

Shyam Metals and Energy | BUY

Value-added products to drive long-term roadmap

We attended the Investor Day of Shyam Metals, represented by Mr Brij Bhushan Agarwal (chairman and managing director) and Mr Deepak Agarwal (director - finance and CFO). Key takeaways from the event were: i) management outlined an ambitious FY31 roadmap targeting ~2.3x revenue growth and ~2.7x EBITDA growth versus FY26, while maintaining a net cash balance sheet; ii) future capital allocation will remain focused on downstream and value-added products including stainless steel, CRM/coated products, aluminium downstream products, specialty steel and railway wagons; iii) management expects recently commissioned and upcoming projects to drive a meaningful improvement in profitability through higher EBITDA/t, improved product mix and greater downstream integration, and iv) despite significant capex plans, the company continues to emphasise capital discipline, captive power integration and return ratios. Overall, the discussion reinforced management's confidence in delivering growth through premiumisation, downstream integration and disciplined capital allocation rather than relying on favourable commodity cycles. Maintain BUY.

- Value-added portfolio expected to drive earnings growth beyond FY26:** Management reiterated that the next phase of growth will be led by increasing contribution from value-added products rather than pure volume expansion in commodity steel. Over the last few years, the company has expanded into stainless steel, aluminium foil, colour-coated products, CR coils and specialty steel products, with several projects now entering the scale-up phase. The recently commissioned CRM complex, stainless steel expansion plans and aluminium downstream projects are expected to improve product mix and profitability over the medium term. Management highlighted that future investments will continue to prioritise businesses with higher EBITDA/t, lower cyclicality and stronger cash generation characteristics.
- Stainless steel, CRM and aluminium emerge as key growth engines:** A large part of the FY31 growth roadmap appears linked to scaling newer businesses. Management highlighted stainless steel as a significant long-term opportunity, supported by backward integration benefits, downstream expansion and increasing penetration across industrial and infrastructure applications. Similarly, the CRM business is expected to benefit from commissioning of downstream coated product lines and a differentiated product portfolio. Aluminium remains another key focus area, with investments across flat rolled products, foil stock and battery foil expected to strengthen integration and enhance value addition. Management indicated that these businesses offer materially superior profitability potential compared with conventional steel products and should account for an increasing share of earnings over time.
- Capital discipline and cost advantages remain central to the strategy:** While outlining an aggressive growth roadmap, management maintained a disciplined stance on balance-sheet management and capital allocation. The company reiterated its intention to remain net cash positive by FY31 despite undertaking a large multi-year capex programme, supported by strong internal accrual generation. Management also emphasised the importance of captive power as a structural competitive advantage, with in-house power costs significantly below prevailing grid tariffs. Future investments are expected to remain focused on areas where the company can leverage its manufacturing platform, captive infrastructure and existing raw material linkages. Overall, management's commentary suggests that incremental growth capital will continue to be deployed selectively, cash generation and value addition remaining key decision-making criteria.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,100
Upside/(Downside)	15.1%
Previous Price Target	1,050
Change	4.7%

Key Data – SHYAMMET IN

Current Market Price	INR956
Market cap (bn)	INR266.7/US\$2.8
Free Float (%)	25.1
Shares in issue (mn)	279.1
Diluted share (mn)	279.1
3-mon avg daily val (mn)	INR591.3/US\$6.3
52-week range	INR1,014/746
Sensex/Nifty	77,156/24,086
INR/US\$	94.5

Price Performance

%	1M	6M	12M
Absolute	8.9	18.8	14.4
Relative*	6.3	30.1	20.7

*To the NSE Nifty 50

Financial Summary

	(INR mn)				
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E
Net Sales	131,952	151,375	185,522	264,571	303,839
Sales Growth (%)	4.6	14.7	22.6	42.6	14.8
EBITDA	15,700	18,655	23,330	32,194	38,952
EBITDA Margin (%)	11.9	12.3	12.6	12.2	12.8
Adjusted Net Profit	10,348	9,081	10,702	16,785	20,804
Diluted EPS (INR)	37.2	32.6	38.5	60.3	74.8
Diluted EPS Growth (%)	20.7	-12.2	17.9	56.8	23.9
ROIC (%)	11.8	8.2	9.1	12.5	13.5
ROE (%)	12.3	9.0	9.7	13.7	14.8
P/E (x)	25.7	29.3	24.8	15.8	12.8
P/B (x)	2.8	2.5	2.3	2.0	1.8
EV/EBITDA (x)	17.8	15.1	12.2	8.8	7.3
Dividend Yield (x)	0.5	0.5	0.5	0.5	0.5

