

Date – 06 May 2025

Rec Price: 1228

Finkhoz Rating: 7.6/10

Guidance : Buy

About the company:

Lloyds Metals and Energy Ltd. (LMEL), based near Nagpur, Maharashtra, is a key player in the iron and steel industry and the sole iron ore miner in the state. Backed by five decades of experience and modern technology, the company aims to become one of India’s most efficient steel producers. LMEL has a sponge iron capacity of 3,50,000 TPA, iron ore mining capacity of 10 MTPA and 34 MW power capacity. Its centrally located 350-hectare Surjagarh mine is leased till 2057. Core products include pellets, wire rods, HR coils, and API-grade steel. Ongoing expansion includes an 85-km slurry pipeline (45 km laid), a 360-KTPA DRI plant, and value-added steel products. The mining JV with Thriveni Earthmovers is now a 100% subsidiary, targeting 3 MTPA. By FY30, LMEL plans to finish its expansions, become debt-free, and derive 50% of revenue from value-added products.

Company Guidance:

Iron Ore Volume guidance For FY26- The company is awaiting environmental clearance and expects only a minor drop in iron ore volumes—from 25 million tons to around 23–24 million tons in FY26. Most of the volumes are expected in the second half of the year. The company expects to get Clearance approval from the environment ministry to increase iron ore production to 25 million tons soon, latest by May 2025.

BHQ Project Progress- The pilot plant is running well, and engineering work is in progress. Land permissions are expected by Diwali 2025. The total BHQ project will cost around ₹5,000 crore. DSO reserves will last until the BHQ plant is ready, and by 2033–34, all production will shift to BHQ ore..

Pellet Production- Production is expected to be around 2.5 million tons. Each pellet plant can reach 4 million tons at peak capacity by 2028, including planned shutdowns.

sponge Iron Production- Lloyds Metals and Energy Limited achieved its highest-ever sponge iron production in FY25, with DRI volumes reaching 308,000 tons. However, Q4 FY25 margins for sponge iron dropped significantly to 0.84%, down from 27% in Q2 and 18% in Q3. This decline was due to one-time expenses for community development and capacity ramp-up, which were front-loaded in Q4. Looking ahead, the company is set to commission a new 360,000-ton DRI plant by June 2025. With the planned expansion to 25 million tons of iron ore production, the company expects to consume an additional 0.5 million tons of iron ore in the DRI plant.

Key Project Timelines:

Key project timelines: Phase 1 slurry pipeline commissioned with trials from April 2025, **first 4 MTPA** pellet plant and 360,000 TPA DRI plant by June 2025, 60 MW power plant by July 2025, **second 4 MTPA** pellet plant by June 2026, 1.2 MTPA wire rod steel plant by September 2026, first BHQ plant (5 MTPA) by June 2027, remaining BHQ plants (15 MTPA) by March 2028, and **final 3 MTPA** steel plant between March–September 2029.

Capex & Expansion:

For FY26, the company has guided a capex of ₹6,000–6,500 crore, mainly for mining, pellet, and steel capacity expansion. This includes spending on mining assets, the beneficiation plant, 1.2 MTPA wire rod plant, pellet plants, and ₹50 crore for regular capex. Over the **next 5–7 years**, total planned capex stands at ₹32,000–33,000 crore.

Expert View:

Lloyds Metals and Energy Limited is set for long-term growth, supported by strong production capacity and strategic expansions. Despite a dip in Q4 margins, the company’s investments in DRI and pellet plants, along with the anticipated increase in iron ore production, position it for improved profitability. With a focus on ramping up production and achieving cost efficiencies, Lloyds is set to become a key player in India's steel and iron ore sector.

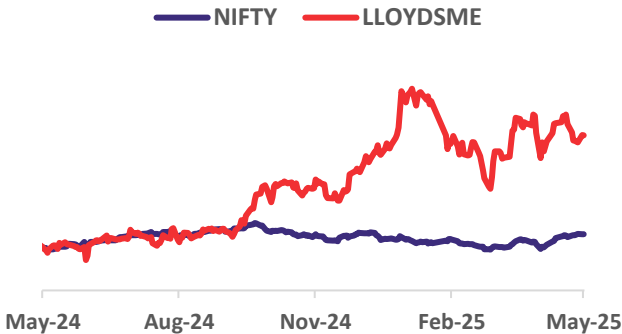
Company Data

Market cap (INR crs)	: 64644(₹)
Segment	: Iron and Steel
52 Weeks H/L	: 1478 / 592 (₹)
Institutional Change(%)	: 0.31%
Inst. Holding (till Mar-25)	: 4.04%
Annual Upside	: 27.55%

