

**Weak Q1; EBITDA Miss Led by Lower VAP share**
**Est. vs. Actual for Q1FY26:** Revenue – **MISS**; EBITDA/t – **MISS**; PAT – **MISS**
**Recommendation Rationale**

- **Weak Q1FY26 performance:** JTL's EBITDA de-grew by 41% YoY (up 31% QoQ), missing our estimate with the EBITDA/t at Rs 2,322/t (down 50% YoY but up 7% QoQ on a weak base of Q4FY25), a 40% miss vs. estimate, led by lower sales realisation, higher other expenses and inventory losses booked in Q1FY26.
- **Higher CG sales lead to lower ASP:** On account of higher CG (commercial grade) sales in the mix, average sales prices realisation (ASP) declined by 17%/12% YoY/QoQ. Furthermore, the benefit from the higher HRC prices in Apr-May'25 due to safeguard duty imposition was offset by lower HRC prices in Jun'25. Due to the HRC price fluctuation, it took an EBITDA/t hit of Rs 1,000/t reflected in inventory loss in Q1FY26.
- **EBITDA/t trajectory growth will be more gradual now:** EBITDA/t is likely to improve only gradually now as newer products (DFT, GI Coils, colour coated) will be introduced at a discount to the market to gain market share (earlier target of EBITDA/t at Rs 4,200-4,400/t range in FY26). The target is to get EBITDA/t of over Rs 5,000/t by FY28.

**Sector Outlook: Neutral**

**Company Outlook & Guidance:** The company's capacity will grow to 2.25 MT through the Mangaon plant (1.3 MT expansion) by the end of FY27. FY26 sales volume guidance stands unchanged at ~5 Lc tonnes with ~1.2 Lc tonnes in Q2FY26 and balance skewed towards H2FY26. In FY27, it will target 30% sales volume growth YoY. Capex guidance for FY26 is unchanged and will be in the range of Rs 240-250 Cr.

**Current Valuation:** 20x P/E on Mar'27E EPS (Unchanged)

**Current TP:** Rs 78/share (Unchanged)

**Recommendation:** We maintain our **HOLD** rating on the stock.

**Financial Performance:** JTL posted a weak set of numbers with EBITDA coming below our estimates. Revenue stood at Rs 543 Cr, up 6%/16% QoQ/YoY, missing our estimates by 5%, led by lower ASP due to a drop in the VAP share. EBITDA stood at Rs 23 Cr, down 41% but up 31% and missed our estimate, led by top-line miss. The YoY drop in EBITDA is led by higher other expenses. EBITDA/t stood at Rs 2,322/t, almost up 7% QoQ but down 50% YoY, led by lower VAP share. PAT stood at Rs 17 Cr, down 46% YoY and almost flat QoQ, led by higher D&A expense.

**Outlook:** With the phase-wise volume expansion in progress, we model Revenue/EBITDA/PAT CAGR of 25%/36%/26% over FY25-28E. After the weak Q1FY26 results, we cut our FY26/27 EBITDA estimates as we factor in lower sales price realisation. Execution of the growth projects and market acceptance of the key DFT, colour-coated, GI Coil, and ARW pipes, which the company will introduce over the upcoming quarters, will be the key monitorables.

**Valuation & Recommendation:** We maintain our **HOLD** rating and value JTL at 20x (unchanged) on our Mar'27 EPS to arrive at our Mar'26 target price of Rs 78/share, implying an upside potential of 2% from the CMP.

**Key Financials (Consolidated)**

(Rs Cr)	Q1FY26	QoQ	YoY	Axis Est.	Variance
Net Sales	543.9	16%	6%	572.4	-5%
EBITDA	23.4	31%	-41%	43.4	-46%
EBITDA/t (Rs/t)	2,323	7%	-50%	4,000	-42%
Net Profit	16.5	-2%	-46%	42.0	-61%
EPS (Rs)	0.42	-3%	-52%	1.07	-61%

