



Shyam Metals and Energy Ltd (SHYAMMETL)

Results in line; steady volume growth offsets softer realisations

CMP: 855 (Market Cap: 23,860 Cr)

Target: 1,214 (42% Upside)



Steady Q2 Performance; Long-Term Outlook Remains Positive

Shyam Metals delivered a **steady Q2FY26 performance, broadly matching expectations**. Strong volumes from expanded capacities offset slightly weaker realisations in the steel and metals market.

While **near-term volatility in commodity prices persists**, the company's **ongoing capacity expansion and backward integration** efforts continue to underpin our constructive long-term outlook.

Q2FY26 Highlights

- **Revenue:** +22.6% YoY to ₹ 4,457 Cr, boosted by stronger sales volumes, partly offset by weaker realisations.
- **EBITDA:** +32% YoY to ₹ 539 Cr, driven by strong execution, operational excellence, and higher share of value-added products.



- **Realisations:** Strength in Aluminium and Iron Pellets offset declines in Carbon Steel, Sponge Iron, and Stainless Steel; Specialty Alloys showed sequential recovery.

Capex Plan below expectations

Exhibit 1: Announcement of New Capex Plan

PRESS RELEASE



Shyam Metals Unveils Vision 2031 — Targets 2.5x Revenue Growth to ₹ 400bn and ₹ 100bn Capex Plan

National, 16th October 2025: Shyam Metals and Energy Limited (SMEL), one of India's leading integrated metal producers, today announced its Vision 2031, outlining a transformative strategy to drive scale, value, and sustainability across its operations.

Source: Company, Front Wave Research

While we had expected a ₹15,000–20,000 crore capex plan, Shyam Metals announced a smaller ₹10,000 crore outlay under Vision 2031.

Despite being lower than anticipated, the plan is well within its funding capacity, backed by strong cash flows and a solid balance sheet, allowing it to be comfortably financed through internal accruals without equity dilution.

Revised Financial Summary (Amount in Cr)

Particulars	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	₹ 17,495	₹ 21,618	₹ 25,921	₹ 17,583	₹ 21,702	₹ 25,896	-0.50%	-0.39%	0.09%
EBITDA	₹ 2,110	₹ 2,631	₹ 3,252	₹ 2,026	₹ 2,595	₹ 3,160	4.14%	1.41%	2.91%
EBITDA Margins	12.06%	12.17%	12.55%	11.53%	11.96%	12.20%	0.54%	0.22%	0.34%

The slight upward revision in our EBITDA estimates reflects better-than-expected efficiency and cost control, even amid softer steel prices.



Valuation & View

At **CMP**, **SHYAMMETL** trades at **8x FY28E EV/EBITDA**, against our target multiple of **11x**.

We believe the company merits a premium driven by its successful capacity expansion and shift toward a more value-added product mix.

The commissioning of **new capacities and benefits from backward integration** are expected to drive steady volume and EBITDA growth over the medium term.

We maintain our positive view.

Financial Summary (Amount in Cr)

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	₹ 12,658	₹ 13,195	₹ 15,138	₹ 17,495	₹ 21,618	₹ 25,921
Revenue Growth		4.24%	14.73%	15.57%	23.57%	19.90%
EBITDA	₹ 1,503	₹ 1,570	₹ 1,867	₹ 2,110	₹ 2,631	₹ 3,252
EBITDA Margin	11.87%	11.90%	12.33%	12.06%	12.17%	12.55%
EBITDA Growth		4.45%	18.93%	13.03%	24.69%	23.59%
EV/EBITDA Multiple						11x
Enterprise Value						₹ 35,773
Less: Net Debt						₹ 1,057
Less: NCI						₹ 843
Value of Equity						₹ 33,873
No. of Shares (In Crs)						27.9
Share Price						₹ 1,214

For The Report, initiating coverage, dated on 4th Oct 2025>

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Recommendation Summary

Date		Price	Target	% Upside
31-Jan-25	●	₹ 763	₹ 1,146	50%
04-Oct-25	●	₹ 971	↑ ₹ 1,194	23%
11-Nov-25	●	₹ 855	↑ ₹ 1,214	42%

Price Chart



Annexures

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