

**Price:** 879

**Recommendation:** Buy

**Industry:** Iron & Steel Products

**Sector:** Industrials

**Report Date:** 05-May-2025

Shyam Metals and Energy Limited is a leading integrated metal producer specializing in steel, ferro alloys, and aluminum products. With a focus on value-added segments, the company drives growth through strategic diversification, operational efficiency, and innovation. Its robust expansion plans and commitment to sustainability position it as a key player in India's ferrous and non-ferrous markets.

Sales		Profit & Loss		Profitability Matrix	
Current Year	6633 Cr	Operating Profit(Year)	783 Cr	Operating Profit Margin	11.8 %
Previous Year	6264 Cr	Operating Profit(Quarter)	193 Cr	EBITDA Margin	11.01 %
Current Quarter	1621 Cr	PAT (Year)	349 Cr	Net Profit Margin	5.24 %
Previous Quarter	1694 Cr	PAT (Quarter)	119 Cr	EPS	17.9
Revenue (QYoY)	1758 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	49.1	Sales Growth	-1.29 %	Sales Growth	-4.31 %
PEG Ratio	11.2	PAT Growth	20.34 %	Sales Growth QYoY	-7.79 %
EV/EBITDA	26.6	EPS Growth	42.06 %	PAT Growth	10.19 %
P/B	4.20	Dividend Yield	0.51	PAT Growth QYoY	48.75 %
Capital Allocation		Holdings		Leverage	
RoE	7.42 %	Promoter	74.6 %	Debt/Equity	0.05
RoA	5.49 %	FII	3.75 %	Debt	301 Cr
RoCE	10.3 %	DII	7.68 %	Market Cap	24536 Cr
RoIC	15.6 %	Public	13.7 %	Enterprise value	24823 Cr
		No of Shares	27.9 Cr	Cash Equivalents	14.3 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

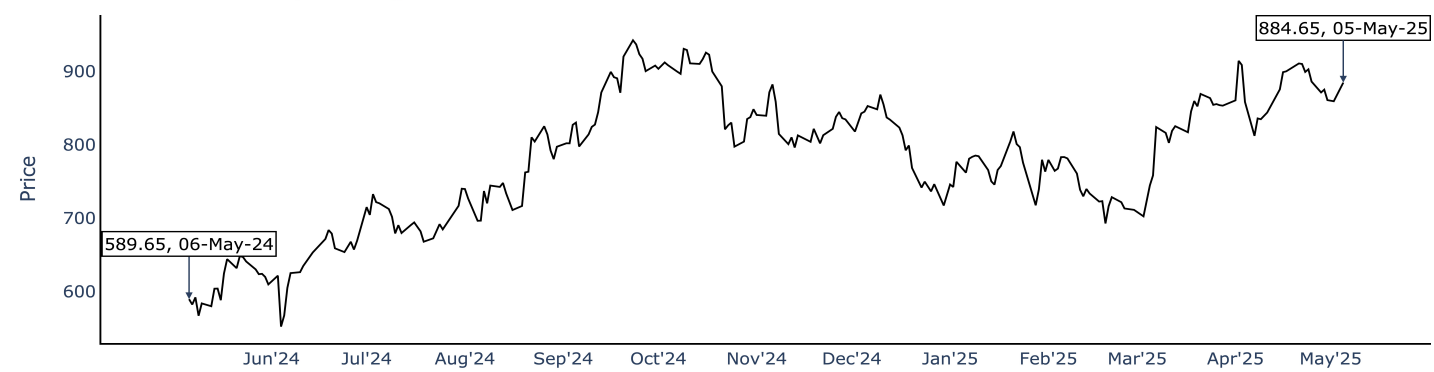
Shyam Metals and Energy Limited showcased robust operational and financial performance in Q3 FY '25, driven by strategic initiatives and diversification. The company successfully commissioned its blast furnace at the Jamuria plant, marking a significant milestone in its expansion strategy. Trial production of liquid steel pig iron was well-received in the market, and the cold rolling mill complex began operations with initial sales of cold-rolled coils. The company remains focused on value-added products, achieving a 43% CAGR over the last five years. With INR5,873 crores of capex incurred out of the planned INR10,000 crores, Shyam Metals has capitalized INR4,350 crores, including investments in coke oven plants, power plants, and rolling mills, ensuring operational efficiency and cost optimization.

The company is diversifying into high-value segments such as specialized aluminum foil, where it has emerged as the largest exporter in India. Plans to strengthen its presence in niche aluminum products and expand into stainless steel flat products and wires are underway. The stainless steel business is expected to contribute significantly, with downstream initiatives like bright bars and wires enhancing margins. Additionally, the company is ramping up its color-coated steel business and leveraging its B2C distribution network to drive growth. Strategic backward integration, including iron ore beneficiation and power plant commissioning, is expected to reduce costs and improve profitability.

