

Lloyds Metals and Energy | BUY

Strategic MoU & global resource bet strengthen integrated steel ambition

Lloyds Metals & Energy Ltd has announced two strategically significant developments: 1) the signing of a non-binding MoU with Tata Steel to jointly explore cooperation across raw material mining, slurry pipeline logistics, pellet/DRI production and greenfield steelmaking (6 mtpa as mentioned in Tata Steel press release) in Maharashtra, specifically centred around Gadchiroli where LMEL operates one of the India's largest iron ore mine; and 2) approval to acquire up to a 50% stake in Nexus Holdco FZCO (copper mine), a newly incorporated UAE entity holding 80-90% stake in Surya Mines SARL and eight other mining and metal-processing subsidiaries in DR Congo. The Nexus acquisition (at ~2x EV/EBITDA), though early-stage, provides a) global raw material diversification, b) embedded option value in high-potential DR Congo mineral assets, and c) strategic presence in an emerging global metals corridor. These moves collectively advance LMEL's evolution from a single-region mining-DRI operator into an integrated, resource-secured steel platform with both domestic and international mineral linkages. While the MoU remains non-binding, the complementary capabilities of Tata Steel and Lloyds create meaningful strategic optionality for accelerated steelmaking capacity development, improved logistics efficiency and technology transfer. Overall, we view these announcements as positive for LMEL's long-term growth visibility, resource security and earnings scalability, subject to disciplined execution and regulatory approvals. Maintain BUY.

- Tata Steel MoU – strategic optionality and integration benefits:** Company has entered into a non-binding MoU with Tata Steel to explore a strategic partnership spanning raw material mining, logistics, pellet and steelmaking. The MoU sets out a framework for both companies to evaluate potential cooperation in greenfield steel making projects, iron ore mining, slurry pipeline infrastructure, pellet making in iron ore rich states in India, direct reduced iron production and exports of value-added low carbon iron and steel products. The collaboration framework includes joint evaluation of iron ore mining and associated infrastructure in Gadchiroli which is positioned to become India's next steel hub. This MoU provides the Lloyds with access to Tata Steels engineering, project execution and downstream expertise. This also enhances the credibility of Lloyds with regulators and investors. For Lloyds, which already operates India's largest iron ore mine (26 MTPA dispatchable capacity), a 4 MTPA pellet plant (scaling to 12 MTPA), 0.7 MTPA DRI capacity and is transitioning into full-scale integrated steelmaking, the MoU enhances prospects for accelerated project development, improved logistics efficiency, downstream capacity expansion and long-term value creation in the emerging Gadchiroli steel ecosystem, subject to regulatory and internal approvals.
- Global resource diversification through Nexus Holdco acquisition:** Lloyds Global Resources FZCO, which is a wholly owned subsidiary of the company has acquired 50% stake in Nexus Holdco FZCO (based out of Dubai). Nexus holds ~80-90% of Surya Mines SARL and eight other mining/processing companies in the DR Congo. It also holds multiple mining concessions and copper processing plant. This transaction 1) expands LMEL's mineral exposure beyond domestic iron ore into global mining jurisdictions; 2) provides long-term option value from high-grade ores and metals relevant to steel or energy-transition ecosystems; 3) improves geographic diversification of raw materials; and 4) could be earnings-accretive depending on asset development and ramp-up. The cash consideration for the acquisition of equity stake in Nexus is ~USD55mn and is expected to be completed by end of June 2026. The actions position Lloyds to move up the value chain, reduce raw material dependency and unlock new revenue opportunities over the medium to long term.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,690
Upside/(Downside)	32.1%
Previous Price Target	1,690
Change	0.0%

Key Data – LLOYDSME IN

Current Market Price	INR1,279
Market cap (bn)	INR675.6/US\$7.5
Free Float	25%
Shares in issue (mn)	560.2
Diluted share (mn)	560.2
3-mon avg daily val (mn)	INR417.3/US\$4.6
52-week range	1,613/942
Sensex/Nifty	84,818/25,899
INR/US\$	90.4

Price Performance

%	1M	6M	12M
Absolute	-3.1	-15.2	14.4
Relative*	-4.2	-17.5	10.0

* To the BSE Sensex

Financial Summary

(INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	65,217	67,214	157,812	192,707	203,992
Sales Growth (%)	92.2	3.1	134.8	22.1	5.9
EBITDA	17,283	19,529	57,841	70,805	79,384
EBITDA Margin (%)	26.5	29.1	36.7	36.7	38.9
Adjusted Net Profit	12,429	14,499	48,494	62,138	71,967
Diluted EPS (INR)	24.6	27.7	86.6	110.9	128.5
Diluted EPS Growth (%)	37.1	12.7	212.4	28.1	15.8
ROIC (%)	63.2	31.8	42.5	31.4	25.3
ROE (%)	44.2	22.6	34.7	30.8	26.3
P/E (x)	52.1	46.3	14.8	11.6	10.0
P/B (x)	23.0	10.5	5.1	3.6	2.6
EV/EBITDA (x)	38.6	34.4	11.5	9.4	8.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 11/Dec/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Lloyds Metals and Energy: Target Price