Source: Company data, JM Financial. Note: Valuations as of June 17, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1: Target price

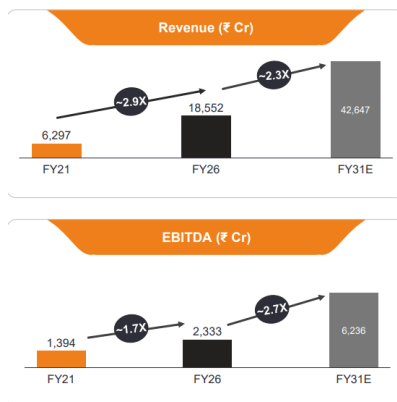
(INR mn)	Multiple (x)	FY28E EBITDA
EBITDA	7.5	38,952
Total EV		292,141
Less: Net Debt		(1,515)
CWIP @30%		11,376
Equity value		305,032
Fair value (INR/share)		1,100

Source: JM Financial

Exhibit 2: Key assumption table

	FY23	FY24	FY25	FY26	FY27E	FY28E
Consolidated net sales (INR mn)	126,102	131,952	151,375	185,522	264,571	303,839
Consolidated volume (kt)	1,934	2,370	2,713	3,657	3,946	4,335
Growth (%)	24%	23%	14%	35%	8%	10%
Blended net realisation (INR/t)	65,188	55,664	55,794	50,724	67,056	70,088
Consolidated EBITDA (INR mn)	14,859	15,700	14,699	23,339	32,194	38,952
EBITDA/t (INR)	7,681	6,623	5,418	6,381	8,160	8,985
Net debt (INR mn)	-4,410	-4,197	-4,838	-1,367	-2,091	-1,515

Source: Company, JM Financial

Exhibit 3: Growth roadmap – FY31**~2.3x / 2.7x**

Growth in Revenue / EBITDA

~\$1.1 Bn

Capex to be deployed over next 4-5 year, funded by internal accruals – no external debt

~15%

EBITDA Margin

~20% / 22%

RoE / RoCE

Net Cash +ve

Negative Net Debt despite substantial growth capex

780+ MW

Total Power Generation

Cost of in-house power is significantly less than grid power which costs ₹5-7 Per Unit

Source: Company

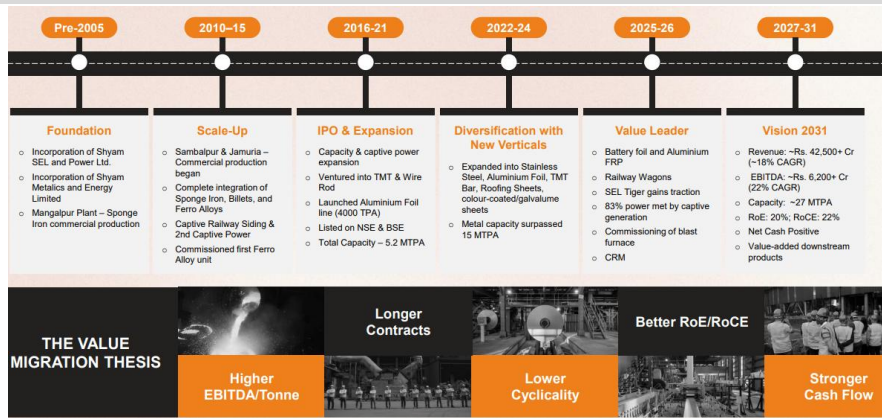
Exhibit 4: Financial roadmap to Vision 2031

