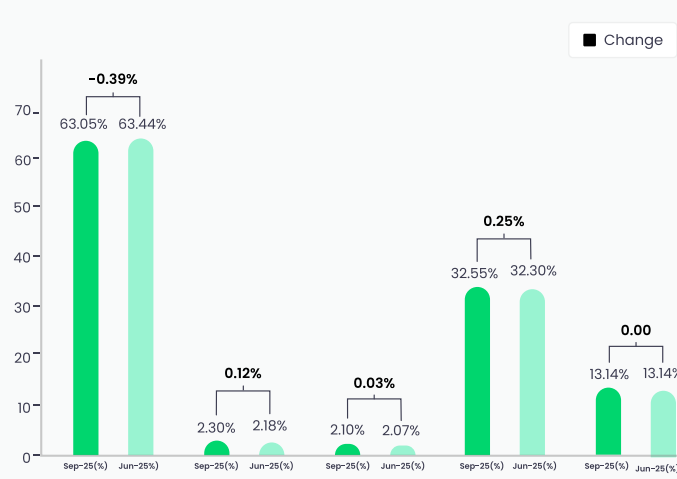
Margins-FY25



Market Data

CMP	₹1223
Date	21-Nov-25
Target Price	₹1468
Upside Potential	20%
52 Week High/Low	1613/908
NSE Code	LLOYDSME
Market Cap	Mid
Sector	Metals & Mining
Rating	BUY

Shareholding Pattern



Ratios - FY25

ROE	31%
ROCE	38%
Div. Yield	0.08%
PE Ratio (x)	37.0
Face Value	1.00
EPS	34

Industry Outlook



Core Driver of India's Growth: Mining fuels GDP expansion, foreign exchange earnings, and key industries like construction, autos, power & infrastructure.



Strong Global Position: India is the 2nd-largest crude steel producer, 4th-largest iron ore producer, and world's largest sponge iron (DRI) producer.



Infrastructure-Led Demand Boom: Massive investments in roads, railways, airports, housing & industrial corridors are driving structural demand for steel and iron ore.



Multi-Year Growth Outlook: Rising domestic capacity + policy support = sustained momentum for ferrous metals and long-term sector expansion.

Growth Drivers



100% FDI Allowed: Automatic route enables strong global capital & technology inflow into India's mining sector.



Foundation for Core Industries: Minerals remain essential for steel, infrastructure, power, construction, and manufacturing — making mining expansion critical for industrial growth.



Big Policy Push: Government programs like Gati Shakti, Make in India, PM Awas Yojana, and major urban & national infrastructure projects are set to significantly boost long-term demand for metals & mining

Competitive Advantage



Key Competitors: NMDC Ltd and Gujarat Mineral Development Corporation Ltd

Performance Edge: Lloyds has delivered stronger earnings growth and superior profitability compared to peers

Positioning: Well-placed among India's fast-scaling mining & metals players with structurally higher growth visibility

Peer Analysis

Company	CMP	Mcap	ROCE	ROE	3Yr Sales CAGR	P/E	EPS
Lloyds	1223	64962	38.00%	31.00%	113.00%	36	34.43
NMDC	74	64936	30.00%	24.00%	~3.00%	9	7.99
GMDC	489	15900	14.00%	11.00%	1.00%	15	31.55

Outlook



LMEL is set for a stronger multi-year growth phase as its value-added capacities begin commercialisation over the next 2–3 years



FY26 capex planned at ₹4,500–5,000 Cr, rising to ₹6,000–6,500 Cr in subsequent years — supporting its shift from ore sales to an integrated **pellet-DRI-steel** model



Realisations and earnings quality expected to improve as downstream capacities ramp up



EBITDA margins to remain robust, driven by higher-grade BHQ output, richer product mix & cost efficiencies from captive power and logistics



Key timelines: First BHQ module by FY27, additional downstream assets through FY28–FY29 — boosting volume visibility and margin expansion



BUY rating maintained with a **Target Price of ₹1,468**, valuing the stock at 29× FY27E EPS

We also encourage maintaining a stop-loss at 20% from the entry price to manage potential downside risk effectively.

SWOT Analysis



Strengths

- Fully integrated value chain from Mining → Beneficiation → Pellets → DRI → Steel
- Large and scalable resource base with 55 MTPA Environmental Clearance
- Strong logistics advantage driven by **slurry pipelines** & proximity to key demand centers



Weaknesses

- High capex requirements and long execution timelines
- Earnings partly exposed to iron ore price cycles until downstream operations scale
- Geographic concentration increases sensitivity to regulatory & operational disruptions



Opportunities

- Ramp-up of BHQ, pellet, DRI & steel capacities unlocks multi-year, high-margin growth
- Entry into **long steel** diversifies revenue and reduces industry cyclicality

- Structural cost efficiencies position LMEL as a potential **low-cost integrated producer**

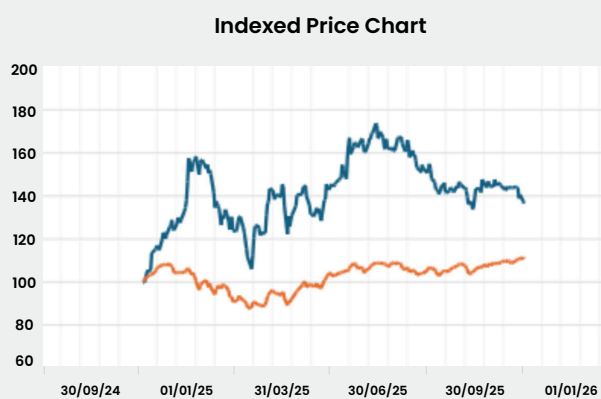


Threats

- Delays in approvals or execution of large capex projects may impact timelines
- Policy or regulatory changes in mining/forest clearances could affect operations

- Increasing competition from larger integrated players may pressure realisations in downturns

Indexed Price Chart



Note: To read the Disclaimer and Disclosure, [click here](#)

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