Debt Metrics

Debt to Equity	: 0.12x
Interest Coverage	: 19.26x

Absolute Returns	LLOYDSME	Nifty
1 Year	77.58%	8.94%
Since Listed - July 23	118.32%	25.06%



Financial Performance

Sales 5 Yr CAGR (%)	: 129%
PAT 5 Yr CAGR (%)	: 115%
Latest Qty Sales Growth YoY	: -23.49%
Latest Qty Profit Growth YoY	: -27.1%
Operating Margin	: 30.23%

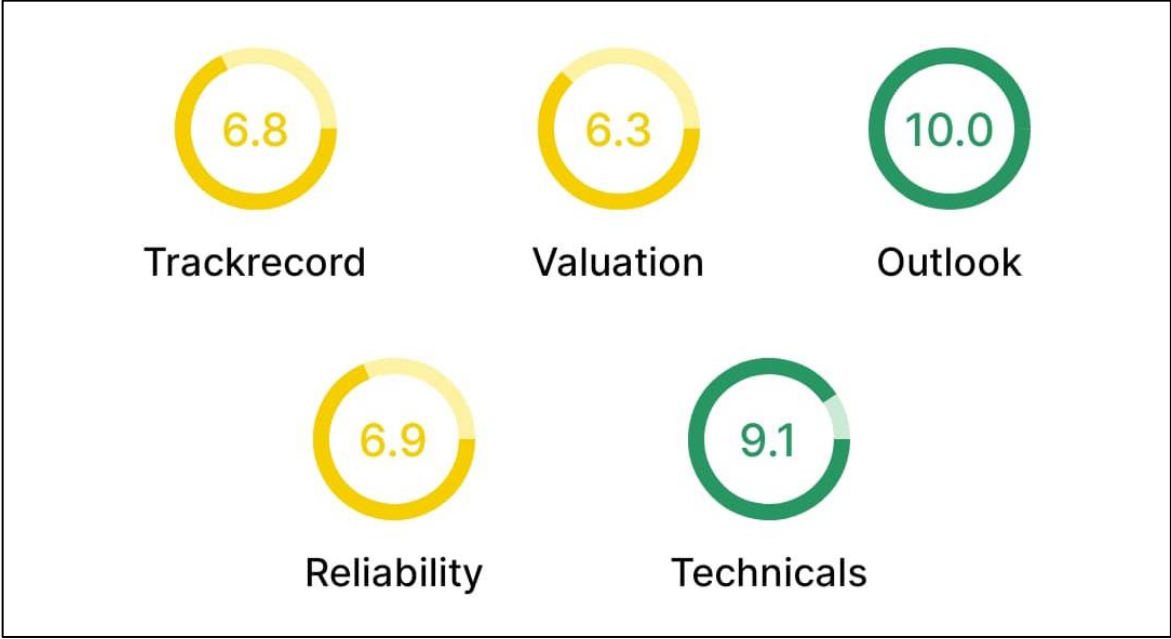
Valuation Metrics

Stock PE	: 43.04x
Historic PE	: 26.35x
Segment PE	: 30.18x
EPS (INR)	: 2.26 (₹)

Consensus Estimates

IN INR Cr	FY25	FY26E	FY27E
Revenue	6,721	15,096	16,740
YOY Growth %	3%	125%	11%
PAT	1451	2,566	4,885
YOY Growth %	17%	77%	90%
EPS (IN INR)	27.73	91.00	103.00

Exhibit 1: Finkhoz’s Evaluation out of 10



Analysis

Track record	Average
Valuation	Average
Outlook	Robust
Reliability	Average
Technical	Strong

As per the Finkhoz Rating, the stock demonstrates promising potential, led by a perfect Outlook score of 10.0—signaling strong future prospects and bullish sentiment. Technicals are also robust at 9.1, indicating healthy price momentum and trader confidence. The Reliability score of 6.9 suggests moderate consistency in performance, while the Track Record (6.8) points to a decent but not outstanding historical performance. Valuation at 6.3 indicates the stock is reasonably priced, though not deeply undervalued. Overall, the mix of strong future outlook and solid technical makes it a compelling watch for momentum investors.

