

24 December 2025

India | Equity Research | Company Update

Shyam Metalics and Energy

Metals & Mining

Targeting over 2x revenue by CY30; focus shifting to downstream

Shyam Metalics and Energy (SMEL) has managed to triple its revenue over the past five years, riding on sharp capacity upliftment. It has reached the fag end of its INR 95bn capex and has now shared with us its vision for the next five years, targeting to increase revenue and EBITDA by 2.5x, aided by further crude steel capacity expansion, increasing stainless steel portfolio (expecting 4x revenue in five years) and focusing on downstream capacities such as cold rolling mill and aluminium FRP (doubling capacity in both segments). We believe the expansion could go smoothly without straining its balance sheet and SMEL may maintain its net cash status. We maintain **BUY** on the stock with TP of INR 1,000 (based on 7.0x FY28E EV/EBITDA).

Vision FY31 – 2.5x revenue growth through multi-metal expansion

SMEL has managed to grow its revenue/EBITDA at a CAGR of 28%/23% in past five years and 21%/20% over a decade by continuous capacity additions. SMEL expects to continue revenue CAGR of 16-18% and is targeting revenue of INR 400bn by FY31. This growth blueprint emphasises brownfield expansions across West Bengal, Odisha and Madhya Pradesh in multi-metal expansion, whereas majority of the thrust is towards high-value and high-growth segments like stainless steel (expanding capacity from 0.2mntpa to 0.7mntpa), steel downstream (CRM complex capacity to be enhanced by 60%) and aluminium FRP expansions (doubling effective capacity) over the next couple of years. SMEL expects EBITDA CAGR to be 200-300bps higher than revenue due to better mix of VaP.

Focus shifting to downstream, stainless steel and aluminium

In the first leg of INR 95bn expansion, SMEL focused majorly on the upstream and associated capacity to push volumes. However, in the next phase, management believes diversification to other metals such as SS and Aluminium (each of these can fetch revenues of INR 100bn) along with downstream steel is the key for Vision 2031. The company has already embarked on 2.5x expansion in its SS capacity to 0.7mn tonnes split between longs and flat at 0.2 and 0.5mntpa, respectively. Aluminium is another area where SMEL is doubling its effective capacity along with plans to go upstream by setting up 60Kt aluminium production facility through scrap. Both these units, as per SMEL, have the potential to reach INR 100bn, without straining the balance sheet.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	151,375	196,254	238,595	249,973
EBITDA	18,655	23,686	31,106	35,507
EBITDA Margin (%)	12.3	12.1	13.0	14.2
Net Profit	9,093	11,972	18,031	21,710
EPS (INR)	32.7	43.0	64.8	78.0
EPS % Chg YoY	(11.7)	31.7	50.6	20.4
P/E (x)	25.2	19.2	12.7	10.6
EV/EBITDA (x)	12.0	9.4	7.5	6.1
RoCE (%)	8.0	9.5	12.9	13.9
RoE (%)	9.3	10.6	14.4	15.4

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Market Data

Market Cap (INR)	230bn
Market Cap (USD)	2,572mn
Bloomberg Code	SHYAMMET IN
Reuters Code	SHYE BO
52-week Range (INR)	1,001 /628
Free Float (%)	25.0
ADTV-3M (mn) (USD)	2.1

Price Performance (%)	3m	6m	12m
Absolute	(8.6)	(1.0)	11.2
Relative to Sensex	(12.8)	(5.4)	2.3

ESG Score	2023	2024	Change
ESG score	63.3	61.0	(2.3)
Environment	41.6	50.9	9.3
Social	67.5	68.8	1.3
Governance	76.0	65.8	(10.2)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

11-11-2025: [Q2FY26 results review](#)

24-07-2025: [Re-initiating coverage](#)

Unlocking steel vault for value

A consistent shift from intermediate products to finished and VaP steel products is pretty evident from the revenue share and sales volume mix over the years. This theme plays along with the projects and growth plans of SMEL management with more focus on capacity expansion in the finished steel segment. The company promises to maintain this theme as it is further expanding CRM capacity by 60% to 400Ktpa. Considering SMEL's CRM mill is in Eastern India and has better proximity to North East, the company expects to fetch better margins vs. some of the mills based out of Western India. SMEL has total land bank of 1,000 acre which is sufficient to push the next leg of growth.