Source: Company, Axis Securities

CMP as of 17<sup>th</sup> July, 2025

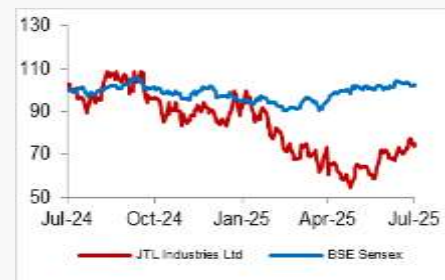
CMP (Rs)	77
Upside /Downside (%)	1%
High/Low (Rs)	123/60
Market cap (Cr)	3,020
Avg. daily vol. (6m) Shrs.	19,75,710
No. of shares (Cr)	39.3

**Shareholding (%)**

	Dec-24	Mar-25	Jun-25
Promoter	48.91	48.91	48.91
FII's	5.00	4.86	4.44
MFs / UTI	2.22	2.76	3.08
Banks / FI's	0.00	0.00	0.00
Others	43.87	43.47	43.57

**Financial & Valuations**

Y/E Mar (Rs Cr)	FY25A	FY26E	FY27E
Net Sales	1,916	2,675	3,294
EBITDA	123	198	268
Net Profit	99	141	173
EPS (Rs.)	2	3	4
PER (x)	33	24	20
P/BV (x)	3	2	2
EV/EBITDA (x)	24	16	12
ROE (%)	8%	9%	10%

**Relative Performance**


Source: Ace Equity, Axis Securities

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## Key Concall Highlights

- Sales volume breakup:** In Q1FY26, VAP (value added products) sales volume stood at 22 kt (down from 27.8 kt in Q4FY25), and it includes mainly galvanised iron (GI) pipes. The company has not classified its DFT products from the Mangaon facility, which started operations in Mar'25 as VAP. (VAP products have EBITDA/t of > Rs 5,000/t.). This is because it has sold the DFT products of thinner gauge and at a discount to peers as it introduced its products to the market for the first time. In Q1FY26, it sold more general black pipes, and as a result, VAP share fell to 20% vs 34% in Q4FY25 and 25% in Q1FY25.
- VAP share is likely to increase in future, but could fall short of earlier guidance:** Out of the 5 Lc tonnes of sales volume guidance for FY26, the company has earlier guided at 2 Lc tonnes of VAP volumes. However, in Q1FY26, JTL sold only 22 kt of VAP products. From the upcoming quarter, it will sell higher thickness DFT products (capable to supply upto thickness of 14 mm) to EPC players and contractors for various projects. This will kick in the actual realisation of the DFT products going ahead. It has a target to double the sales volume of the DFT products in Q2FY26 as against 7,500-8,000 tonnes sold in Q1FY26.
- Exports volume:** Exports share fell to 6% in Q1FY26 from 10% in Q4FY25 (7% in Q1FY25). Currently, the export market for DFT (which was anticipated earlier) is muted with no demand from North America and Canada due to the imposition of tariffs by the US and trade uncertainty. The majority of the exports are coming from Europe. It had a target of 10% exports of total sales volume for FY26, which could fall short of 10% now. It is targeting the Australian segment and other geographies for exports, and more clarity will emerge in the next 6 months on the sale of DFT products in these markets.
- DFT volumes:** DFT mill at Mangaon was commissioned in late Mar'25, and the company has tested the western market. It has sold 7,500-8,000 tonnes of material from it, with sizes ranging from 150x150 mm with 4 mm of thickness to 350x350 mm with 14 mm thickness. Initial market reaction to the products is positive.
- Inventory losses:** Due to the volatility in the HRC, it booked inventory losses in Q1FY26. The ASP fell as the price rise in Apr-May'25 was offset by the correction in prices in Jun'25. Due to monsoon, the price realisation is still weak in Jul'25; however, the management said it has taken the majority of the inventory loss in Q1FY26, and in Q2FY26, it will be minimal.
- Fundraise:** The company has no additional fundraising plans. Its capex in Q1FY26 stood at Rs 50 Cr, and for the full year, it targets to spend Rs 240-250 Cr.
- JTL Engineering Limited (Nabha Steel):** The company has merged JTL Engineering Limited (previously Nabha Steel & Metals) as a subsidiary on 12<sup>th</sup> March 2025. In FY25, sales volume from it stood at 41,865 tonnes. It will now consume the entire Nabhas volumes internally, and backwards integrate the Mandi plant, aiding margins.
- Capacity expansion:** The current installed capacity is now at 9.36 Lc tonnes, with 3.5 Lc tonnes of backwards integration. Mangaon capacity is now at 4.5 Lc tonnes, which includes 2.5 Lc tonnes of DFT (Direct Forming Technology) installed in Mar'25. The Mangaon facility will increase from 4.5 Lc tonnes to 17.5 Lc tonnes by the end of FY27. This will include 1) a 3 Lc tonnes of API Grade ERW Line expansion announced in July'25, which is targeted to come online in 1 year. 2) 4 Lc tonnes of GI coil by Q3FY26, and 3) 6 Lc tonnes of colour-coated line by H1FY27. Mandi plant will expand to 2 Lc tonnes from 1.86 Lc tonnes. This will take the total JTL capacity to 22.5 Lc tonnes from 9.36 Lc tonnes currently.
- Other highlights:** Dealer network forms 50-55% of sales volume, and the rest is from direct sales to government, contractors and OEMs. Interest cost increased due to the consolidation of its subsidiary JTL Engineering in Q1FY26.