PRODUCT	VOLUME (MT)		REVENUE (₹ CR)		REVENUE SHARE (%)		EBITDA (₹ CR)		EBITDA SHARE (%)	
	FY26	FY31E	FY26	FY31E	FY26	FY31E	FY26	FY31E	FY26	FY31E
Stainless Steel	94,102	6,99,733	1,322	11,969	7%	28%	77	1,108	3%	18%
Aluminium	21,620	47,100	821	2,331	5%	5%	76	277	3%	4%
Carbon Steel	44,37,734	52,80,074	12,760	17,933	70%	42%	1,706	2,866	73%	46%
SBQ	Nil	7,84,000	Nil	4,704	-	11%	Nil	1,019	0%	16%
Specialty Alloys	2,23,494	83,950	2,097	947	11%	2%	367	143	16%	2%
CRM	1,65,307	3,92,000	1,242	2,976	7%	7%	106	645	5%	10%
Wagon	Nil	4,704	Nil	1,788	-	4%	Nil	180	0%	3%

New High-Value Product Mix Transforming EBITDA Composition

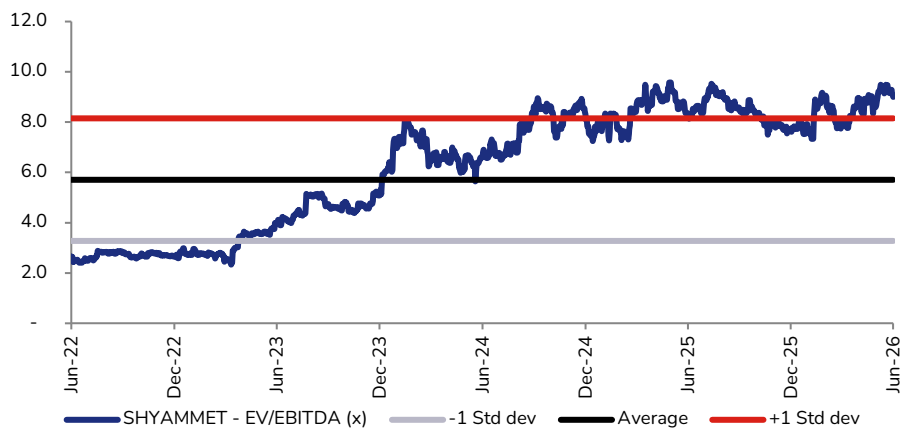
Source: Company

Exhibit 5: The transformation playbook – from commodity to value-added leader



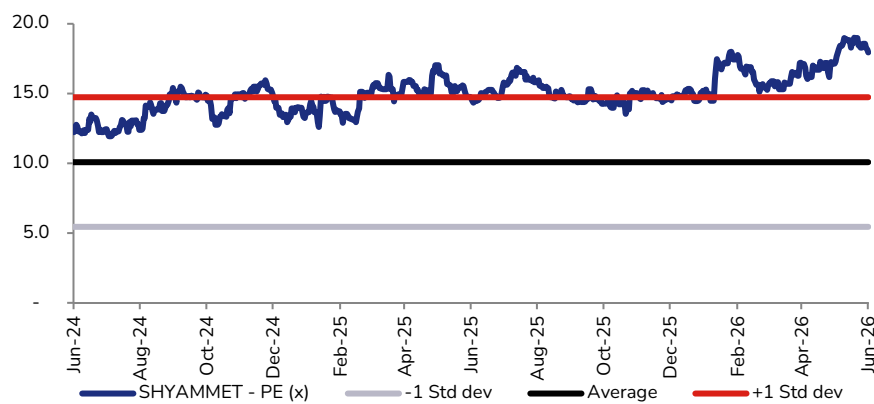
Source: Company

Exhibit 6: SMEL: 1Y forward EV/EBITDA valuation



Source: Bloomberg, JM Financial

Exhibit 7: SMEL: 1Y forward PE valuation



Source: Bloomberg, JM Financial

Exhibit 8: Change in estimates

	Unit	Old		New		% Change	
		FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Net Sales	INR mn	231,100	260,321	264,571	303,839	14.5%	16.7%
EBITDA	INR mn	31,993	39,491	32,194	38,952	0.6%	-1.4%
PAT	INR mn	16,035	20,328	16,785	20,804	4.7%	2.3%
EPS		57.6	73.0	60.3	74.8	4.7%	2.3%
Target Price	INR		1,050		1,100		4.7%
Rating			BUY		BUY		