Shyam Metals is targeting a minimum double-digit CAGR annually, with projections to achieve INR4,000 crores in EBITDA by FY '27-'28. The company's focus on operational excellence, sustainability, and innovation positions it for long-term growth. New expansions in aluminum and stainless steel, coupled with the ramp-up of recently commissioned facilities, are expected to drive revenue and margin improvements. The management emphasized its commitment to delivering steady growth while maintaining a conservative approach to projections, ensuring sustainable profitability and shareholder value.

The company's strategic alignment across ferrous and non-ferrous segments, coupled with its emphasis on high-value products, positions it uniquely in the market. Its proactive approach to cost management, efficient capital allocation, and focus on niche markets ensures resilience against macroeconomic challenges. With a diversified product portfolio, strong execution capabilities, and a clear vision for growth, Shyam Metals is well-poised to scale operations and deliver consistent value to stakeholders in the coming years.

SHYAMMETL Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Jindal Steel	92093.55	25.74	7.83%	12.19%	-2.25%	-42.09%	-41.03%
Tube Investments	57762.72	70.57	26.48%	-2.28%	14.66%	-6.38%	8.52%
Jindal Stain.	48408.74	20.00	19.88%	1.33%	8.54%	7.36%	-5.35%
SAIL	47356.39	16.33	6.44%	-0.75%	4.89%	-85.58%	-64.61%
APL Apollo Tubes	44960.37	70.92	22.05%	13.80%	30.04%	303.22%	31.09%

Aspect	Commentary
Revenue	Revenue declined QoQ by 4.31% to Rs.1621 Cr, reflecting challenges in demand or pricing. However, YoY growth of 5.88% indicates resilience in annual performance. Strategic diversification into high-value segments may support future revenue stability.
Profit & Loss	Annual PAT grew 20.34% to Rs.349 Cr, showcasing strong profitability. Quarterly PAT growth of 10.19% highlights operational efficiency. EPS growth of 42.06% signals improved shareholder returns.
Profitability Matrix	Operating profit margin at 11.8% and EBITDA margin at 11.01% reflect stable cost management. Net profit margin of 5.24% indicates moderate profitability, with room for improvement through value-added product focus.
Valuation Matrix	Trailing P/E of 49.1 and EV/EBITDA of 26.6 suggest high valuation, possibly reflecting growth expectations. PEG ratio of 11.2 indicates premium pricing. Dividend yield of 0.51% is modest but aligns with reinvestment strategy.
Growth (YoY)	Sales growth declined by 1.29%, but PAT growth of 20.34% and EPS growth of 42.06% highlight profitability improvements. Focus on high-margin products and operational efficiency supports positive PAT trends.
Growth (QoQ)	QoQ sales declined by 4.31%, reflecting short-term challenges. PAT grew 10.19%, driven by cost optimization. PAT QYoY growth of 48.75% underscores strong quarterly performance despite revenue pressures.
Capital Allocation	RoE at 7.42% and RoCE at 10.3% indicate efficient capital utilization. RoIC of 15.6% highlights strong returns on invested capital. Conservative debt/equity ratio of 0.05 ensures financial stability.
Holdings	Promoter holding of 74.6% reflects strong ownership confidence. FII and DII holdings at 3.75% and 7.68% respectively indicate moderate institutional interest. Public holding of 13.7% ensures liquidity.
Leverage	Debt/equity ratio of 0.05 and debt of Rs.301 Cr reflect prudent leverage management. Market cap of Rs.24,536 Cr and enterprise value of Rs.24,823 Cr highlight strong market positioning and growth potential.

**Analyst viewpoint:** Shyam Metalics and Energy Limited demonstrates strong potential for short to mid-term growth, supported by its strategic diversification into high-value segments and operational efficiency. The company's quarterly PAT growth of 10.19% and annual PAT growth of 20.34% highlight its ability to optimize costs and enhance profitability, while EPS growth of 42.06% underscores improved shareholder returns. Despite a QoQ revenue decline of 4.31%, the company's focus on value-added products and backward integration initiatives, such as iron ore beneficiation and power plant commissioning, positions it to mitigate short-term challenges and drive sustainable growth. The management's conservative debt/equity ratio of 0.05 and robust capital allocation strategy further reinforce financial stability, ensuring resilience against macroeconomic pressures.

With ambitious expansion plans, including new aluminum and stainless steel product lines, Shyam Metalics is poised to capture niche markets and improve margins. Its proactive approach to leveraging B2C distribution networks and ramping up recently commissioned facilities aligns with its goal of achieving INR4,000 crores in EBITDA by FY '27-'28. While the company's valuation metrics, such as a trailing P/E of 49.1 and EV/EBITDA of 26.6, suggest premium pricing, they reflect growth expectations in high-margin segments. A modest dividend yield of 0.51% aligns with its reinvestment strategy. However, the QoQ revenue decline indicates potential near-term demand or pricing challenges, which the company is addressing through diversification and operational excellence.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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