Exhibit 1: Capacity expansion and growth overview - steel

(mnte)	Capacity		Growth (%)	Volumes		Growth (%)
	Current	Post expansion		FY25	FY28E*	
Pellets	6.0	6.0	-	0.9	0.5	
Semis	5.8	7.7	32.6	1.3	2.0	57.5
Sponge Iron	3.1	4.1		1.0	1.5	
Pig Iron	0.8	1.2		0.1	0.9	
Billets	2.0	2.4		0.2	-	
Finished Steel	2.3	3.6	53.4	1.5	2.3	54.3
Longs	2.1	2.6		1.5	1.9	
Flats	0.3	0.4		0.0	0.3	

Source: Company data, I-Sec research, *Company estimates

Ramswarup – adding another bogie to growth engine

Ramswarup Industries (RIL), part of SMEL, is currently undergoing phased expansion with total capex of INR 11.72bn (~INR 7bn to be incurred by SMEL, rest by partner – Super Smelters). In phase I: 1) BoF of 0.45mntpa; 2) sinter plant of 1.2mntpa; 3) coke oven of 0.25MW; and 4) CPP of 20MW are being added with capex of ~INR 7.5bn. CPP is online while BoF is expected to commission in Dec'25/Jan'26. In phase II: 1) CPP expansion of up to 40MW; 2) steel wire mill of 85ktpa; and 3) rail wagon shop of 4.8k units/annum will be setup with capex of ~INR 4.3bn.

Aluminium – getting bigger and better

SMEL has established an aluminium foil nameplate capacity of 40Ktpa in Pakuria, (West Bengal). However, even at ~90% utilisation levels, the production is c. 24-25Ktpa mainly due to product mix as the company is producing thinner gauge foils used in defence, packaging and pharmaceuticals. Looking ahead, SMEL has announced greenfield project for aluminium flat rolled products (60ktpa) and expansion of aluminium foil (18ktpa) with capex of INR 8bn. The backward integration of 60Ktpe could utilise the own-generated scrap and may buy ingots from major aluminium players (all three primary players are within 100km range); SMEL expects to use 40-50Kte and sell the excess in the open market. At present, SMEL is earning an EBITDA/te of ~INR 50,000 in foil business, which is expected to jump by INR 10,000/te due to backward integration.

Exhibit 2: Capacity expansion and growth overview - aluminium

(kte)	Capacity		Growth (%)	Volumes		Growth (%)
	Current	Post expansion		FY25	FY28E*	
Flats	-	60.0		-	21.0	
Foils	24.0	48.0	100.0	20.8	40.0	92.4
Aluminium Foil	24.0	43.0		20.8	40.0	
Battery Foil	-	5.0		-	-	

Source: Company data, I-Sec research, *Company estimates

Stainless steel – a promising future

SMEL debuted in SS with the acquisition of Mittal Corp and has been rapidly building the segment with strategic entry into flat and long products of 200/400 series to leverage low nickel formulations and captive raw materials. With capex infusion of INR 2.25bn, it will be expanding its flat mill along with adding downstream capacities in wire rods and bright bars. Also, backward integration of a steel melt shop is ongoing in Odisha. The company expects this segment's revenue to grow 4x in next 3-4 years.

Exhibit 3: Capacity expansion and growth overview - SS

(kte)	Capacity		Growth (%)	Volumes		Growth (%)
	Current	Post expansion		FY25	FY28E*	
SS Billets	0.1	0.8	525.0	-	-	
Finished SS	0.2	0.7	367.0	0.1	0.7	712.5
Longs	0.2	0.2		0.1	0.2	
Flats	-	0.5			0.5	

Source: Company data, I-Sec research, *Company estimates

Cold rolling mill – margin accretive

Post the completion of merger with Shyam Sel & Power, there is an ongoing greenfield project for a cold rolling mill spread over 55 acres of land at Jamuria, WB. The project is ongoing in a phased manner with total planned capex of INR 6bn under a PLI scheme. CR mill will be setup in two phases with initial capacity of 250ktpa which will later be expanded up to 400ktpa and will be outputting GI/GL coils along with PPGL (pre-painted galvalume coils); it has already incurred capex of INR 5.25bn.

Full steam on wagons

The greenfield project under subsidiary RIL will be SMEL's strategic entry into the rolling stock segment – wagon manufacturing. The plant with a 'uni-flow' manufacturing layout will output flat, open, box, hopper covered, tank and specialised wagons. The rail wagon shop will be setup with capacity of 2.4k units/annum in each of two phases with total capex of ~INR 2bn.

Outlook: A CAGR story

SMEL remains one of the fastest growing steel companies in India. It has adopted a flexible approach wherein it is present in the entire value chain i.e. pellet-sponge-finished, entailing it to adopt the product mix which gives the best EBITDA. Foray into aluminium and stainless steel businesses is further margin accretive. We bake in revenue/EBITDA CAGR of 18%/24% over FY25-28E, aided by volume growth and improving product mix (higher proportion of flats, SS and aluminium). The present net cash status and rising EBITDA could ensure that the company would be able to maintain its capex spree to sustain the growth beyond FY27-28.

We maintain **BUY** with TP of INR 1,000, based on 7.0x FY28E EV/EBITDA.

Key risks

- Delay in commissioning of capacities.
- Slowdown in government infrastructure capex.