Exhibit 2: Product wise revenue mix

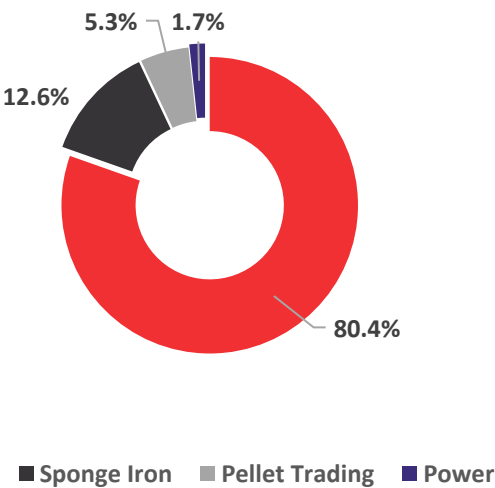
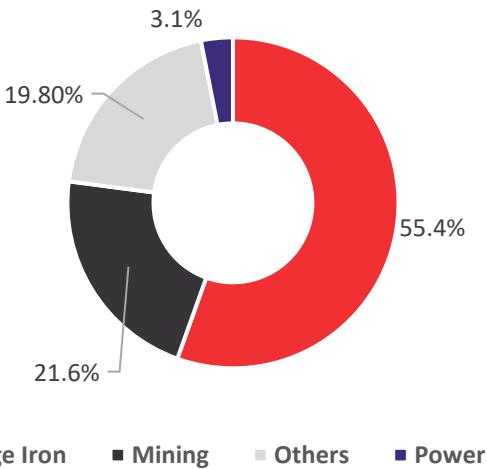


Exhibit 3: Asset Break - Up



Q4 FY25 Result Update:

In Q4 FY'25, iron ore sales stood at 1.66 million tons, reflecting subdued volumes compared to previous quarters. Realization dropped 6% year-on-year to ₹5,994 per ton. EBITDA per ton also declined sharply versus the full-year average.

In summary, the fourth quarter saw lower iron ore sales volumes compared to previous quarters in the year due to front-loading of dispatches. This, combined with specific lumpy and front-loaded expenses incurred during the quarter (such as community development and ESOP costs), led to lower fixed cost absorption and significantly impacted margins, particularly in the sponge iron segment.

Exhibit 4: YoY Sales trend (Cr.)

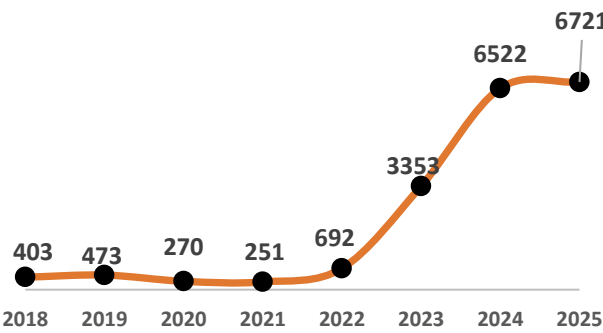


Exhibit 5: QoQ Sales Trend (in Cr.)

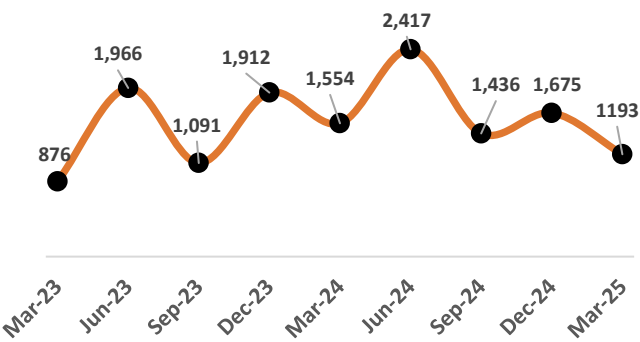


Exhibit 6: YoY Net profit trend (Cr.)

