

Price: 911

Recommendation: Buy

Industry: Iron & Steel Products

Sector: Industrials

Report Date: 21-Apr-2025

Shyam Metals and Energy Limited has demonstrated strong operational and financial performance despite macroeconomic challenges. The company focuses on a diversified business model, enhancing profitability and aligning with long-term growth. Key achievements include the Jamuria plant's blast furnace and a cold rolling mill complex. Future plans involve expanding in aluminum and stainless steel, aiming for double-digit CAGR and sustainable growth, while navigating global economic challenges.

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	50.8	Sales Growth	-1.29 %	Sales Growth	-4.31 %
PEG Ratio	11.6	PAT Growth	20.34 %	Sales Growth QYoY	-7.79 %
EV/EBITDA	27.5	EPS Growth	42.06 %	PAT Growth	10.19 %
P/B	4.31	Dividend Yield	0.49	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	25435 Cr
RoIC	15.6 %	Public	13.7 %	Enterprise value	25722 Cr
		No of Shares	27.9 Cr	Cash Equivalents	14.3 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

In the recent conference call, Shyam Metals and Energy Limited reported a robust operational and financial performance despite a challenging macroeconomic environment. The company emphasized its proactive approach to managing these challenges, which has enabled it to maintain profitability while aligning with long-term growth objectives. The diversified business model continues to yield positive results, reinforcing confidence in the strategic vision. A significant milestone was the commissioning of operations at the Jamuria plant's blast furnace, expected to enhance the bottom line by improving cost efficiency. The trial production of liquid steel pig iron was well received in the market, marking a successful step in their expansion strategy.

The company has also commissioned a cold rolling mill complex, starting with a small tonnage of cold rolling coils. The focus on value-added products remains a key growth driver, achieving a CAGR of 43% over the last five years. Shyam Metals plans continuous expansion in this segment, supported by the introduction of new high-value products. Since the IPO in 2021, a capex of INR10,000 crores was announced, with INR5,873 crores incurred in nine months of FY '25, amounting to nearly 59% of the total planned investment. The successful commissioning of various plants has led to significant capitalization of costs, including a substantial amount in the last quarter alone.

Looking ahead, the company plans to strengthen its presence in the aluminum segment, particularly in specialized foil products, aiming to drive volume and profitability. The trust shared by investors has enabled the company to identify efficiencies through vertical and horizontal integration, diversifying into the B2C space, reducing costs, and increasing efficiency. The company is confident in its ability to deliver long-term value to shareholders, leveraging deep expertise in high capex business and metallurgy to drive sustainable growth. The goal is to achieve a minimum of double-digit CAGR annually, enhancing profitability through continuous cost-effectiveness and performance improvement.

While the company is pleased with the progress made, it acknowledges the challenging global operating environment influenced by geopolitical factors and economic slowdowns. Steel exports from China have contributed to a decline in steel prices worldwide, including India. Despite these challenges, Shyam Metals remains optimistic about future growth, with plans to commission a power plant in Odisha and expand the aluminum business. The company aims to achieve a revenue of INR7,000 to INR8,000 crores from the stainless steel business in the next 4 to 5 years, focusing on downstream wire businesses and specialized structures. The strategic approach is expected to drive volume, margins, and shareholder growth, with a focus on value addition and niche products.

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	92345.58	22.62	14.12%	4.79%	0.42%	10.46%	-50.70%
Tube Investments	50191.85	61.24	26.48%	-2.28%	14.66%	-6.38%	8.52%
SAIL	47956.26	16.41	6.44%	-0.75%	4.89%	-85.58%	-64.61%
Jindal Stain.	46892.97	19.44	19.88%	1.33%	8.54%	7.36%	-5.35%
APL Apollo Tubes	44436.18	70.05	22.05%	13.80%	30.04%	303.22%	31.09%

