Short Term Fundamental Pick

Thursday, 09 July 2026

SHYAM METALICS
ORE TO METAL

Rating	: Buy
Cmp	: ₹928.35 as on 08th July2026
Sector	: Capital Goods
Target	: ₹1115
Upside Potential	: 20.10%
Time Frame	: 8-12 Months

Shyam Metalics & Energy Ltd

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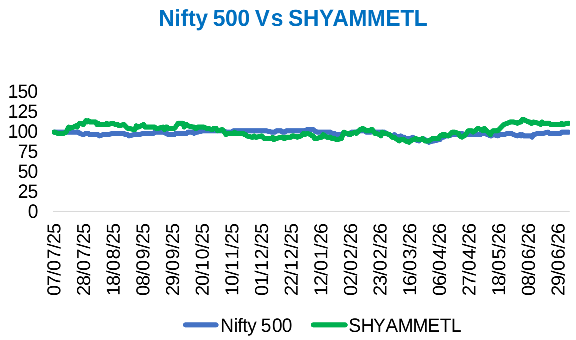
Key Data	
BSE Code	543299
NSE Code	SHYAMMETL
Bloomberg Code	SHYAMMET:IN
Industry	Iron & Steel Products
Market Cap	25824.28
No. of Shares(Cr.)	27.82
Face Value	10.00
52 Week High/Low	1,014 / 746

Shareholding Pattern	
Particulars	**Q4FY26**
Promoter	74.59%
FII	3.09%
DII	9.17%
Public	12.85%
Other	0.30%



Strong domestic Demand, Diversified Product Portfolio, Ongoing Capacity Expansion and Downstream Integration Initiatives, Which Will Have Potential to Reach Higher Growth in Medium to Long Term…

Shyam Metalics & Energy Ltd is one of India's leading integrated metal producers and 6th largest steel producer and 2nd largest coal-based sponge iron producer within two decades. The company operates an integrated business model spanning raw materials, intermediates and value-added downstream products across carbon steel, stainless steel, flat steel, aluminium and specialty alloys, supported by 467 MW of captive power and seven manufacturing facilities across West Bengal, Odisha, Madhya Pradesh and Jharkhand. Major revenue is contributed from Finished steel and Intermediates. With exports to over 40+countries, contributing 10% of FY26 revenue, its diversified product portfolio and integrated operations provide structural cost advantages and operational flexibility.

Highlights and Investment Rationale

- **Volume-Led Revenue Growth**: FY26 and Q4FY26 revenue increased 22.4% YoY and 26.6% YoY, respectively, driven by 26%/22% sales volume growth, an improving product mix and a higher contribution from value-added products, led by strong growth in CR Coil (+200% YoY), Pig Iron (+200% YoY), Pellets (+40% YoY) and Stainless Steel (+13% YoY).

- **Operational Execution Supports Growth:** Commissioning of the CRM Complex (Phase II), Blast Furnace and Aluminium downstream facilities contributed to sales volumes of 4.94 million tonnes (+26% YoY) in FY26, with the full-year contribution from these facilities expected to be reflected in FY27.

- **Railway Wagon Foray Diversifies Growth:** SMEL has entered the rolling stock segment through its step-down subsidiary, Ramsarup Industries Ltd., with Phase I operations commencing in September 2026.

The ₹200 Cr greenfield project, planned in two phases with a capacity of 2,400 wagons each phase, is expected to diversify revenue streams and strengthen the company's engineering portfolio.

- **Capex Strengthens Growth Visibility:** A ₹10,000 Cr capex programme over FY27–FY30 (~₹2,700 Cr in FY27) is focused on expanding value-added, higher-margin products, improving product mix and supporting import substitution, funded through internal accruals, while maintaining a Debt-to-Equity ratio below 0.5x.

- **Vision 2031 Strengthens Long-Term Growth**: Under its Vision 2031 roadmap, SMEL targets ~₹42,500 Cr revenue, ~₹6,200 Cr EBITDA, ~27 MTPA production capacity, 20% RoE, 22% RoCE and a net cash-positive balance sheet, supported by expansion in Stainless Steel, Cold Rolling, Aluminium and Railway Wagons, strengthening its value-added product portfolio.

- **Management Guides Strong FY27 Growth**: Management expects ~30% EBITDA growth in FY27, supported by the full-year contribution from recently commissioned capacities, continued volume-led expansion and a higher share of value-added products, with CRM EBITDA of ₹10,000–11,000/tonne and Aluminium EBITDA of ₹35,000–40,000/tonne.

- **Structural Demand & GOV Support:** India's finished steel consumption increased 112.6% from 77 MT in FY15 to 163.7 MT in FY26, driven by infrastructure and manufacturing growth. The PLI Scheme, DMI&SP Policy, 12% safeguard duty and the government's target of 500 MTPA steel production capacity by 2047 support domestic production, capacity expansion and import substitution. This support is expected to enhance company’s revenue, improve capacity utilization, support EBITDA margins.

Key risks:

- **Steel Demand & Pricing Risk**: Company remains exposed to fluctuations in domestic and global steel demand, as weaker consumption or a decline in steel prices could adversely impact sales volumes, realizations and operating margins.

- **Execution Risk**: The company's growth outlook depends on timely execution of its ongoing capacity expansion projects. Any delay in commissioning, stabilization or ramp-up of new facilities could postpone expected revenue growth and limit operating leverage benefits.

- **Raw Material & Regulatory Risk**: Volatility in key input costs such as iron ore, coal, power and other energy sources, along with changes in mining, trade or environmental regulations, may increase production costs and weigh on profitability.

