

SMEL/SE/2024-25/60

September 09, 2024

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| <p>The Secretary, Listing Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai 400 001 Maharashtra, India Scrip Code: 543299</p> | <p>The Manager – Listing Department National Stock Exchange of India Limited “Exchange Plaza”, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 Maharashtra, India Symbol: SHYAMMETL</p> |
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Sub: Press Release

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 (“Listing Regulations, 2015”), we are pleased to inform you that a Press Release was issued titled “**Shyam Metals and Energy Limited - Future growth plan**”.

The same is enclosed herewith for your information and dissemination on your website.

This is for your information and record.

For Shyam Metals and Energy Ltd.

BIRENDRA KUMAR JAIN
Digitally signed by
BIRENDRA KUMAR
JAIN
Date: 2024.09.09
12:47:48 +05'30'

Birendra Kumar Jain
Company Secretary & Compliance Officer
Membership No. A8305





OUR BRANDS:



SHYAM METALICS AND ENERGY LIMITED

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Shyam Metalics and Energy Limited – Future growth plan

Kolkata, 09th September, 2024 - Shyam Metalics and Energy Limited (SMEL) management's pragmatic approach to move up the value chain, diversifying products/metals and backward integration to capture efficiencies make it stand out. The successful foray into new businesses (Aluminium and stainless-steel products) showcases our execution capabilities, multiple new projects commencing operations in FY25/26 provide strong earnings visibility, while it mitigates fluctuating profitability risk through diversification. Debt policy of keeping maximum exposure of 0.5X at any point of time has ensured the sustainability and competitiveness of the company across cycles and time horizons.

Even at the peak of Capex Cycle we have been cash positive and presently have a Rs. 2,000 Crs of cash surplus as of now.

We have a very strong and disciplined capital allocation policy and have received the highest credit rating in the industry with a rating of CRISIL AA. We have a unique defined Business model in the metal industry and source around 80% of the power required from captive power plants. Our cost of power per unit is Rs. 2.36/kWh compared with the average grid power cost of Rs. 5-6 per kWh ensuring cushion and delta through cost efficiency.

We understand high CAPEX Business and metallurgy and post our foray in Aluminium foil and Stainless Steel which has facilitated us to emerge as a multi metal company. Aluminium and Stainless Steel are metals of the future and we see tremendous growth in these metals alongside simultaneous growth in our Carbon Steel and Speciality Alloys Business.

Our performance in the last 5 years

We have grown our capacities across numerous product lines at the CAGR of more than 18% on our existing facilities and product line. However, the focus has been on value added products wherein the revenue has grown at the CAGR of 43.2% in the past 5 years.

Our volumes in Finished steel have grown at a CAGR of 40% over the past 5 years from 0.25 MT in FY 20 to 1.33 MT in FY 24, being a 5.32 folds jump over the years.

The contribution of finished/ value added products has grown from 22% in FY 20 to 48% in FY 24 to our revenues. The contribution of Aluminium in FY 24 is 4% of revenue and the contribution of Stainless Steel is 4.5% of revenue in FY 24.

Overall, the revenue has grown at a CAGR of 24.7% in the last 5 years from Rs. 4,376 Crs in FY 20 to Rs. 13,195 Crs in FY 24 growing 3 folds over the period.

The EBITDA has grown at a CAGR of 19.9% in the last 5 years from Rs. 634 Crs in FY 20 to Rs. 1,569 Crs in FY 24 growing 2.5 folds over the period.

CAPEX Outlay:

We have announced CAPEX aggregating Rs. 10,025 Crs since 2021 being the IPO year. We have already incurred Capex of Rs. 4,948 Crs till Q1 FY25 which accounts for ~50% of the total CAPEX announced. Out of the incurred CAPEX, Rs. 2,654 Crs have been capitalized and sweating of those assets have begun and have contributed to the growth of our company.