Aspect	Commentary
Revenue	The company experienced a slight decline in quarterly revenue, with a decrease from 1694 Cr to 1621 Cr. However, the year-over-year revenue showed a positive trend, increasing from 6264 Cr to 6633 Cr. This indicates a stable annual growth despite quarterly fluctuations, suggesting resilience in the company's revenue generation capabilities.
Profit & Loss	Operating profit for the year was 783 Cr, with a quarterly figure of 193 Cr. The PAT for the year stood at 349 Cr, while the quarterly PAT was 119 Cr. This reflects a strong profit performance, with the company maintaining profitability despite potential market challenges, indicating effective cost management and operational efficiency.
Profitability Matrix	The company reported an operating profit margin of 11.8%, an EBITDA margin of 11.01%, and a net profit margin of 5.24%. The EPS was 17.9. These figures suggest a healthy profitability profile, with efficient operations contributing to solid margins, reflecting the company's ability to convert revenue into profit effectively.
Valuation Matrix	The trailing P/E ratio is 50.8, with a PEG ratio of 11.6 and an EV/EBITDA of 27.5. The P/B ratio is 4.31. These valuation metrics indicate that the company is valued at a premium, possibly due to strong growth prospects and market confidence in its future performance, despite high valuation multiples.
Growth (YoY)	Year-over-year growth shows a sales decline of 1.29%, but PAT and EPS grew by 20.34% and 42.06%, respectively. This indicates that while sales slightly decreased, profitability improved significantly, suggesting effective cost control and operational improvements driving earnings growth.
Growth (QoQ)	Quarter-over-quarter sales declined by 4.31%, with a QYoY decline of 7.79%. However, PAT grew by 10.19% QoQ and 48.75% QYoY. This highlights the company's ability to enhance profitability despite sales challenges, reflecting strong operational strategies and cost management.
Capital Allocation	The company reported RoE of 7.42%, RoA of 5.49%, RoCE of 10.3%, and RoIC of 15.6%. These metrics indicate efficient capital allocation, with returns on equity and capital employed suggesting effective use of resources to generate returns, supporting long-term value creation.
Holdings	Promoter holding is 74.6%, with FII at 3.75%, DII at 7.68%, and public holding at 13.7%. The high promoter stake suggests strong confidence in the company's prospects, while institutional holdings indicate market trust and potential for stable governance and strategic direction.
Leverage	The debt/equity ratio is 0.05, with total debt at 301 Cr. The market cap is 25435 Cr, and enterprise value is 25722 Cr. Cash equivalents are 14.3 Cr. The low leverage indicates a conservative financial structure, minimizing risk and providing flexibility for future growth opportunities.

Analyst viewpoint: Shyam Metals and Energy Limited continues to showcase robust growth despite a challenging macroeconomic backdrop. The company's commitment to its diversified business model has notably paid off, evident from its impressive quarter-on-quarter PAT growth of 10.19% and remarkable year-on-year EPS growth of 42.06%. These figures point towards effective cost management and strategic operational improvements. Its high RoIC of 15.6% further underscores efficient capital allocation, bolstering long-term shareholder value. With significant strides made at the Jamuria plant, including the commissioning of the blast furnace and cold rolling mills, there is a strong foundation for continued success. These developments, alongside a planned capital expenditure of INR 10,000 crores, place the company in a competitive position within the iron and steel industry.

In the realm of valuation, Shyam Metals trades at a premium, with a trailing P/E of 50.8, reflecting strong investor confidence despite high valuation multiples. The forward-looking strategy, aimed at enhancing the aluminum and stainless steel segments for double-digit growth, further cements its bullish outlook. The recently enhanced financial metrics, paired with strategic expansion initiatives, make us optimistic about potential short to mid-term gains. Nonetheless, the company should remain vigilant of global steel price pressures due to geopolitical and economic factors, which could influence future market dynamics.

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (hereinafter referred to as the Regulations).

1. GOALZEN CAPITAL SERVICES PRIVATE LIMITED is a SEBI-Registered Research Analyst having SEBI registration number INH000013448. GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"), the research entity, is engaged in providing research services on securities and information on personal financial products. This Research Report (called Report) is prepared and distributed by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with brand name 'GoalFi' (brand name trademarked to research analyst and company director 'Robin Arya') and used by GOALZEN CAPITAL SERVICES PRIVATE LIMITED with mutual consent.

