

Weak Q4; EBITDA Miss Led by Higher Costs

Est. vs. Actual for Q4FY25: Revenue – **BEAT**; EBITDA/t – **MISS**; PAT – **MISS**

Change in Estimates post Q4FY25

FY26E/FY27E: Revenue: -11%/-15%; **EBITDA:** -20%/-23%; **PAT:** -21%/-25%

Recommendation Rationale

- **Weak Q4FY25 performance:** JTL's EBITDA de-grew by 51%/49% YoY/QoQ, a 47% miss vs our estimate with the EBITDA/t at Rs 2,176/t (down 51%/46% YoY/QoQ), a 47% miss vs. estimate, led by higher RM, employee and other expenses. It took some margin hit on export orders booked in Q3FY25, which it delivered in Q4FY25, due to a rise in HRC prices QoQ. An increase in other expenses was mainly due to higher freight charges due to higher exports.
- **FY25 performance:** FY25 Revenue degrew by 6% YoY, mainly led by lower sales realisation as benchmark HRC prices fell by 10% YoY in FY25. Sales volume grew only by 13% YoY (including Nabha Steel) as capacity addition was skewed in H2FY25. Higher other expenses due to higher exports on account of lower government orders led to a decline in EBITDA at Rs 123 Cr (down 19% YoY) with EBITDA/t down to Rs 3,557/t (from Rs 4,452/t in FY24).
- **EBITDA/t trajectory likely to improve in FY26:** EBITDA/t is likely to improve in FY26 towards the Rs 4,200-4,400/t range, led by guidance of 2 Lc tonnes of VAP products over total sales volume guidance of 5 Lc tonnes. The current installed capacity is now at 9.36 Lc tonnes with 3 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 Q4FY25. DFT ramp-up from Q1FY26 will contribute to a higher VAP share.

Sector Outlook: Cautiously Positive

Company Outlook & Guidance: The company's capacity will grow to 2 MT through the Mangaon plant (1.5 MT expansion) by FY27. We cut our EBITDA estimates as we factor in lower sales volume than our earlier assumptions. In FY26, sales volume guidance is ~5 Lc tonnes (our earlier estimate was at 5.5 Lc tonnes) with ~125 kt in Q1/Q2FY26 each and then gradually increasing in H2FY26. Capex guidance for FY26 is in the range of Rs 240-250 Cr.

Current Valuation: 20x P/E on Mar'27E EPS (from 22x P/E on Mar'27E EPS)

Current TP: Rs 78/share (Rs 115/share)

Recommendation: We downgrade from **BUY** to **HOLD** rating on the stock.

Financial Performance: JTL Industries posted a weak set of numbers with EBITDA coming below our estimates. Revenue stood at Rs 469 Cr (up 1%/4% YoY/QoQ), ahead of our estimate due to a higher than estimated ASP. EBITDA, however, missed our estimate by 47% at Rs 18 Cr (down 51%/49% YoY/QoQ), led by higher costs across line items. RM, employee, and other expenses increased YoY/QoQ. EBITDA/t declined by 51%/46% YoY/QoQ and missed our estimate of Rs 4,100/t to Rs 2,176/t. PAT stood at Rs 17 Cr (down 43%/33% YoY/QoQ) and missed our estimate due to EBITDA miss, partially offset by higher other income. The company declared a DPS of Rs 0.125/share for FY25.

Key Financials (Consolidated)

(Rs Cr)	Q4FY25	QoQ	YoY	Axis Est.	Variance
Net Sales	469.5	4%	1%	380.8	23%
EBITDA	17.8	-49%	-51%	33.6	-47%
EBITDA/t (Rs/t)	2,176	-46%	-51%	4,100	-47%
Net Profit	16.8	-33%	-43%	24.5	-31%
EPS (Rs)	0.43	-32%	-50%	0.62	-31%

Source: Company, Axis Securities

CMP as of 27th May 2025

CMP (Rs)	72
Upside /Downside (%)	9%
High/Low (Rs)	123/60
Market cap (Cr)	2,797
Avg. daily vol. (6m) Shrs.	16,65,070
No. of shares (Cr)	39.3