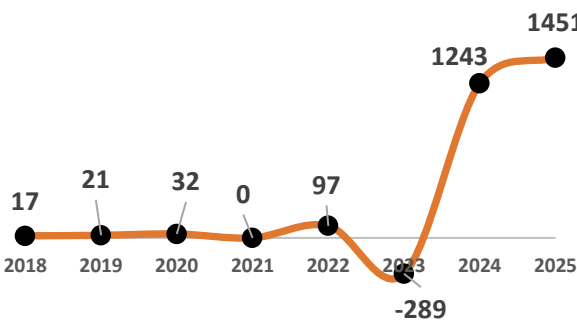


Exhibit 7: QoQ Net Profit Trend (in Cr.)

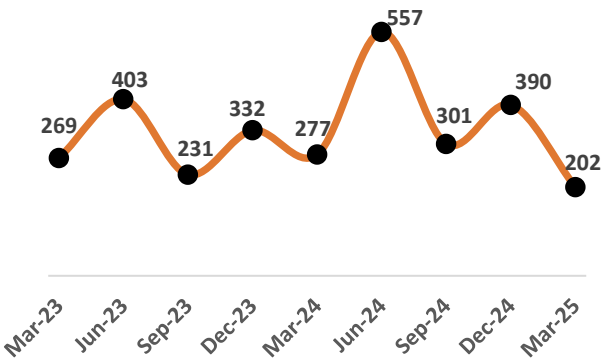


Exhibit 8: YoY EBITDA Margin Trend (%)

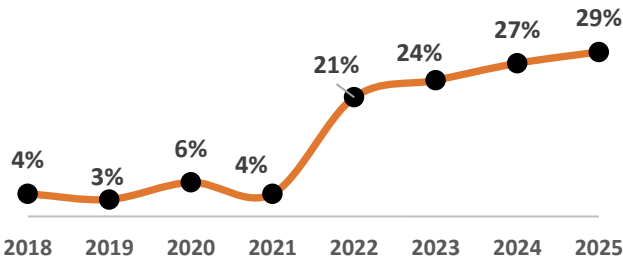


Exhibit 9: QoQ EBITDA Trend (in Cr.)