FY28E EBITDA (INR bn)	79
IPS benefits	21
Multiple (x)	6.5
Net debt (INR bn)	-7
MDO Business	
EBITDA	34
Multiple (x)	7
Net Debt (INR bn)	50
Implied MCap (INR bn)	847
CWIP (INR bn)	98
Total Mcap (INR bn)	945
No. of shares (mn)	560
TP (INR/share)	1,690

Source: Company, JM Financial

Exhibit 2. Key assumptions table

Key Assumptions	FY24	FY25	FY26E	FY27E	FY28E
Iron Ore (US\$/t)	120	109	105	108	108
USDINR	82.8	84.5	86.0	87.0	87.0

Production (mt)

Iron Ore	10.00	10.00	22.00	25.00	25.00
Sponge Iron	0.26	0.31	0.55	0.69	0.69
Pellets	-	-	3.00	5.60	5.60
Hot Metal	-	-	-	0.50	0.55
Wire Rod	-	-	-	0.30	0.60

External Sales (mt)

Iron Ore	9.70	9.46	18.70	18.75	18.75
Sponge Iron	0.12	0.20	0.26	0.31	0.55
Pellets	-	-	2.22	3.85	3.79
Hot Metal	-	-	-	0.31	0.17
Wire Rod	-	-	-	0.30	0.60

Financials (INR mn)

EBITDA	17,283	19,529	57,841	70,805	79,384
EBITDA/t	1,735	1,999	2,694	2,981	3,353
Net Debt	(2,831)	(210)	(3,924)	(4,815)	(7,016)

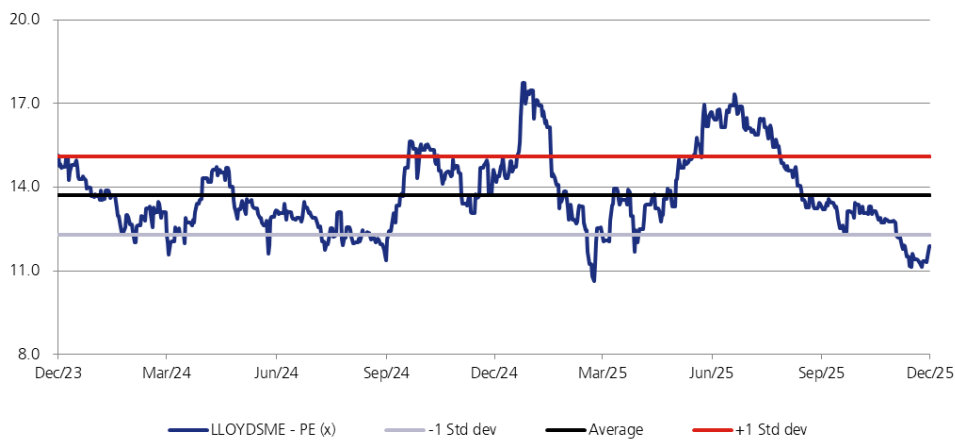
Source: Company, JM Financial

Exhibit 3. LLOYDSME: 1yr forward EV/EBITDA valuation



Source: Bloomberg, JM Financial

Exhibit 4. LLOYDSME: 1yr forward PE valuation



Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	65,217	67,214	157,812	192,707	203,992
Sales Growth	92.2%	3.1%	134.8%	22.1%	5.9%
Other Operating Income	0	0	0	0	0
Total Revenue	65,217	67,214	157,812	192,707	203,992
Cost of Goods Sold/Op. Exp	8,920	8,061	11,217	13,649	12,627
Personnel Cost	1,178	1,633	1,796	1,976	2,173
Other Expenses	37,837	37,992	86,958	106,278	109,808
EBITDA	17,283	19,529	57,841	70,805	79,384
EBITDA Margin	26.5%	29.1%	36.7%	36.7%	38.9%
EBITDA Growth	113.3%	13.0%	196.2%	22.4%	12.1%
Depn. & Amort.	490	808	824	841	857
EBIT	16,793	18,721	57,016	69,964	78,527
Other Income	529	512	7,643	12,887	17,430
Finance Cost	57	272	0	0	0
PBT before Excep. & Forex	17,265	18,961	64,659	82,851	95,957
Excep. & Forex Inc/Loss(-)	0	0	0	0	0
PBT	17,265	18,961	64,659	82,851	95,957
Taxes	4,836	4,462	16,165	20,713	23,989
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	12,429	14,499	48,494	62,138	71,967
Adjusted Net Profit	12,429	14,499	48,494	62,138	71,967
Net Margin	19.1%	21.6%	30.7%	32.2%	35.3%
Diluted Share Cap. (mn)	505.3	523.2	560.2	560.2	560.2
Diluted EPS (INR)	24.6	27.7	86.6	110.9	128.5
Diluted EPS Growth	37.1%	12.7%	212.4%	28.1%	15.8%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	17,265	18,961	64,659	82,851	95,957
Depn. & Amort.	490	808	824	841	857
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	2,140	-5,519	-22,985	2,912	-5,623
Others	0	0	0	0	0
Taxes Paid	-4,836	-4,462	-16,165	-20,713	-23,989
Operating Cash Flow	15,059	9,788	26,334	65,890	67,202
Capex	-16,464	-33,715	-50,000	-65,000	-65,000
Free Cash Flow	-1,405	-23,927	-23,666	890	2,202
Inc (-) / Dec in Investments	78	-460	0	0	0
Others	1,265	-457	0	0	0
Investing Cash Flow	-15,121	-34,632	-50,000	-65,000	-65,000
Inc / Dec (-) in Capital	1	21,763	27,380	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	288	7,602	0	0	0
Others	0	0	0	0	0
Financing Cash Flow	288	29,365	27,380	0	0
Inc / Dec (-) in Cash	226	4,521	3,714	890	2,202
Opening Cash Balance	2,645	2,871	7,393	11,107	11,997
Closing Cash Balance	2,871	7,393	11,107	11,997	14,199