2. GOALZEN CAPITAL SERVICES PRIVATE LIMITED, its partners, employees, directors or agents, do not have any material adverse disciplinary history as on the date of publication of this report.

3. I, Robin Arya, author/s and the name/s in this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any financial interest in the subject company.

4. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. I/we or my/our relative or GOALZEN CAPITAL SERVICES PRIVATE LIMITED do not have any material conflict of interest. I/we have not served as director / officer, etc. in the subject company in the last 12-month period.

5. I, Robin Arya, do not hold this stock as part of my investment portfolio at the date of recommendation. I/analysts in the Company have not traded in the subject stock thirty days preceding this research report and will not trade within five days of publication of the research report as required by regulations.

6. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received any compensation from the subject company in the past twelve months. GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not been engaged in market making activity for the subject company.

7. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, GOALZEN CAPITAL SERVICES PRIVATE LIMITED has not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report.

Analyst Certification:

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclaimers:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent.

This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment.

The investment discussed or views expressed may not be suitable for all investors. Certain transactions - including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of GOALZEN CAPITAL SERVICES PRIVATE LIMITED. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject GOALZEN CAPITAL SERVICES PRIVATE LIMITED to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees responsible for any such misuse and further agrees to hold GOALZEN CAPITAL SERVICES PRIVATE LIMITED or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of GOALZEN CAPITAL SERVICES PRIVATE LIMITED only.

GOALZEN CAPITAL SERVICES PRIVATE LIMITED has a contractual arrangement with a vendor - Smallcase Technologies Private Limited (STPL) whereby STPL provides technology solutions and related back-end infrastructure along with support for back-office related operations & processes. STPL does not provide any investment advice or recommendation nor does it make any claim of returns or performance with respect to any advice or recommendation.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Terms & Conditions:

These Terms and Conditions govern the use of the research subscription services provided by GOALZEN CAPITAL SERVICES PRIVATE LTD ("GoalFi" or "We"). By subscribing to our services, you agree to these terms, if you disagree with any part of the terms, you must not use our services.

Payment and Renewal:

The subscription fee is non-refundable. No such requests over email or any other channel requesting for refund or for pro-rata refund will be acknowledged if smallcase constituents or research provided is accessed by the user. Please do not subscribe if you disagree with any part of the terms. Subscription renewals will be charged the standard rate unless otherwise notified.

Limitation of Liability:

GoalFi provides research based on data and analysis. The subscriber acknowledges that all investment decisions carry inherent risks, and GoalFi shall not be liable for any losses incurred based on our research.

No Investment Advice:

The content provided under the subscription is purely for informational purposes and should not be construed as investment advice. GoalFi, being a SEBI Registered Research Analyst (RA), provides research insights and not investment advisory services.

Termination:

GoalFi reserves the right to terminate the subscription at any time due to non-compliance with these terms or any other reasons deemed appropriate by us and no refund will be made.

No Guarantee: While we strive to provide accurate and reliable research, there is no guarantee on the returns or performance of the recommendations. Investing in securities involves risks, and there's the potential for losing money.

Review and Update: Our research products are reviewed and updated periodically to reflect the latest market conditions and insights. However, market conditions can change rapidly, and there's no guarantee that the conditions on which recommendations and insights are based will remain the same.

Research Analyst Details:

Name: Robin Arya

Email: smallcase@goalfi.in

Contact: +91-9394306085

GOALZEN CAPITAL SERVICES PRIVATE LIMITED

CIN: U66190TS2023PTC176030

Address: Co ikeva Office 10, Level 3, NSL Centrum, Serene Estate Pvt Ltd, Site No. Phase I and II, Opp KPHB Colony Lane Opp. Forum Mall Kukatpally, HYDERABAD, TELANGANA, 500072

Support Telephone: +91 9063309052, Support Email – support@goalfi.in

Customer having any query/feedback/ clarification/ In case of grievances for any of the services rendered by GOALZEN CAPITAL SERVICES PRIVATE LIMITED, write to hello@goalfi.app

Website: goalfiresearch.smallcase.com