Shareholding (%)

	Sep-24	Dec-24	Mar-25
Promoter	48.91	48.91	48.91
FII's	5.60	5.00	4.86
MFs / UTI	1.64	2.22	2.76
Banks / FI's	0.00	0.00	0.00
Others	43.85	43.87	43.47

Financial & Valuations

Y/E Mar (Rs Cr)	FY25A	FY26E	FY27E
Net Sales	1,916	2,763	3,416
EBITDA	123	208	275
Net Profit	99	147	174
EPS (Rs)	2	3	4
PER (x)	31	22	18
P/BV (x)	3	2	2
EV/EBITDA (x)	22	15	11
ROE (%)	8%	9%	10%

Change in Estimates (%)

Y/E Mar	FY25A	FY26E	FY27E
Net Sales		-11%	-15%
EBITDA		-20%	-23%
Net Profit		-21%	-25%

Relative Performance



Source: Ace Equity, Axis Securities

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Outlook

With the phase-wise volume expansion in progress, we model Revenue/EBITDA/PAT CAGR of 34%/49%/33% over FY25-27E. After Q4FY25 results, we cut our FY26/27 EBITDA estimates as we factor in lower sales volumes. Progress on Growth Projects and execution remains a key monitorable, and further delays could cap material upside. Faster execution on growth projects could pose an upside risk to our target price.

Valuation & Recommendation

We downgrade from BUY to **HOLD** rating and value JTL at 20x (from 22x due to pressure on steel prices and macro uncertainty) on our Mar'27 EPS to arrive at our Mar'26 target price of Rs 78/share, implying an upside potential of 9% from the CMP.

Key Concall Highlights

- **VAP share to increase in FY26:** Out of the 5 LC tonnes of sales volume guidance for FY26, the company will target 2 Lc tonnes of VAP volumes. The VAP will include 1.24 Lc tonnes of GI pipes, which have higher EBITDA/t in the range of Rs 6,000-6,500/t, DFT at 50 kt with EBITDA/t of Rs 7,000-8,000/t and GP plant from Q3FY26 onwards, which will contribute 20kt higher margin products. The volume run rate for the first two months of Q1FY26 (Apr-May'26) is inline to achieve full year guidance of 5 Lc tonnes.
- **Exports volume:** In Q4FY25, export volumes grew by 52% YoY, down 5% QoQ to 6,841 tonnes, with export share rising to 8% from 5% in Q4FY24. Full year FY25 exports grew by 81% to 32,258 tonnes, with export share increasing to 9% from 5% in FY24. In FY26, management has guided exports to be at 10% of total sales volume guidance of 5 Lc tonnes, i.e. exports tonnage will be ~50kt in FY26 (up 55% YoY).
- **DFT volumes:** DFT mill at Mangaon was commissioned in late Mar'25, and the company has tested the western market. The company sold > 1,500 tonnes of material from it with sizes ranging from 150x150 mm with 4mm of thickness to 350x350 mm with 14 mm thickness. Initial market reaction to the products is positive.
- **Fundraise:** In Jul'24, the company raised Rs 300 Cr through a Qualified Institutional Placement (QIP) at an issue price of Rs 211/share (pre-split share price). In the past, it raised Rs 675 Cr through promoter-led preferential share warrants, of which the company received Rs 180 Cr, and the balance will be received by Mar'25. These funds have been primarily allocated towards capacity expansion (Rs 1,000 Cr capex for 1 to 2 MTPA), working capital requirements, and general corporate purposes. The company's net cash stood at Rs 1.13 Cr as of Mar'25.
- **JTL Engineering Limited (Nabha Steel):** The company has merged JTL Engineering Limited (previously Nabha Steel & Metals) as a subsidiary on 12th Mar'25. In FY25, sales volume from it stood at 41,865 tonnes. The company will now consume the entire Nabhas volumes internally, and it will backward integrate the Mandi plant, aiding margins.
- **Market share:** The company has a 9% market share in structural steel tube, and with increasing SKU's it expects to increase it in future.