## Key Risks to Our Estimates and TP

- The upside/downside risk to our HOLD rating is higher/lower than expected sales volumes and steel price realisations for our forecast years.

**Exhibit 1: Earnings Changes**

	New			Old			% Change		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	2,675	3,294	3,780	2,763	3,416	NA	-3%	-4%	NA
EBITDA	198	268	312	208	275	NA	-5%	-3%	NA
PAT	141	173	197	147	174	NA	-4%	-1%	NA
Sales volume (T)	5,00,000	6,10,000	7,00,000	5,00,000	6,10,000	NA	0%	0%	NA

Source: Company, Axis Securities

**Q1FY26 Results Review**

Rs Cr (YE Mar)	Q1FY25	Q4FY25	Q1FY26	Q1FY26	YoY	QoQ	Vs Axis
Consolidated	Act	Act	Axis Est.	Act	%	%	%
CG Products (Tonnes)	64,413	56,501	-	86,367	34%	53%	nm
VAP Products (Tonnes)	21,261	25,384	-	22,039	4%	-13%	nm
<b>Total sales volume (Tonnes)</b>	<b>85,674</b>	<b>81,885</b>	<b>1,08,406</b>	<b>1,08,406</b>	<b>27%</b>	<b>32%</b>	<b>0%</b>
VAP share %	24.8%	31.0%		20.3%	-449	-1067	
Export as % of total sales volume (%)	6.91%	10.12%		5.91%			
<b>Revenue From Operations</b>	<b>515.38</b>	<b>469.47</b>	<b>572.38</b>	<b>543.86</b>	<b>6%</b>	<b>16%</b>	<b>-5%</b>
ASP (Rs/t)	60,156	57,333	52,800	50,169	-17%	-12%	-5%
Cost of materials consumed	441.23	335.40	515.15	459.28	4%	37%	-11%
Purchases of stock-in-trade	10.33	72.33	-	24.07	133%	-67%	nm
Changes in inventories of finished goods, stock-in-trade.	-0.86	9.20	-	-0.30	nm	nm	nm
Employee benefits expense	6.18	8.38	6.30	10.09	63%	20%	60%
Other expenses	18.82	26.34	7.58	27.35	45%	4%	261%
<b>EBITDA</b>	<b>39.69</b>	<b>17.82</b>	<b>43.36</b>	<b>23.37</b>	<b>-41%</b>	<b>31%</b>	<b>-46%</b>
<b>EBITDA per tonne (Rs/T)</b>	<b>4,632</b>	<b>2,176</b>	<b>4,000</b>	<b>2,323</b>	<b>-50%</b>	<b>7%</b>	<b>-42%</b>
Depreciation and amortisation expense	1.89	3.00	1.94	4.44	135%	48%	129%
<b>EBIT</b>	<b>37.80</b>	<b>14.82</b>	<b>41.43</b>	<b>18.93</b>	<b>-50%</b>	<b>28%</b>	<b>-54%</b>
Finance costs	1.26	1.28	1.58	2.78	121%	117%	77%
Other Income	4.18	8.84	16.17	5.75	38%	-35%	-64%
<b>Profit Before Exceptional Items and Tax</b>	<b>40.72</b>	<b>22.38</b>	<b>56.02</b>	<b>21.89</b>	<b>-46%</b>	<b>-2%</b>	<b>-61%</b>
Exceptional Items	-	-	-	-	nm	nm	nm
<b>Profit Before Tax</b>	<b>40.72</b>	<b>22.38</b>	<b>56.02</b>	<b>21.89</b>	<b>-46%</b>	<b>-2%</b>	<b>-61%</b>
Total Tax Expenses	10.02	5.56	14.01	5.34	-47%	-4%	-62%
<b>Profit For the Year/Period</b>	<b>30.70</b>	<b>16.83</b>	<b>42.02</b>	<b>16.55</b>	<b>-46%</b>	<b>-2%</b>	<b>-61%</b>
<b>EPS Basic</b>	<b>0.87</b>	<b>0.43</b>	<b>1.07</b>	<b>0.42</b>	<b>-52%</b>	<b>-3%</b>	<b>-61%</b>
<b>EPS Diluted</b>	<b>0.83</b>	<b>0.38</b>	<b>0.95</b>	<b>0.37</b>	<b>-55%</b>	<b>-3%</b>	<b>-61%</b>
GM%	12.55%	11.19%	10.00%	11.18%	-137	-1	118
EBITDA %	7.70%	3.80%	7.58%	4.30%	-340	50	-328
EBIT %	7.33%	3.16%	7.24%	3.48%	-385	32	-376
Tax rate %	24.61%	24.83%	25.00%	24.41%	-20	-42	-59
NPM%	5.96%	3.58%	7.34%	3.04%	-291	-54	-430