The remaining CAPEX to be incurred is Rs. 1,700 Crs in FY 25, Rs. 2,000 Crs in FY 26 and remaining Rs. 1,377 Crs in FY 27 aggregating Rs. 5,077 Crs over the next 3 fiscals.

The capitalization expected in the forthcoming fiscals are as follows: FY 25 Rs. 2500 Crs, FY 26 Rs. 2000 Crs and FY 27 Rs. 2871 Crs facilitating the envisaged growth of our company.

Our vision for the next 5 Years

- ***In the Stainless Steel Business, we shall grow 4.3 folds over the next 5 years (from current 1.5 lakh tons to 6.5 lac tons) through investments in both forward and backward greenfield facilities***
- ***In the Aluminium segment, we shall grow 1.8 folds over the next 5 years (from the current 24,000 tons per annum to increase to 42,000 tons per annum) through investments in both forward and backward greenfield facilities***
- ***In Carbon Steel, we shall grow 1.8 folds over the next 5 years in the new product areas like Colour coated sheets, structural and Ductile Iron Pipes (our finished capacity in value added products to increase from 2 million tons presently to 3.56 million tons)***
- ***With incremental capacities in captive power plants growing from 386 MW to 706 MW being 1.8 folds growth over the period***

The above is based on CAPEX which has already been announced. Based on the cash generated and internal accruals we are expected to announce more CAPEX in the coming years, which shall further add to the growth of the company in terms of capacities, revenue followed by EBIDTA and PAT growth.

Targeted capacity CAGR in Stainless Steel 27.2%, Aluminium 20.1%, Carbon Steel 11.2%, Speciality Alloys 1.8%, and power 13.8%.

Targeted Revenue CAGR 24.8% from FY 24 Rs. 13,195 Crs to FY 29 Rs. 40,000 Crs

Targeted EBIDTA CAGR 23.5% from FY 24 Rs. 1,569 Crs to FY 29 Rs. 4,500 Crs

Stainless steel:

In October 2023, we announced the acquisition of Mittal Corp Limited (MCL) for Rs 351 Crs to enter the stainless steel (SS) segment. MCL catered to the consumer and construction industries through the production of 200 and 400 series of stainless steel. MCL has two manufacturing plants in Pithampur, Madhya Pradesh with 0.12 MTPA capacity for SS billets and 0.15 MTPA capacity for finished SS products along with a 20 Tons induction furnace. Total CAPEX of Rs. 1,160 Crs is planned to be infused in the next 3 years with expansion into SS Hot Flat rolled products 0.5 MTPA, CRM Stainless 0.2 MTPA, SS Bright Bars 0.018 MTPA and SS wire rods 0.025 MTPA.

Expected Revenue of Rs. 8,000 Crs in FY 29 as against Rs. 585 Crs in FY 24, being 13.7 folds growth in the ensuing period of 5 years.

Expected EBIDTA of Rs. 1,019 Crs in FY 29 as against Rs. 44 Crs in FY 24, being 23.2 folds growth in the ensuing period of 5 years.

Aluminium:

The company entered into greenfield Aluminium foil production in FY 22 by setting up a 40,000 TPA plant on an investment of Rs. 400 Crs which now should be read as 24,000 TPA post our specialized offerings. We took almost 3 years of planning before crystallizing on our investment in the metal of the future. We adopted the best technology available in the world and today we are the largest exporter of Aluminium foil in the country. We have specialized product offerings and can now produce foil material of 5 microns thickness. We are exporting 60% of current production to the EU and US markets where end usage finds its way in the Defense sector. We have also upgraded our facilities and plant to cater to Battery Foil in the EV sector. We are further enhancing our capacity in Aluminium Foil Segment by venturing into brownfield expansion of another aluminium foil plant with capacity of 0.018 MMTPA and greenfield expansion of Flat rolled products with capacity of 0.06 MMTPA which shall augment our margins and also give control on the quality of the metal produced. The set-up will comprise a recycling aluminium foil plant giving us the advantage of altering the metallurgy to produce value-added products. The same is being set up in a separate unit adjacent to our existing steel plant in Sambalpur which is the hub for aluminium ingots. We will be spending CAPEX of ~ Rs 800 Crs to venture into greenfield expansion of Aluminium flat rolled products.