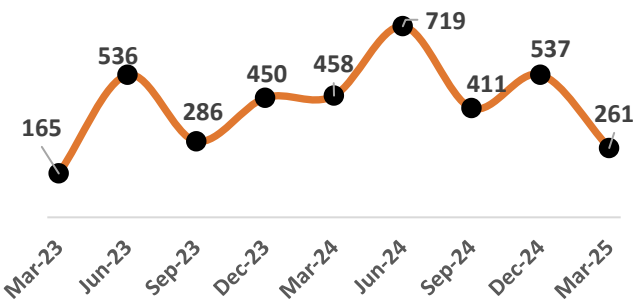


Exhibit 10: Shareholding Pattern

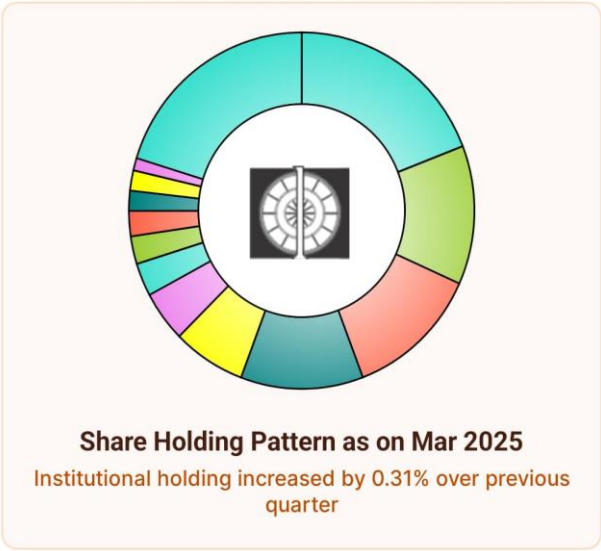
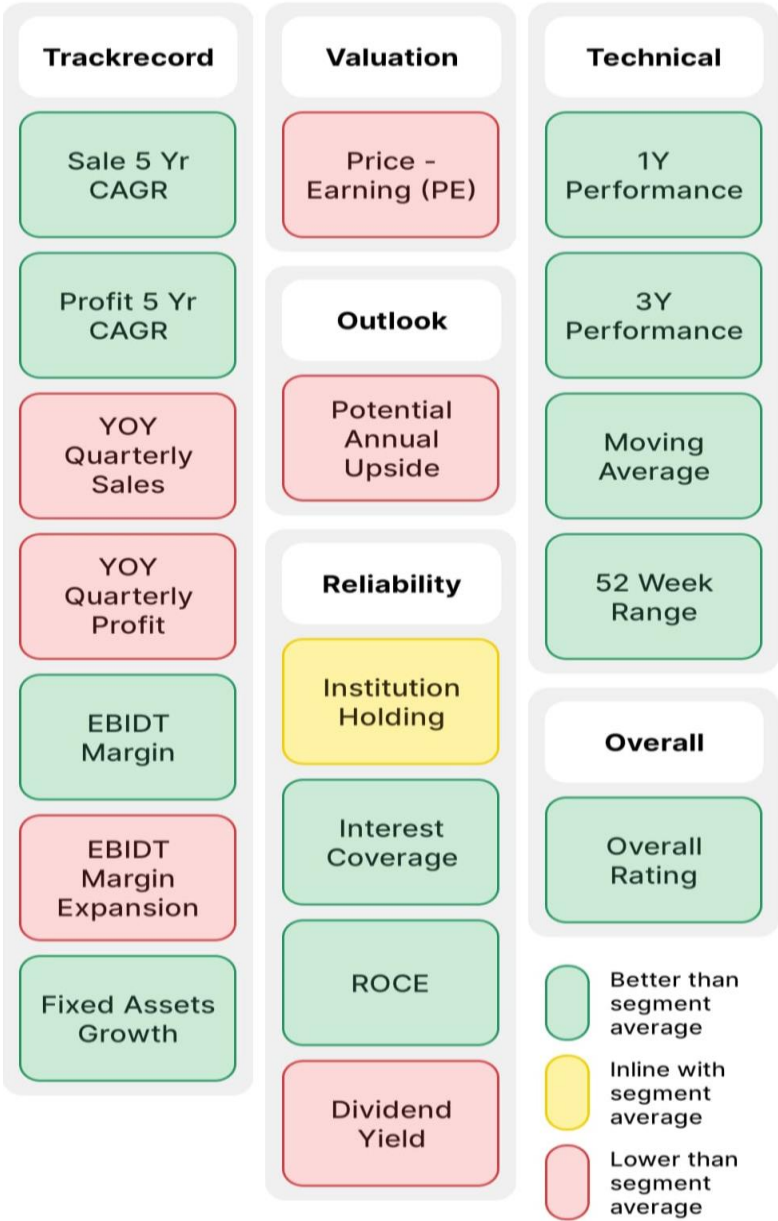


Exhibit 11: Share-holders with > 1%

MORE THAN 1%		% STAKE HOLDING
	Thriveri Earthmovers Private Limited	19.11%
	Sky United LLP	12.60%
	Crosslink Food And Farms Private Limited	12.53%
	Sunflag Iron And Steel Company Limited	11.47%
	Lloyds Metals & Minerals Trading LLP	6.83%

Exhibit 12: Performance compared to peers in the segment



Top Peer Comparison: Performance & Valuation

Name	Market Cap (Rs. Cr.)	P/E (TTM)	EV/EBITD A	ROCE (%)	ROE (%)	Sales 5Yr CAGR (%)	OP Growth TTM (%)	NP Growth TTM (%)
Lloyds Metals & Energy Ltd	64,644	43	32	38	31	129	19%	17%
Tata Steel Ltd	177,516	12	10	7	7	12	-5%	-13%
Jindal Steel & Power Ltd	91,910	25	11	10	8	10	-23%	-37%
Welspun Corp Ltd	20,209	35	9	20	19	19	-6%	128%
Sarda Energy & Minerals Ltd	15,677	26	14	15	14	22	96%	75%
Median		26	11	15	14	19	-5%	17%

Lloyds Metals & Energy Ltd clearly outperforms its peers on most key metrics. It leads with the highest ROCE (38%) and ROE (31%), backed by a stellar 5-year sales CAGR of 129%. While it trades at a premium valuation (P/E of 43, EV/EBITDA of 32), the growth justifies the pricing. In contrast, larger players like Tata Steel and Jindal Steel lag behind with modest returns and declining profitability. Sarda Energy and Welspun show strong recent performance in profit growth, but Lloyds stands out for its consistent high growth and capital efficiency.

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