Source: Company, Axis Securities

## Financials (Consolidated)

### Profit & Loss

(Rs Cr)

Y/E March	FY25A	FY26E	FY27E	FY28E
Revenue From Operations	1,916	2,675	3,294	3,780
Other Income	22	20	20	20
<b>Total Income</b>	<b>1,939</b>	<b>2,695</b>	<b>3,314</b>	<b>3,800</b>
Cost of materials consumed	1,520	2,122	2,613	2,998
Purchases of stock-in-trade	162	-	-	-
Changes in inventories of finished goods, stock-in-trade.	0	-	-	-
Employee benefits expense	28	39	48	55
Other expenses	83	316	366	415
<b>Total Expenditure</b>	<b>1,793</b>	<b>2,477</b>	<b>3,026</b>	<b>3,468</b>
<b>EBITDA</b>	<b>123</b>	<b>198</b>	<b>268</b>	<b>312</b>
<b>EBITDA per tonne (Rs/T)</b>	<b>3,557</b>	<b>3,958</b>	<b>4,390</b>	<b>4,460</b>
Depreciation and amortisation expense	9	19	46	58
<b>EBIT</b>	<b>114</b>	<b>179</b>	<b>222</b>	<b>255</b>
Finance costs	5	11	11	11
<b>Profit Before Exceptional Items And Tax</b>	<b>132</b>	<b>188</b>	<b>231</b>	<b>263</b>
Exceptional Items	-	-	-	-
<b>Profit Before Tax</b>	<b>132</b>	<b>188</b>	<b>231</b>	<b>263</b>
Total Tax Expenses	33	47	58	66
<b>Profit For The Year / Period Attributable To Owners Of The Parent</b>	<b>99</b>	<b>141</b>	<b>173</b>	<b>197</b>
Non-Controlling Interests	-	1	1	1
Wt Avg No of shares outstanding (Cr) Basic (FV Rs 2/sh)	38.01	44.00	44.54	44.54
Wt Avg No of shares outstanding (Cr) Diluted	42.97	44.54	44.54	44.54
<b>Earnings Per Share (Not Annualised)</b>				
Basic (Rs.)	2.60	3.19	3.87	4.42
<b>Diluted (Rs.)</b>	<b>2.30</b>	<b>3.15</b>	<b>3.87</b>	<b>4.42</b>
DPS (Rs/sh)	0.13	0.20	0.20	0.20
Payout Ratio	5.4%	6.3%	5.2%	4.5%