Expected Revenue of Rs. 2,100 Crs in FY 29 as against Rs. 538 Crs in FY 24, being 3.9 folds growth in the ensuing period of 5 years.

Expected EBIDTA of Rs. 280 Crs in FY 29 as against Rs. 62 Crs in FY 24, being 4.5 folds growth in the ensuing period of 5 years.

Carbon Steel:

We believe our strength lies in identifying efficiencies through both vertical and horizontal integration. This is improving profitability, diversifying the customer base and lowering margin volatility. At the same time, backward integration, e.g., setting up power plants, blast furnaces, railway sidings are improving efficiency of operations. We believe new projects are both margin-and ROIC-accretive. Given the increasing share of value-added products and backward integration, we estimate revenue contribution from finished products could increase. Total CAPEX of Rs. 5,355 Crs is planned to be infused in the next 3 years. We will be coming out with additional capacity of Colour Coated Sheet 0.4 MTPA, DI Pipe 0.6 MTPA, Parallel Flange Beams 0.4 MTPA, TMT, Structural, wire Rods & Pipes 0.09 MTPA, Billets 0.4 MTPA, Coke oven 0.7 MTPA, Blast Furnace 1.05 MTPA, Sponge Iron 1.05 MTPA and Beneficiation Plant 3 MTPA.

Expected Revenue of Rs. 27,900 Crs in FY 29 as against Rs. 10,287 Crs in FY 24, being 2.7 folds growth in the ensuing period of 5 years.

Expected EBIDTA of Rs. 2,901 Crs in FY 29 as against Rs. 1,220 Crs in FY 24, being 2.4 folds growth in the ensuing period of 5 years.

Speciality Alloys:

We are among the first to take many new initiatives like setting up a waste heat recovery plant with a sponge iron plant in our scale of Business. We further use captive power production to produce Speciality alloys, thereby becoming the lowest cost producer of Speciality alloys. We will use our own ferro products in wire rods, HB Wire, Stainless Steel plant etc. We will be further expanding our capacity by 0.024 MTPA with a CAPEX of Rs. 60 Crs and will continue to serve the best countries around the world.

Expected Revenue of Rs. 2,000 Crs in FY 29 as against Rs. 1,785 Crs in FY 24, being 1.1 folds growth in the ensuing period of 5 years.

Expected EBIDTA of Rs. 300 Crs in FY 29 as against Rs. 244 Crs in FY 24, being 1.2 folds growth in the ensuing period of 5 years.

Given our continued efforts in forward integration in the supply chain, we expect revenue and EBITDA contributions from value-added products to increase immensely. We look forward to maintaining the positive momentum and delivering continued success in the upcoming years.

About Shyam Metalics Limited

Shyam Metalics is a leading and fastest-growing integrated metal-producing company based in India primarily in the steel Industry in West Bengal and Odisha with a focus on carbon steel, stainless steel, speciality alloys and aluminium foil. The company got listed itself on the exchanges in 2021 and as on date of this press release possesses a market capitalization of more than Rs. 22,500 Cr. Spearheaded by Mr. B. Bhushan, Vice Chairman & Managing Director, the company strives to deliver unparalleled quality through their customized value-added solutions to meet business requirements. Headquartered in Kolkata, West Bengal, the company is amongst the largest producers of ferro alloys in terms of installed capacity in India (Source: CRISIL Report). The company has the ability to sell intermediate and final products across the steel value chain. Shyam Metalics is one of the leading players in terms of pellet capacity and the largest coal fired player in the sponge iron industry in terms of sponge iron capacity in India.

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