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		
	FY25	FY26E	FY27E	FY25E	FY26E	FY27E	FY25	FY26E	FY27E
Sales	1,916	2,763	3,416	1,958	3,121	4,025	-2%	-11%	-15%
EBITDA	123	208	275	148	262	357	-17%	-20%	-23%
PAT	99	147	174	110	187	232	-10%	-21%	-25%
Sales volume (T)	345,690	500,000	610,000	390,000	550,000	700,000	-11%	-9%	-13%

Source: Company

Q4FY25 Results Review

Rs Cr (YE Mar)	Q4FY24	Q3FY25	Q4FY25	Q4FY25	YoY	QoQ	Vs Axis
Consolidated	Act	Act	Axis Est.	Act	%	%	%
CG Products (Tonnes)	62,592	68,991	54,050	54,050	-14%	-22%	0%
VAP Products (Tonnes)	19,321	18,722	27,835	27,835	44%	49%	0%
Total sales volume (Tonnes)	81,913	87,713	81,885	81,885	0%	-7%	0%
VAP share %	23.6%	21.3%	34.0%	34.0%	1041	1265	0
Export as % of total sales volume (%)	5.68%	7.80%	10.12%	10.12%	443	232	0
Revenue From Operations	465.94	451.43	380.77	469.47	1%	4%	23%
ASP (Rs/t)	56,882	51,467	46,500	57,333	1%	11%	23%
Cost of materials consumed	342.88	371.94	342.69	335.40	-2%	-10%	-2%
Purchases of stock-in-trade	62.98	27.43	-	72.33	15%	164%	nm
Changes in inventories of finished goods, stock-in-trade.	-8.14	-6.65	-	9.20	nm	nm	nm
Employee benefits expense	6.70	6.59	4.19	8.38	25%	27%	100%
Other expenses	24.78	17.00	0.32	26.34	6%	55%	8254%
EBITDA	36.74	35.13	33.57	17.82	-51%	-49%	-47%
EBITDA per tonne (Rs/T)	4,485	4,005	4,100	2,176	-51%	-46%	-47%
Depreciation and amortisation expense	1.55	2.26	1.94	3.00	94%	33%	55%
EBIT	35.18	32.87	31.64	14.82	-58%	-55%	-53%
Finance costs	0.95	1.26	1.58	1.28	34%	1%	-19%
Other Income	3.93	2.08	2.63	8.84	125%	326%	237%
Profit Before Exceptional Items and Tax	38.16	33.69	32.69	22.38	-41%	-34%	-32%
Exceptional Items	-	-	-	-	nm	nm	nm
Profit Before Tax	38.16	33.69	32.69	22.38	-41%	-34%	-32%
Total Tax Expenses	8.62	8.74	8.17	5.56	-36%	-36%	-32%
Profit For the Year/Period	29.55	24.94	24.52	16.83	-43%	-33%	-31%
EPS Basic	0.86	0.63	0.62	0.43	-50%	-32%	-31%
EPS Diluted	0.84	0.56	0.55	0.38	-55%	-32%	-31%
GM%	14.64%	13.01%	10.00%	11.19%	-345	-182	119
EBITDA %	7.88%	7.78%	8.82%	3.80%	-409	-399	-502
EBIT %	7.55%	7.28%	8.31%	3.16%	-439	-412	-515
Tax rate %	22.58%	25.95%	25.00%	24.83%	225	-112	-17
NPM%	6.34%	5.53%	6.44%	3.58%	-276	-194	-285