Source: Company, Axis Securities

### Balance Sheet

(Rs Cr)

Y/E March	FY25A	FY26E	FY27E	FY28E
Net Block	218	450	554	647
CWIP	66	66	66	66
Intangible assets				
Investments	10	10	10	10
Inventories	217	303	374	429
Trade Receivables	280	147	180	207
Cash / Bank balance	77	250	213	233
Misc. Assets	469	469	469	469
<b>Total assets</b>	<b>1,339</b>	<b>1,696</b>	<b>1,868</b>	<b>2,062</b>
Equity capital	39	44	44	44
Reserves	1,179	1,523	1,687	1,876
Borrowings	76	76	76	76
Def tax Liabilities	1	1	1	1
Other Liabilities	18	18	18	18
Provisions	3	3	3	3
Trade Payables	23	32	39	45
<b>Capital employed</b>	<b>1,339</b>	<b>1,696</b>	<b>1,868</b>	<b>2,062</b>

Source: Company, Axis Securities

**Cash Flow**
**(Rs Cr)**

Y/E March	FY25A	FY26E	FY27E	FY28E
Profit before tax	131	188	231	263
Depreciation	9	19	46	58
Interest Expenses	5	11	11	11
Non-operating / EO item	(15)	-	-	-
Change in W/C	(341)	56	(97)	(76)
Tax paid	(34)	(47)	(58)	(66)
<b>Operating Cash Flow</b>	<b>(246)</b>	<b>227</b>	<b>133</b>	<b>190</b>
Capital Expenditure	(178)	(250)	(150)	(150)
<b>Free Cash Flow</b>	<b>(424)</b>	<b>(23)</b>	<b>(17)</b>	<b>40</b>
Other Investments	(10)	-	-	-
<b>Investing Cash Flow</b>	<b>(188)</b>	<b>(250)</b>	<b>(150)</b>	<b>(150)</b>
Proceeds / (Repayment) of Borrowings	56	-	-	-
Equity Share Capital raised	4	4	-	-
Securities premium received	376	-	-	-
Money received against share warrant	(65)	208	-	-
Finance cost paid	(5)	(11)	(11)	(11)
Dividend paid	(5)	(5)	(9)	(9)
Other financing activities	45	-	-	-
<b>Financing Cash Flow</b>	<b>407</b>	<b>196</b>	<b>(20)</b>	<b>(20)</b>
<b>Change in Cash</b>	<b>(26.8)</b>	<b>172.8</b>	<b>(37.1)</b>	<b>20.1</b>
Opening Cash	101.2	74.4	247.3	210.2
<b>Closing Cash</b>	<b>74.4</b>	<b>247.3</b>	<b>210.2</b>	<b>230.3</b>