Exhibit 4: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	74.6	74.6	74.6
Institutional investors	11.4	12.3	12.3
MFs and others	1.2	1.2	1.2
FIs/Banks, Insurance	6.5	7.9	7.0
FIIIs	3.8	3.2	4.1
Others	14.0	13.1	13.1

Source: Bloomberg, I-Sec research

Exhibit 5: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 6: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	151,375	196,254	238,595	249,973
Operating Expenses	132,720	172,568	207,489	214,466
EBITDA	18,655	23,686	31,106	35,507
EBITDA Margin (%)	12.3	12.1	13.0	14.2
Depreciation & Amortization	7,112	8,534	6,757	6,457
EBIT	11,544	15,152	24,349	29,050
Interest expenditure	1,439	1,727	1,382	1,105
Other Non-operating Income	2,306	2,537	2,791	3,070
Recurring PBT	12,411	15,962	25,758	31,014
Profit / (Loss) from Associates	1	-	-	-
Less: Taxes	3,319	3,991	7,727	9,304
PAT	9,091	11,972	18,031	21,710
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	9,093	11,972	18,031	21,710
Net Income (Adjusted)	9,093	11,972	18,031	21,710

Source Company data, I-Sec research

Exhibit 7: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	47,056	49,948	70,158	89,492
of which cash & cash eqv.	683	(841)	8,718	26,372
Total Current Liabilities & Provisions	39,786	46,054	50,894	51,736
Net Current Assets	7,270	3,894	19,264	37,756
Investments	21,180	21,180	21,180	21,180
Net Fixed Assets	63,567	83,433	96,677	96,977
ROU Assets	-	-	-	-
Capital Work-in-Progress	27,084	20,000	6,757	6,457
Total Intangible Assets	-	-	-	-
Other assets	4,270	4,270	4,270	4,270
Deferred Tax Assets	-	-	-	-
Total Assets	123,370	132,777	148,146	166,638
Liabilities				
Borrowings	7,894	5,756	5,756	5,756
Deferred Tax Liability	1,533	1,533	1,533	1,533
provisions	311	311	311	311
other Liabilities	852	852	852	852
Equity Share Capital	2,782	2,782	2,782	2,782
Reserves & Surplus	102,751	114,223	129,520	147,938
Total Net Worth	105,533	117,006	132,302	150,720
Minority Interest	7,248	7,320	7,393	7,467
Total Liabilities	123,370	132,777	148,146	166,638

Source Company data, I-Sec research

Exhibit 8: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	19,642	24,085	20,359	28,434
Working Capital Changes	489	1,852	(5,810)	(838)
Capital Commitments	(21,483)	(20,000)	(6,757)	(6,457)
Free Cashflow	(1,842)	4,085	13,602	21,977
Other investing cashflow	2,439	-	-	-
Cashflow from Investing Activities	(19,045)	(20,000)	(6,757)	(6,457)
Issue of Share Capital	425	-	-	-
Interest Cost	(1,338)	(1,727)	(1,382)	(1,105)
Inc (Dec) in Borrowings	1,895	(2,139)	-	-
Dividend paid	(1,379)	(1,815)	(2,734)	(3,292)
Others	37	72	73	74
Cash flow from Financing Activities	(360)	(5,608)	(4,043)	(4,323)
Chg. in Cash & Bank balance	237	(1,524)	9,560	17,654
Closing cash & balance	742	(841)	8,718	26,372

Source Company data, I-Sec research

Exhibit 9: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	32.7	43.0	64.8	78.0
Adjusted EPS (Diluted)	32.7	43.0	64.8	78.0
Cash EPS	58.2	73.7	89.1	101.2
Dividend per share (DPS)	5.0	6.5	9.8	11.8
Book Value per share (BV)	379.3	420.6	475.5	541.7
Dividend Payout (%)	15.2	15.2	15.2	15.2
Growth (%)				
Net Sales	14.7	29.6	21.6	4.8
EBITDA	18.8	27.0	31.3	14.1
EPS (INR)	(11.7)	31.7	50.6	20.4
Valuation Ratios (x)				
P/E	25.2	19.2	12.7	10.6
P/CEPS	14.2	11.2	9.3	8.1
P/BV	2.2	2.0	1.7	1.5
EV / EBITDA	12.0	9.4	7.5	6.1
P / Sales	1.6	1.2	1.0	0.9
Dividend Yield (%)	0.6	0.8	1.2	1.4
Operating Ratios				
Gross Profit Margins (%)	21.4	20.1	20.3	21.9
EBITDA Margins (%)	12.3	12.1	13.0	14.2
Effective Tax Rate (%)	26.7	25.0	30.0	30.0
Net Profit Margins (%)	6.0	6.1	7.6	8.7
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	(0.1)	(0.1)	(0.2)	(0.3)
Net Debt / EBITDA (x)	(0.7)	(0.6)	(0.8)	(1.2)
Profitability Ratios				
RoCE (%)	8.0	9.5	12.9	13.9
RoE (%)	9.3	10.6	14.4	15.4
RoC (%)	9.9	11.6	15.8	17.9
Fixed Asset Turnover (x)	2.0	2.0	1.9	1.8
Inventory Turnover Days	80	76	79	69
Receivables Days	21	20	20	18
Payables Days	52	59	57	50

Source Company data, I-Sec research

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