- **Financial Risk**: The expansion strategy involves significant capital expenditure, which could elevate leverage and cash flow pressures. Additionally, sustained volatility in raw material costs may compress margins if cost increases cannot be fully passed on to customers.

- **Competitive Risk**: The company's diversification into stainless steel and aluminium foil exposes it to intense competition from established domestic and global players, which could affect market share, pricing power and returns on new investments.

Key Financial Indicators & Valuation (Consolidated)						
YE MARCH (Cr.)	FY23	FY24	FY25	FY26	FY27 E	FY28 E
Revenue	12,658.07	13,195.22	15,137.50	18,532.32	22,390.90	27,419.39
EBITDA	1,499.41	1,570.02	1,864.35	2,333.04	2,833.51	3,400.33
EBITDA Margin (%)	11.8%	11.9%	12.3%	12.6%	12.7%	12.4%
PAT	1,036.73	939.68	1,241.07	1,462.27	1,747.54	2,088.64
Net Profit Margin (%)	8.2%	7.1%	8.2%	7.9%	7.8%	7.6%
EPS	33.43	37.22	32.64	38.47	47.57	56.65
EV	7,165.14	15,711.22	23,648.15	26,276.36	31,913.02	38,296.91
EV/EBITDA	4.78	10.01	12.68	11.26	9.43	8.00
ROCE(%)	11.6%	8.4%	9.6%	10.9%	11.9%	12.9%
D/E	0.16	0.06	0.07	0.09	0.12	0.13
Asset Turnover Ratio	1.45	1.14	1.07	1.09	1.13	1.16

Variance Analysis (Consolidated)					
Particulars (Rs. In Cr.)	2026-March	2025-March	YoY%	2025-Dec	QoQ%
Net Sales	5,240.36	4,147.85	26.34%	4,419.36	18.58%
Total Expenditure	4,513.48	3,632.68	24.25%	3,932.25	14.78%
EBITDA (Excl OI)	726.88	515.17	41.10%	487.11	49.22%
PAT	319.09	218.75	45.87%	197.24	61.78%
EBITDA% (Excl OI)	13.87%	12.42%	11.68%	11.02%	25.84%
PATM%	6.09%	6.02%	1.12%	5.02%	21.39%
Adj. EPS (Rs)	11.47	7.86	45.83%	7.09	61.74%

Valuation and Outlook:

The Company is well positioned to deliver sustainable earnings growth, supported by volume-led expansion, ramp-up of recently commissioned capacities, a favourable shift towards value-added products and a ₹10,000 Cr capex programme. Supportive domestic steel demand, government-led industry initiatives and the company's Vision 2031 roadmap provide strong medium-term growth visibility. While steel price volatility, execution of expansion projects and raw material cost fluctuations remain key monitorables, the company's integrated operations, disciplined capital allocation and strong balance sheet are expected to support resilient earnings growth. We expect FY27E Revenue/EBITDA/PAT growth of 20.8%/21.5%/23.7%, supported by capacity expansion and improving operational efficiencies. **We value the company at FY27E/FY28E EV/EBITDA multiples of 9.43x/8.00x, based on EBITDA estimates of ₹2,833 crore/₹3,400 crore, respectively. We initiate coverage with a BUY rating and a target price of ₹1,115, implying an upside potential of 20.1%.**

Profit And Loss Statement (Consolidated)						
YE MARCH (Cr.)	FY23	FY24	FY25	FY26	FY27 E	FY28 E
I. Income						
Net Sales	**12,658.07**	**13,195.22**	**15,137.50**	**18,532.32**	**22,390.90**	**27,419.39**
II. Expenditure						
Raw Material Cost	9,212.21	9,624.87	11,342.60	13,680.15	16,343.88	20,174.83
Employee Cost	315.45	368.52	434.26	506.98	609.16	744.18
Other Expenses	1,631.00	1,631.81	1,496.29	2,012.15	2,604.35	3,100.06
Total Expenditure	**11,158.66**	**11,625.20**	**13,273.15**	**16,199.28**	**19,557.39**	**24,019.06**
EBITDA	**1,499.41**	**1,570.02**	**1,864.35**	**2,333.04**	**2,833.51**	**3,400.33**
Depreciation & Amortization	473.97	656.04	711.17	882.15	1,020.23	1,190.74
EBIT	**1,025.44**	**913.98**	**1,153.18**	**1,450.89**	**1,813.28**	**2,209.59**
Interest	93.18	133.28	143.92	192.23	265.74	320.95
Other Income	104.47	158.98	231.81	203.61	200.00	200.00
Earnings Before Tax(EBT)	**1,036.73**	**939.68**	**1,241.07**	**1,462.27**	**1,747.54**	**2,088.64**
Tax	193.41	-89.20	331.93	402.20	454.36	543.05
Profit After Tax(PAT)	**843.32**	**1,028.88**	**909.14**	**1,060.07**	**1,293.18**	**1,545.60**
Exceptional Items	0.03	-	-	-	-	-
Minority Interest	9.19	5.79	-1.16	10.07	30.20	30.20
Consolidated Net Profit	**852.54**	**1,034.67**	**907.98**	**1,070.14**	**1,323.38**	**1,575.80**
EPS - Basic	33.43	37.22	32.64	38.47	47.57	56.65
EPS - Adjusted	33.43	37.22	32.64	38.47	47.57	56.65
No. Shares(Cr.)	25.50	27.80	27.82	27.82	27.82	27.82

Source: Company website, SSL Research Centre, PIB, IBEF, ACE Equity, Trendlyne, Screener, NSE & BSE, etc

Investment Rating Matrix

Ratings	Expected Return
Buy	>15%
Accumulate	10% to 15%
Hold	0% to 15%
Sell	< - 15%

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