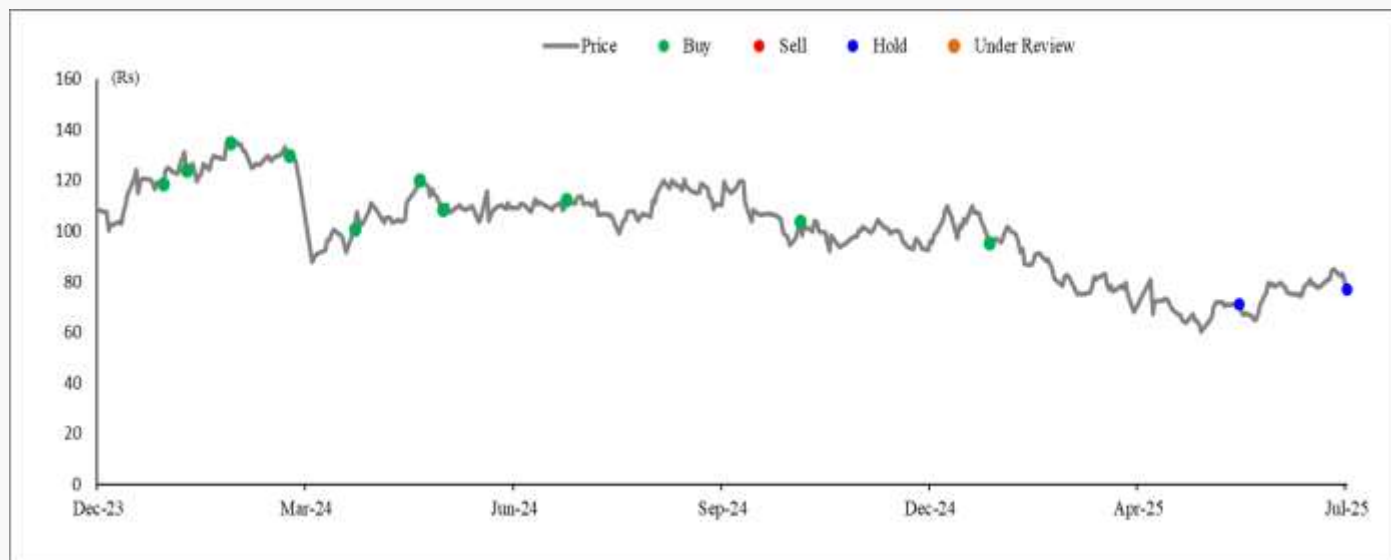
Source: Company, Axis Securities

**Ratio Analysis**
**(x) / (%)**

Y/E March	FY25A	FY26E	FY27E	FY28E
<b>Operational Ratios</b>				
Sales growth (% YoY)	-6.1%	39.6%	23.1%	14.8%
EBITDA growth (% YoY)	-19.2%	60.9%	35.3%	16.6%
Op. profit growth (% YoY)	-22.5%	57.8%	23.9%	14.6%
Net Profit growth (% YoY)	-12.6%	42.0%	22.9%	14.1%
EBITDA Margin %	6.4%	7.4%	8.1%	8.3%
Net profit Margin %	5.2%	5.2%	5.2%	5.2%
Tax Rate %	24.9%	25.0%	25.0%	25.0%
<b>Efficiency Ratios</b>				
Total Asset turnover (x)	1.76	1.76	1.85	1.92
Sales/Gross block (x)	7.81	5.40	5.10	4.75
Sales/Net block(x)	8.77	5.95	5.94	5.85
Working capital/Sales (x)	0.25	0.16	0.16	0.16
<b>Valuation Ratios</b>				
PER (x)	33.48	24.45	19.89	17.44
P/BV (x)	2.72	2.19	1.98	1.79
EV/Ebitda (x)	23.79	16.24	12.30	10.48
EV/Sales (x)	1.53	1.20	1.00	0.87
Dividend Yield (%)	0.2%	0.3%	0.3%	0.3%
<b>Return Ratios</b>				
ROE	8%	9%	10%	10%
ROCE	9%	11%	12%	13%
<b>Leverage Ratios</b>				
Debt/equity (x)	0.06	0.05	0.04	0.04
Net debt/ Equity (x)	(0.00)	(0.11)	(0.08)	(0.08)
Net debt/Ebitda (x)	(0.01)	(0.88)	(0.51)	(0.50)

Source: Company, Axis Securities

## JTL Industries Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
01-Jan-24	BUY	133	Top Picks
15-Jan-24	BUY	150	Result Update
02-Feb-24	BUY	150	Top Picks
01-Mar-24	BUY	150	Top Picks
01-Apr-24	BUY	138	Top Picks
02-May-24	BUY	138	Top Picks
14-May-24	BUY	130	Result Update
12-Jul-24	BUY	130	Result Update
31-Oct-24	BUY	130	Result Update
29-Jan-25	BUY	115	Result Update
28-May-25	HOLD	78	Result Update
18-Jul-25	HOLD	78	Result Update

Source: Axis Securities

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