Source: Company

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY 24A	FY 25A	FY 26E	FY 27E
Revenue From Operations	2,040	1,916	2,763	3,416
Other Income	9	22	15	15
Total Income	2,049	1,939	2,778	3,431
Cost of materials consumed	1,713	1,520	2,191	2,710
Purchases of stock-in-trade	99	162	-	-
Changes in inventories of finished goods, stock-in-trade.	4	0	-	-
Employee benefits expense	22	28	40	50
Other expenses	50	83	323	382
Total Expenditure	1,888	1,793	2,554	3,142
EBITDA	152	123	208	275
EBITDA per tonne (Rs/T)	4,452	3,557	4,168	4,500
Depreciation and amortisation expense	6	9	20	50
EBIT	147	114	189	225
Finance costs	5	5	8	8
Profit Before Exceptional Items and Tax	150	132	196	232
Exceptional Items	-	-	-	-
Profit Before Tax	150	132	196	232
Total Tax Expenses	37	33	49	58
Profit For the Year / Period Attributable To Owners Of The Parent	113	99	147	174
Non-Controlling Interests	-	-	-	-
Wt Avg No of shares outstanding (Cr) Basic (FV Rs 2/sh)	34.09	38.01	44.00	44.54
Wt Avg No of shares outstanding (Cr) Diluted	34.67	42.97	44.54	44.54
Earnings Per Share (Not Annualised)				
Basic (Rs.)	3.32	2.60	3.34	3.91
Diluted (Rs.)	3.26	2.30	3.30	3.91
DPS (Rs/sh)	0.25	0.13	0.20	0.20
Payout Ratio	7.7%	5.4%	6.1%	5.1%

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY 24A	FY 25A	FY 26E	FY 27E
Net Block	111	218	499	599
CWIP	6	66	66	66
Intangible assets				
Investments	6	10	10	10
Inventories	150	217	313	388
Trade Receivables	193	280	151	187
Cash / Bank balance	106	77	194	156
Misc. Assets	271	469	469	469
Total assets	843	1,339	1,703	1,876
Equity capital	35	39	44	44
Reserves	739	1,179	1,529	1,694
Borrowings	20	76	76	76
Def tax Liabilities	2	1	1	1
Other Liabilities	20	18	18	18
Provisions	2	3	3	3
Trade Payables	24	23	33	40
Capital employed	843	1,339	1,703	1,876

Source: Company, Axis Securities

Cash Flow
(Rs Cr)

Y/E March	FY 24A	FY 25A	FY 26E	FY 27E
Profit before tax	150	131	196	232
Depreciation	6	9	20	50
Interest Expenses	5	5	8	8
Non-operating / EO item	(7)	(15)	-	-
Change in W/C	(134)	(341)	43	(102)
Tax paid	(42)	(34)	(49)	(58)
Operating Cash Flow	(22)	(246)	217	129
Capital Expenditure	(103)	(178)	(300)	(150)
Free Cash Flow	(125)	(424)	(83)	(21)
Other Investments	8	(10)	-	-
Investing Cash Flow	(96)	(188)	(300)	(150)
Proceeds / (Repayment) of Borrowings	(87)	56	-	-
Equity Share Capital raised	1	4	4	-
Securities premium received	124	376	-	-
Money received against the share warrant	138	(65)	208	-
Finance cost paid	(5)	(5)	(8)	(8)
Dividend paid	(2)	(5)	(5)	(9)
Other financing activities	-	45	-	-
Financing Cash Flow	169	407	200	(17)
Change in Cash	51.1	(26.8)	116.5	(37.3)
Opening Cash	50.1	101.2	74.4	190.9
Closing Cash	101.2	74.4	190.9	153.6