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E	
Net Sales	131,952	151,375	185,522	264,571	303,839	
Sales Growth (%)	4.6	14.7	22.6	42.6	14.8	
Other Operating Income	-	-	-	-	-	
Total Revenue	131,952	151,375	185,522	264,571	303,839	
Cost of Goods Sold/Op. Exp	91,264	103,423	133,526	178,655	202,736	
Personnel Cost	3,897	4,337	5,070	10,583	12,154	
Other Expenses	21,091	24,959	23,596	43,139	49,998	
EBITDA	15,700	18,655	23,330	32,194	38,952	
EBITDA Margin (%)	11.9	12.3	12.6	12.2	12.8	
EBITDA Growth (%)	5.7	18.8	25.1	38.0	21.0	
Depn. & Amort.	6,560	7,112	8,822	9,771	11,396	
EBIT	9,140	11,544	14,509	22,423	27,556	
Other Income	1,590	2,306	2,036	2,240	2,464	
Finance Cost	1,333	1,439	1,922	1,350	1,125	
PBT before Excep. & Forex	9,397	12,411	14,623	23,312	28,895	
Excep. & Forex Inc./Loss(-)	-	-	-	-	-	
PBT	9,397	12,411	14,623	23,312	28,895	
Taxes	-892	3,319	4,022	6,527	8,091	
Extraordinary Inc./Loss(-)	-	-	-	-	-	
Assoc. Profit/Min. Int.(-)	-57	13	-100	-	-	
Reported Net Profit	10,348	9,081	10,702	16,785	20,804	
Adjusted Net Profit	10,348	9,081	10,702	16,785	20,804	
Net Margin (%)	7.8	6.0	5.8	6.3	6.8	
Diluted Share Cap. (mn)	278	278	278	278	278	
Diluted EPS (INR)	37.2	32.6	38.5	60.3	74.8	
Diluted EPS Growth (%)	20.7	-12.2	17.9	56.8	23.9	
Total Dividend + Tax	1,251	1,377	1,377	1,377	1,377	
Dividend Per Share (INR)	4.5	4.9	4.9	4.9	4.9	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E	
Profit before Tax	10,348	9,081	10,702	16,785	20,804	
Depn. & Amort.	6,560	7,112	8,822	9,771	11,396	
Net Interest Exp. / Inc. (-)	-	-	-	-	-	
Inc (-) / Dec in WCap.	-7,667	3,494	4,358	5,545	-1,399	
Others	-	-	-	-	-	
Taxes Paid	-	-	-	-	-	
Operating Cash Flow	9,242	19,687	23,882	32,101	30,802	
Capex	-23,506	-20,167	-27,430	-30,000	-30,000	
Free Cash Flow	-14,265	-480	-3,548	2,101	802	
Inc (-) / Dec in Investments	4,522	-2,826	1,374	-	-	
Others	8,692	2,514	1,418	0	0	
Investing Cash Flow	-10,293	-20,480	-24,638	-30,000	-30,000	
Inc / Dec (-) in Capital	6,613	2	1	-	-	
Dividend + Tax thereon	-1,251	-1,377	-1,377	-1,377	-1,377	
Inc / Dec (-) in Loans	-5,524	2,346	2,507	-	-	
Others	-	-	-	-	-	
Financing Cash Flow	-163	970	1,130	-1,377	-1,377	
Inc / Dec (-) in Cash	-1,214	178	374	724	-576	
Opening Cash Balance	1,719	505	683	1,057	1,780	
Closing Cash Balance	505	683	1,057	1,780	1,205	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E Mar	FY24A	FY25A	FY26A	FY27E	FY28E	
Shareholders Fund	103,180	112,781	123,572	138,980	158,407	
Share Capital	2,780	2,782	2,783	2,783	2,783	
Reserves & Surplus	93,686	102,751	112,445	127,853	147,280	
Preference Share Capital	-	-	-	-	-	
Minority Interest	6,713	7,248	8,344	8,344	8,344	
Total Loans	6,398	8,744	11,251	11,251	11,251	
Def. Tax Liab. / Assets (-)	914	1,533	1,485	1,485	1,485	
Other non-current liabilities / Lease Liabilities	-	-	-	-	-	
Total - Equity & Liab.	110,493	123,057	136,308	151,716	171,143	
Net Fixed Assets	77,596	90,651	109,260	129,489	148,093	
Gross Fixed Assets	68,004	98,728	125,322	150,322	175,322	
Intangible Assets	-	-	-	-	-	
Less: Depn. & Amort.	28,049	35,161	43,982	53,753	65,149	
Capital WIP	37,641	27,084	27,919	32,919	37,919	
Investments	10,109	12,935	11,561	11,561	11,561	
Current Assets	56,534	59,570	79,788	98,186	111,919	
Inventories	21,679	29,854	45,015	54,364	62,433	
Sundry Debtors	7,079	7,925	9,046	13,047	14,984	
Cash & Bank Balances	505	683	1,057	1,780	1,205	
Loans & Advances	27,271	21,108	24,671	28,994	33,297	
Other Current Assets	-	-	-	-	-	
Current Liab. & Prov.	33,746	40,099	64,300	87,519	100,430	
Current Liabilities	33,435	39,666	63,763	86,982	99,892	
Provisions & Others	311	433	537	537	537	
Net Current Assets	22,788	19,471	15,487	10,666	11,489	
Other Non Current Assets/ROU Assets	-	-	-	-	-	
Total - Assets	110,493	123,057	136,308	151,716	171,143	

