

Price: 911

Recommendation: Buy

Industry: Iron & Steel Products

Sector: Industrials

Report Date: 22-Apr-2025

Shyam Metals and Energy Limited is a leading integrated metal producer in India, specializing in steel, ferro alloys, and aluminum products. With a focus on value addition, vertical integration, and sustainability, the company leverages advanced technology and a strong distribution network. Its strategic investments and diversified portfolio drive growth, profitability, and resilience in dynamic 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	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:

Shyam Metals and Energy Limited delivered a robust performance in Q3 FY25, driven by strategic initiatives and operational excellence despite a challenging macroeconomic environment. The company emphasized its diversified business model, which has been instrumental in maintaining profitability and aligning with long-term growth objectives. Key milestones include the commissioning of a blast furnace at the Jamuria plant, which enhances cost efficiency and product quality, and the operationalization of a cold rolling mill complex, marking its entry into flat products. The company also achieved a 43% CAGR in value-added products over the last five years, reflecting its focus on high-margin segments. With INR5,873 crores of the planned INR10,000 crores capex already incurred, Shyam Metals is on track to achieve its expansion goals, including significant investments in power plants, coke ovens, and aluminum foil production.

The company's strategic focus on value addition and vertical integration is evident in its diversification into specialized aluminum foils, where it has emerged as the largest exporter in India. Plans to expand this segment with niche, high-value products are expected to drive both volume and profitability. In stainless steel, the company is targeting downstream products like wires and bright bars, which offer higher margins and cater to niche markets. Additionally, the ramp-up of the color-coated steel business and the commissioning of a new oxygen plant are expected to enhance operational efficiency and margins. Shyam Metals is also leveraging its strong B2C distribution network to penetrate deeper into markets, particularly in Eastern India, while maintaining a focus on cost optimization through captive power sourcing and advanced technology.

Looking ahead, the company is targeting a double-digit annual CAGR, with a vision to achieve INR4,000 crores in EBITDA by FY28. Growth will be driven by the ramp-up of newly commissioned facilities, including the blast furnace, cold rolling mill, and power plants, as well as the expansion of aluminum and stainless steel capacities. The company is also investing in beneficiation plants to improve raw material quality and reduce costs. While maintaining a conservative approach to raw material security, Shyam Metals is exploring opportunities for economic acquisitions. Its disciplined capital allocation policy, reinvesting 70% of cash flows into the business, ensures steady growth while maintaining a strong balance sheet.

Shyam Metals' execution capabilities and strategic foresight position it as a resilient player in the metals sector. The company's focus on high-value, low-volatility products, coupled with its commitment to sustainability and innovation, underscores its long-term growth potential. Despite industry challenges, the company has consistently delivered strong financial results, with Q3 FY25 revenue growing 13.2% YoY to INR3,753 crores and EBITDA increasing 12% to INR456 crores. With a clear roadmap for expansion and a diversified product portfolio, Shyam Metals is well-positioned to navigate market dynamics and deliver sustained value to shareholders.

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	Revenue grew 5.9% YoY to INR 6,633 Cr, reflecting steady demand despite a QoQ decline of 4.31%. Diversified product offerings and strategic market penetration supported resilience in a challenging macroeconomic environment.
Profit & Loss	Operating profit at INR 783 Cr and PAT at INR 349 Cr highlight strong cost management and operational efficiency. Quarterly PAT growth of 10.19% underscores improved profitability despite revenue contraction.
Profitability Matrix	Operating profit margin of 11.8% and net profit margin of 5.24% indicate stable profitability. EPS growth of 42.06% reflects enhanced shareholder value, driven by efficient operations and high-margin product focus.
Valuation Matrix	Trailing P/E of 50.8 and EV/EBITDA of 27.5 suggest premium valuation, supported by growth prospects. PEG ratio of 11.6 highlights potential for earnings expansion, while dividend yield of 0.49% offers modest returns.
Growth (YoY)	Sales growth declined 1.29% YoY, but PAT growth of 20.34% and EPS growth of 42.06% demonstrate profitability improvements. Strategic initiatives in high-margin segments contributed to robust earnings growth.
Growth (QoQ)	QoQ sales declined 4.31%, reflecting macroeconomic pressures, but PAT grew 10.19%, driven by operational efficiencies. PAT QYoY growth of 48.75% highlights resilience and focus on profitability amid challenges.
Capital Allocation	RoE of 7.42% and RoCE of 10.3% indicate effective capital utilization. Reinvestment of 70% cash flows into business supports growth while maintaining a strong balance sheet. Cash equivalents stand at INR 14.3 Cr.
Holdings	Promoter holding at 74.6% reflects confidence in the business. FII and DII holdings at 3.75% and 7.68%, respectively, indicate institutional interest. Public holding of 13.7% ensures liquidity in the stock.
Leverage	Debt/Equity ratio of 0.05 highlights conservative leverage, ensuring financial stability. Debt at INR 301 Cr is manageable, supported by strong cash flows and market cap of INR 25,435 Cr, ensuring long-term resilience.

Analyst viewpoint: Shyam Metalics and Energy Limited presents a compelling investment opportunity in the short to mid-term, driven by its robust operational performance and strategic initiatives. The company has demonstrated resilience with a 10.19% QoQ PAT growth and an impressive 48.75% PAT growth QYoY, despite a 4.31% QoQ decline in sales. Its focus on high-margin segments, such as value-added aluminum foils and downstream stainless steel products, has bolstered profitability, reflected in a 42.06% EPS growth. With a conservative debt/equity ratio of 0.05 and reinvestment of 70% of cash flows into the business, Shyam Metalics maintains a strong balance sheet while pursuing aggressive expansion plans, including the ramp-up of newly commissioned facilities and diversification into niche markets. The company's strategic capital allocation and operational efficiencies position it well to achieve its ambitious target of INR 4,000 crores in EBITDA by FY28.

While the company's premium valuation metrics, such as a trailing P/E of 50.8 and EV/EBITDA of 27.5, suggest high investor expectations, they are supported by its growth trajectory and market leadership in specialized segments. Shyam Metalics' strong B2C distribution network and focus on cost optimization through captive power sourcing further enhance its competitive edge. However, the recent 4.31% QoQ decline in sales highlights the need to navigate macroeconomic pressures effectively. Overall, with its diversified portfolio, disciplined capital management, and strategic foresight, Shyam Metalics is well-positioned to deliver sustained value to shareholders in the dynamic metals sector.

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