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	28,109	64,021	139,896	202,034	274,001
Share Capital	505	523	560	560	560
Reserves & Surplus	27,603	63,498	139,335	201,473	273,441
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	331	7,933	7,933	7,933	7,933
Def. Tax Liab. / Assets (-)	864	757	757	757	757
Total - Equity & Liab.	29,304	72,712	148,586	210,724	282,692
Net Fixed Assets	25,029	57,936	107,112	171,271	235,414
Gross Fixed Assets	16,685	21,271	48,771	84,521	120,271
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	4,338	5,146	5,970	6,811	7,668
Capital WIP	12,682	41,811	64,311	93,561	122,811
Investments	291	751	751	751	751
Current Assets	14,056	35,482	66,116	69,261	80,952
Inventories	2,311	4,318	12,033	12,609	16,688
Sundry Debtors	799	1,714	4,298	5,254	8,344
Cash & Bank Balances	2,871	7,393	11,107	11,997	14,199
Loans & Advances	8,075	22,058	38,678	39,402	41,721
Other Current Assets	0	0	0	0	0
Current Liab. & Prov.	10,071	21,457	25,392	30,559	34,425
Current Liabilities	3,951	363	4,298	7,355	8,900
Provisions & Others	6,121	21,095	21,095	23,204	25,524
Net Current Assets	3,984	14,025	40,723	38,702	46,527
Total - Assets	29,304	72,712	148,586	210,724	282,692

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	19.1%	21.6%	30.7%	32.2%	35.3%
Asset Turnover (x)	3.0	1.3	1.4	1.1	0.8
Leverage Factor (x)	1.0	1.1	1.1	1.1	1.0
RoE	57.3%	31.5%	47.6%	36.3%	30.2%

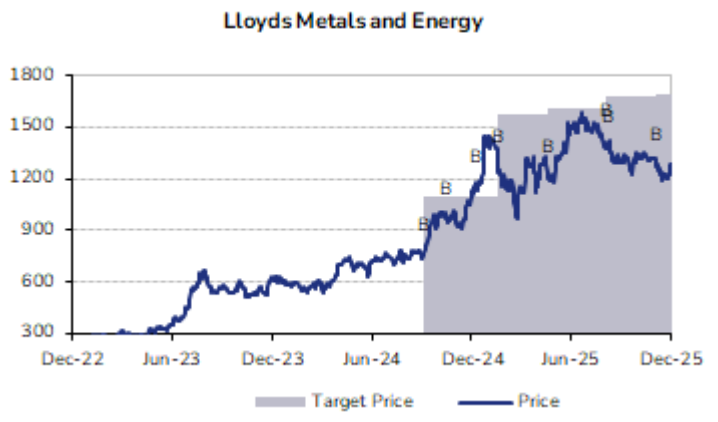
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	55.6	122.4	249.7	360.6	489.1
ROIC	63.2%	31.8%	42.5%	31.4%	25.3%
ROE	44.2%	22.6%	34.7%	30.8%	26.3%
Net Debt/Equity (x)	-0.1	0.0	0.0	0.0	0.0
P/E (x)	52.1	46.3	14.8	11.6	10.0
P/B (x)	23.0	10.5	5.1	3.6	2.6
EV/EBITDA (x)	38.6	34.4	11.5	9.4	8.4
EV/Sales (x)	10.2	10.0	4.2	3.5	3.3
Debtor days	4	9	10	10	15
Inventory days	13	23	28	24	30
Creditor days	30	3	16	22	26

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
12-Sep-24	Buy	1,100	
25-Oct-24	Buy	1,100	0.0
19-Dec-24	Buy	1,100	0.0
29-Jan-25	Buy	1,580	43.7
30-Apr-25	Buy	1,610	1.9
13-Aug-25	Buy	1,680	4.4
18-Aug-25	Buy	1,680	0.0
13-Nov-25	Buy	1,690	0.6

Recommendation History



APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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