Source: Company, JM Financial

Dupont Analysis		FY24A	FY25A	FY26A	FY27E	FY28E
Y/E Mar						
Net Margin (%)		7.8	6.0	5.8	6.3	6.8
Asset Turnover (x)		1.3	1.3	1.4	1.8	1.9
Leverage Factor (x)		1.2	1.2	1.2	1.2	1.2
RoE (%)		12.3	9.0	9.7	13.7	14.8

Source: Company, JM Financial

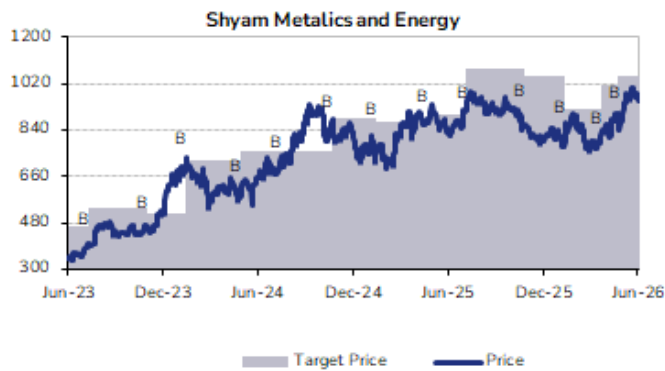
Key Ratios		FY24A	FY25A	FY26A	FY27E	FY28E
Y/E Mar						
BV/Share (INR)		346.6	379.2	414.1	469.4	539.2
ROIC (%)		11.8	8.2	9.1	12.5	13.5
ROE (%)		12.3	9.0	9.7	13.7	14.8
Net Debt/Equity (x)		0.1	0.1	0.1	0.1	0.1
P/E (x)		25.7	29.3	24.8	15.8	12.8
P/B (x)		2.8	2.5	2.3	2.0	1.8
EV/EBITDA (x)		17.8	15.1	12.2	8.8	7.3
EV/Sales (x)		2.1	1.9	1.5	1.1	0.9
Debtor days		20	19	18	18	18
Inventory days		60	72	89	75	75
Creditor days		105	109	143	137	138

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
12-May-26	Buy	1,050	3.5
9-Apr-26	Buy	1,015	9.7
27-Jan-26	Buy	925	-11.9
10-Nov-25	Buy	1,050	-2.8
24-Jul-25	Buy	1,080	20.1
9-May-25	Buy	900	3.4
29-Jan-25	Buy	870	-2.2
8-Nov-24	Buy	890	17.1
1-Aug-24	Buy	760	-0.3
15-May-24	Buy	762	5.2
31-Jan-24	Buy	725	39.4
16-Nov-23	Buy	520	-3.8
28-Jul-23	Buy	540	15.0
26-May-23	Buy	470	17.4
16-Feb-23	Buy	400	-2.4
10-Nov-22	Buy	410	-11.4
3-Aug-22	Buy	463	0.0
19-May-22	Buy	463	-3.5
22-Mar-22	Buy	480	-3.0
11-Feb-22	Buy	495	

Recommendation History Chart



APPENDIX I

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Rating	Meaning
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