

Company Name: Lloyds Metal & Energy Ltd

Quarter under review: Q4-FY26

Lloyds Metals & Energy Ltd– Q4-FY26/FY26 Concall Highlights:

Lloyds Metals & Energy Ltd (Consolidated)								
INR In Mn	Q4-FY26	Q4-FY25	Y-o-Y	Q3-FY26	Q-o-Q	FY26	FY25	Y-o-Y
Operational Income	60,309	12,126	NA	51,565	17.0%	1,73,064	67,748	NA
EBITDA	25,565	2,804	NA	18,565	37.7%	63,339	20,095	NA
EBITDA M (%)	42.39%	23.12%	NA	36.00%	639 bps	36.60%	29.66%	694 bps
PAT	15,301	2,019	NA	10,896	38.0%	38,286	14,553	NA
PAT M (%)	25.37%	16.65%	872 bps	21.13%	424 bps	22.12%	21.48%	64 bps
Diluted EPS	25.79	3.65	NA	18.78	37.3%	66.87	26.12	NA

Operational Highlights:

- Iron ore production reached ~22 million tonnes in FY26, showing ~120% YoY growth.
- Pellet plant achieved 100% capacity utilization within 4 months of commissioning.
- Total pellet production stood at ~3 million tonnes in FY26.
- Second pellet plant commissioned → total pellet capacity increased to 8 million tonnes per annum.
- DRI volumes grew ~56% YoY, with strong unit economics.
- Value-added products contribution increased to 32% of revenue (vs 20% last year).
- EBITDA margins remained strong at ~34%, indicating structural cost efficiency.
- Slurry pipeline commissioned → improving logistics efficiency and reducing costs.
- Mine capacity expanded significantly (up to ~55 million tonnes capacity).
- BHQ beneficiation project progressing; expected to enhance yields and margins.
- Steel plant (blast furnace, rolling mill, etc.) under development and nearing commissioning.
- Copper business entered with Surya plant commissioning and Congo acquisition.
- Strong sustainability push: electric equipment, LNG usage, and green mining initiatives.
- Odisha and other mining operations scaling up with new mines and capacity additions.
- Logistics cost savings expected to exceed INR 2,000 crore annually by FY28.
- Pellet realizations remained strong (INR 9,500+ per tonne), supported by quality and positioning.
- Shift toward pellets, DRI, and steel improving earnings stability and reducing cyclicity.
- Pellet EBITDA per tonne was INR 4,000, reflecting high-margin value-added mix.
- Quarterly iron ore production in Q4 alone stood at ~9.09 million tonnes, showing strong ramp-up momentum.
- DRI EBITDA per tonne stood at INR 8,000, indicating strong profitability in downstream products.

Key Questions & Answers discussed during the Concall:

- Why is iron ore growing faster than coal in Triveni?** Iron ore growth is being driven primarily by our ramp-up of new mining leases and continuous capacity expansions at existing mines, which have significantly increased our production volumes. In contrast, coal growth remains relatively muted, especially in our Indonesian operations where margins are lower, leading us to rationalize or slow down expansion in that segment. As a result, we are strategically reallocating our focus and capital towards iron ore, where we see stronger demand, better profitability, and higher scalability going forward.
- Why did pellet realizations decline even though volumes increased during the quarter?** The decline is primarily attributable to a shift in our market mix. As production ramped up, we entered new and export markets where realizations are relatively lower due to higher freight costs and competitive pricing dynamics. Additionally, some earlier high-value tenders were not renewed, which contributed to the decline in our average realizations.
- How is the company managing logistics for its expanding production base?** We use a combination of slurry pipelines, trucks, and railways. The pipeline remains our primary mode for efficiency, while trucks and rail are used for last-mile connectivity and additional evacuation needs. This integrated approach ensures flexibility while optimizing costs.
- Is the company targeting an increase in pellet capacity beyond the current 8 MTPA?** we are actively undertaking debottlenecking initiatives across our facilities. Based on our current assessment, we see a potential to scale up capacity toward ~10 MTPA, subject to receiving the necessary regulatory approvals.
- How will recent regulations on pricing and royalties for low-grade ore affect the business?** The regulations are expected to be beneficial, as royalties are linked to material extracted rather than final output. Lower-grade ore will attract reduced royalty rates, thereby lowering input costs for the BHQ beneficiation process and improving overall project economics.
- How significant are the cost savings from the slurry pipeline project?** We expect the pipeline to reduce transportation costs by INR 500–600 per ton by replacing road logistics. This alone could generate savings of INR 1,000 crore annually, with total savings reaching INR 2,000 crore when combined with other efficiency initiatives such as renewable energy and operational improvements.
- What are the economics of the Tata Steel BRPL project?** The project is already operational, so it requires very low sustaining capex, which results in high free cash flow. It is strategically aligned with Tata Steel, ensuring steady demand. The company will reinvest part of this cash into future joint projects while maintaining high returns.
- How much capex is needed for the Congo copper project and how are risks managed?** The total project cost was about USD 1.1 billion, out of which USD 800+ million is already spent. The remaining capex is around USD 200–260 million. Risks are managed through partnerships with global EPC players and support from the US under critical mineral agreements.
- Will revenue grow in line with volume growth?** Yes, we expect our revenue to grow broadly in line with volume growth as production scales up. However, our profitability is likely to grow at a faster pace because we benefit from economies of scale, improved operating leverage, and better cost efficiencies as volumes increase.

- **What is the impact of the BHQ beneficiation project on margins?** We expect our costs to increase slightly by around INR 200–300 per ton due to beneficiation and processing. However, this will be more than offset by a significantly higher realization or value gain of about INR 700–800 per ton, driven by improved product quality and higher-grade output. As a result, we anticipate a meaningful expansion in EBITDA despite the marginal increase in costs.
- **How much iron ore will be used internally?** We expect to consume around 9 million tons of iron ore internally, primarily for our pellet and DRI operations, as part of our value-added product strategy. The remaining production will be sold in the external market, allowing us to maintain a balanced mix between captive consumption and third-party sales.
- **What is the capex plan and how will it be funded?** We have planned a capital expenditure of around INR 10,000–11,000 crore for FY27 to support our ongoing expansion projects. This capex will be funded through a combination of internal accruals and debt, while we aim to maintain a disciplined leverage profile with net debt in the range of 1–1.5x EBITDA. As of now, we do not have any plans for equity dilution.

Key Participants:

- *Amit Dixit – Goldman Sachs*
- *Vikash Singh – ICICI Securities*
- *Jashandeep Chadha – Nomura*
- *Vedant Sarda – Nirmal Bang Securities*
- *Tanmay Chaudhary – Dolat Capital*
- *Bhavik Shah – Choice Broking*

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