

Shyam Metals & Energy

MULTIBAGGER 2021 PREMIUM (HIGH-QUALITY)

CMP: 360

BUY BELOW: 400

NSE: SHYAMMETL

BSE: 543299

Date Published: Oct 2021

ABOUT COMPANY

Shyam Metalics and Energy Limited (SMEL) was Incorporated in 2002 is a Fully Integrated Steel Manufacturing Company & India's leading integrated metal producer.

The company is primarily engaged in the production of long steel products such as **iron pellets**, sponge iron, steel billets, TMT, structural products, wire rods, and ferro alloys. It is among India's largest producers of ferro alloys in terms of installed capacity and the fourth-largest player in the sponge iron industry.

The company have reputed clients like Jindal Stainless Limited, Rimjhim Ispat Limit are some of its domestic clients whereas Norecom DMCC, Norecom Limited, POSCO International Corporation, World Metals & Alloys, Traxys North America LLC, JM GLocal Resources, Vijayshri Steel Pvt Ltd, etc. are the international clients.

The company currently has a Production Capacity of 5.7MTPA, with employee strength of 11000 & a partnership with 42 distributors to offer its products across 13 states and 1 union territory.

PRODUCTS

Key function of the company is to Convert Ore to Metal.

STEEL

Pellets, Sponge Iron, Billets, TMT, Structure, Wire rods

POWER

Eight captive power plants for integrated manufacturing

FERRO ALLOYS

Manganese, Aluminum, Silicon

ALUMINIUM FOIL

Packaging Aluminium Foil

MANUFACTURING PLANTS



Jamuria Plant



Sambalpur Plant



Mangalpur Plant

The company have 3 manufacturing plants located in Sambalpur in Odisha, and Jamuria and Mangalpur in West Bengal. The aggregate installed metal capacity of our manufacturing plants was 5.71 million ton\ per annum including captive power plants with an aggregate installed capacity of 227 MW. Shyam Metalics is in the process of increasing the capacities of existing manufacturing plants and captive power plants, which is expected to increase our aggregate installed metal capacity (comprising of intermediate and final products) from 5.71 MTPA to 11.60 MTPA and captive power plants aggregate installed capacity from 227 MW, as of December 31, 2020, to 357 MW. These proposed expansions are expected to become operational between Fiscal 2022 and Fiscal 2025. In addition the company is also in the process of commissioning an aluminum foil rolling mill at Pakuria in West Bengal with a proposed installed capacity of 0.04 MTPA, which is expected to become operational in Fiscal 2022.

SECTOR OVERVIEW

INDIA SECOND LARGEST STEEL PRODUCER

- India is second largest steel producer with 111 million tonnes capacity
- Steel Sector is one of the major contributor to Indias manufacturing output

SECTOR GROWTH

- Sector to grow at CAGR 6% till 2025
- Iron Ore Export Duty of 30% will help domestic players in availing raw materials

CAPACITY EXPANSIONS

Production Capacity: (Jamuria Unit)

Particulars	Existing Installed Capacities as of December 31, 2020*	Proposed Capacity Expansion*
Pellet	1,200,000 TPA	600,000 TPA
Sponge iron ⁽¹⁾	537,900 TPA	947,100 TPA
Billet ⁽²⁾	491,040 TPA	653,440 TPA
Rolling mill and Wire Rod mill	350,000 TPA	744,000 TPA
Structure mill	60,000 TPA	–
Ferro alloy ⁽³⁾	70,000 TPA	–
Blast furnace	–	600,000 TPA
Ductile pipe	–	200,000 TPA

CAPACITY EXPANSIONS

Sambalpur Unit

Particulars	Existing Installed Capacities as of December 31, 2020*	Proposed Capacity Expansion*
Pellet	1,200,00 TPA	600,000 TPA
Sponge iron ⁽¹⁾	792,000 TPA	561,000 TPA
Billet ⁽²⁾	401,280 TPA	461,200 TPA
Rolling mill and wire rod mill	320,000 TPA	510,000 TPA
Structure mill	60,000 TPA	–
Pipe mill	30,000 TPA	–
Ferro alloy ⁽³⁾	98,000 TPA	14,000 TPA

P&L

Profit & Loss

Consolidated Figures in Rs. Crores / [View Standalone](#)

	Mar 2018	Mar 2019	Mar 2020	Mar 2021
Sales +	3,747	4,606	4,363	6,297
Expenses +	3,039	3,662	3,717	4,903
Operating Profit	708	945	646	1,394
OPM %	19%	21%	15%	22%
Other Income	74	78	32	24
Interest	49	64	86	62
Depreciation	215	195	297	300
Profit before tax	517	764	295	1,055
Tax %	-2%	17%	-15%	20%
Net Profit	424	604	340	843
EPS in Rs	90.83	25.86	14.57	36.10
Dividend Payout %	0%	0%	0%	7%

Steady Growth is Visible except 2020 lockdown times

POSITIVES / 1

INDUSTRY LEADER

- Leading Player in Long Steel Products & Ferro Alloys
- Largest Producer of Ferro Alloys
- Fourth Largest in Sponge Iron manufacturing

FULLY INTEGRATED PLANTS

- Company has 3 manufacturing plants in India
- Fully Integrated Power Generation boosts the Bottom Line

REPUTED CLIENTS

- Company have reputed clients inside India & Abroad

POSITIVES / 2

EXPANSION

- Company is Expanding Capacity 80%
- Commencing operations by 2025

PROFITABILITY

- 100% Growth in Revenue in Past 5 Years
- Linear Growth in Operating Profit & Net Profit
- Current Benefiter of Steel Prices uptrend

WARREN BUFFETT CHECKLIST

- Brand Reputation, Fully Integrate Plants, Capital Intensive creates Moat
- Trading at Intrinsic Value Discount of 90%
- Book Value Ratio stands low at 3
- ROCE & ROE at whopping 26%
- Low Debt & High Promoter Holdings of 88%
- Positive Cash Flow generation

NEGATIVES

Growth is depended on Infrastructure Spending & Cyclical in Nature

Ongoing COVID Lockdown Extensions can impact Revenue in upcoming years thereby halting the Expansion Plans

Raw Material Availability Challenge is pertaining in this sector which may affect a super growth in business

Debtor Days Increasing in the latest year shows signs of cash flow issues.