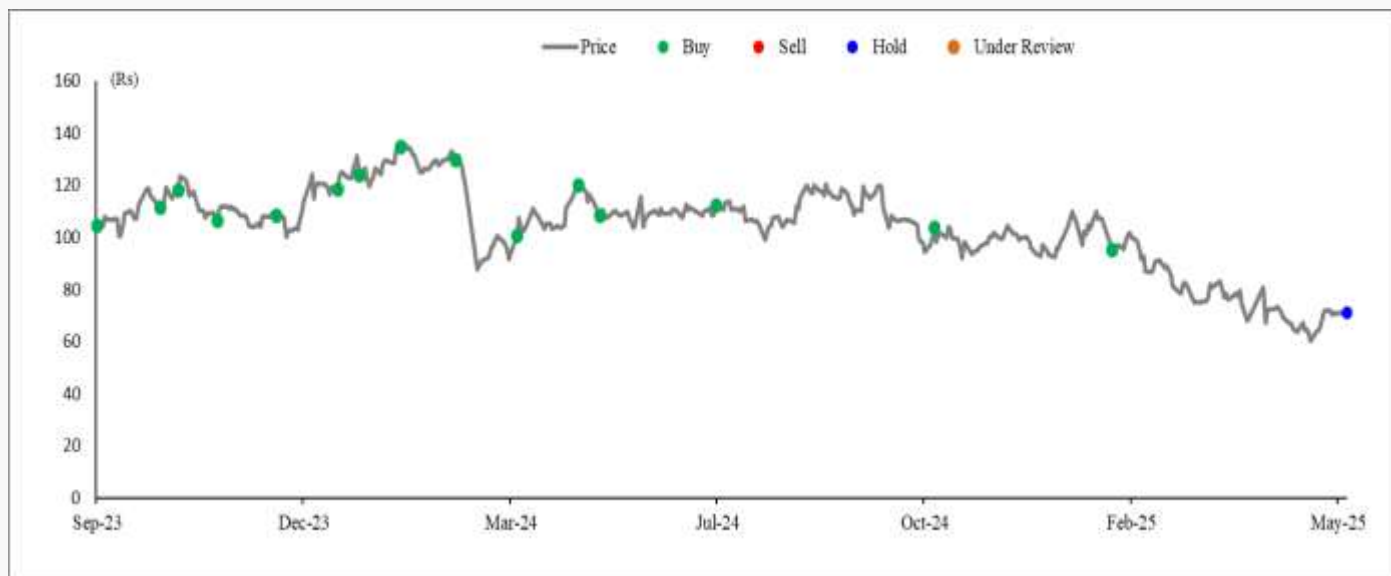
Source: Company, Axis Securities

Ratio Analysis
(x) / (%)

Y/E March	FY 24A	FY 25A	FY 26E	FY 27E
Operational Ratios				
Sales growth (% YoY)	31.6%	-6.1%	44.2%	23.7%
EBITDA growth (% YoY)	17.6%	-19.2%	69.5%	31.7%
Op. profit growth (% YoY)	17.2%	-22.5%	65.9%	19.2%
Net Profit growth (% YoY)	25.4%	-12.6%	48.7%	18.5%
EBITDA Margin %	7.5%	6.4%	7.5%	8.0%
Net profit Margin %	5.5%	5.2%	5.3%	5.1%
Tax Rate %	24.8%	24.9%	25.0%	25.0%
Efficiency Ratios				
Total Asset turnover (x)	2.90	1.76	1.82	1.91
Sales/Gross block (x)	15.81	7.81	5.06	4.91
Sales/Net block(x)	18.32	8.77	5.54	5.70
Working capital/Sales (x)	0.16	0.25	0.16	0.16
Valuation Ratios				
PER (x)	28.11	31.15	21.71	18.32
P/BV (x)	4.10	2.53	2.03	1.84
EV/Ebitda (x)	19.96	22.14	14.57	11.33
EV/Sales (x)	1.49	1.42	1.10	0.91
Dividend Yield (%)	0.3%	0.2%	0.3%	0.3%
Return Ratios				
ROE	15%	8%	9%	10%
ROCE	19%	9%	12%	12%
Leverage Ratios				
Debt/equity (x)	0.03	0.06	0.05	0.04
Net debt/ Equity (x)	(0.11)	(0.00)	(0.07)	(0.05)
Net debt/Ebitda (x)	(0.56)	(0.01)	(0.56)	(0.29)

Source: Company, Axis Securities

JTL Industries Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
26-Jun-23	BUY	118	Initiating Coverage
31-Jul-23	BUY	118	Result Update
01-Aug-23	BUY	118	Top Picks
01-Sep-23	BUY	118	Top Picks
03-Oct-23	BUY	133	Top Picks
13-Oct-23	BUY	133	Result Update
01-Nov-23	BUY	133	Top Picks
01-Dec-23	BUY	133	Top Picks
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

Source: Axis Securities

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Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward looking estimates for the stock, but we refrain from assigning valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events
NO STANCE	We do not have any forward-looking estimates, valuation or recommendation for the stock

Note: Returns stated in the rating scale are our internal benchmark.