SUMMARY

MULTIBAGGER

- Shyam Metalics have Multibagger Properties
- **300-500%** Returns expected based on Expansion, PE Resizing & Peer-Valuations
- **5 Year** Holding Period recommended
- For Tracking & Updates Register here [Futurecaps.com/follow](https://www.futurecaps.com/follow)

BUYING STRATEGY

- 70% at current price
- 30% on Price Correction 30%

PORTFOLIO THEORY

Why Portfolio Returns Matters in Long Term?

We are doing **Thorough Analysis** to ensure there is High Chances of Growth & Low Chances of Loss. In the long run few stocks can go up like 50X and few can go down like 0X too. But through Long-Term Holding we are ensuring Multibagger Returns on Portfolio is possible.

For example, you are Putting 1 Lakh on 10 stocks and holding for 10 Years:

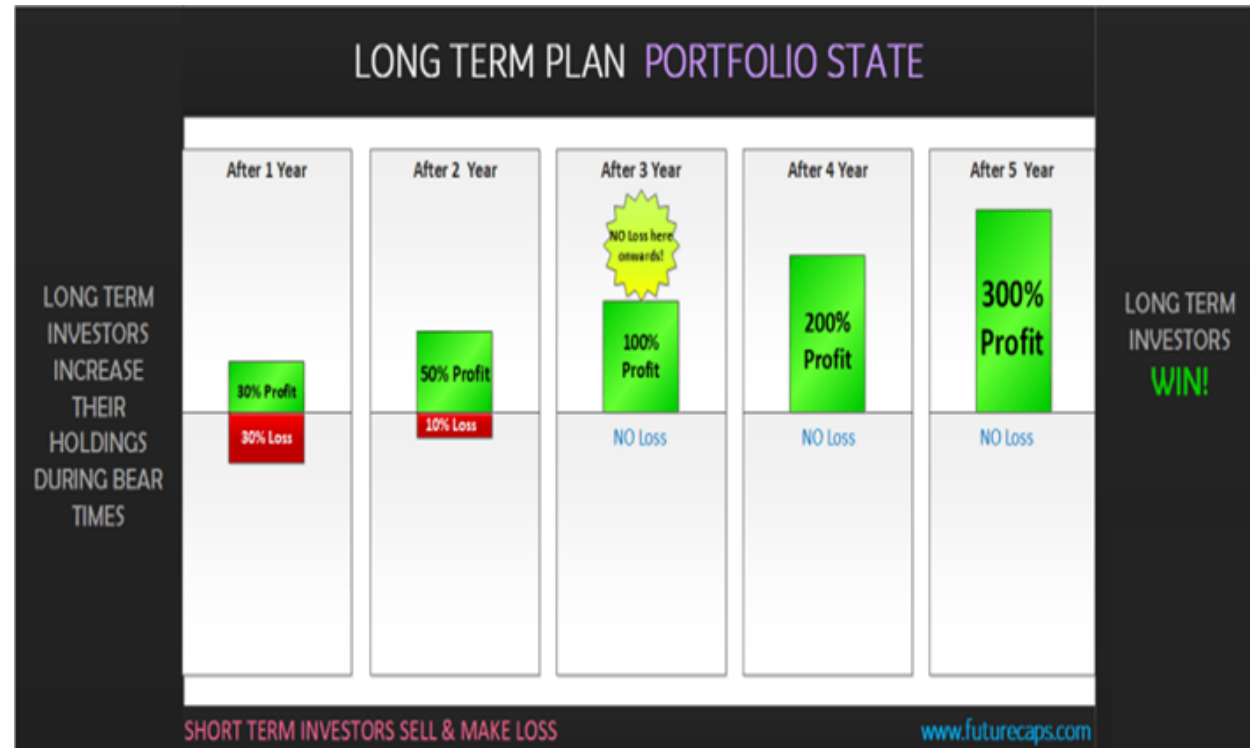
- 2 stocks gave 10X returns = 20L
- 2 stocks gave 7.5X returns = 15L
- 2 stocks gave 5X returns = 10L
- 2 stocks gave 2.5X returns = 5L
- 2 stocks gave 0X returns = 0L

Now your 10L Portfolio Stands at 50L Returns = 500% !

- Even though 2 stocks became 0, the other stock performance pulled the Overall Performance UP!
- As long as your stocks are in growth sector & growth oriented, you don't need to worry about short-term price corrections

This is the Secret of Portfolio Management – Long Term, Less Actions, Peaceful, More Profitable!

IN LONG TERM ONLY PROFITS!



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PAST PERFORMANCE

5000% Returns
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10 YEARS

PAST PERFORMANCE

600% Returns
Goldiam International
1 YEAR

PAST PERFORMANCE

500% Returns

Tata Elxsi

1 YEAR

PAST PERFORMANCE

400% Returns
Caplin Point
2 YEARS

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LONG-TERM Holding

LOW DEBT

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SEP 2021
EDITION



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