



KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- Consolidated revenue rose by 2.1% on YoY basis and 10.5% on QoQ basis to Rs. 515 cr.
- Operating EBITDA came in at ₹ 40 cr, up by 11.1% on a YoY basis and 8.1% on a QoQ basis.
- EBITDA margins stood at 7.76% up by 63 bps and down by 18 bps on YoY and QoQ basis respectively.
- Net Profit stood at ₹ 31 cr. Up by 24% and 6.9% on YoY and QoQ basis respectively.

2. MANAGEMENT COMMENTARY:

- Management stated that major new capacities will be operational in H2 and this will enable them to maintain their volume growth guidance of 30-35% for FY25.
- Management expects major boost in demand post budget.
- This year, JTL has set a goal to raise its proportion of value-added products to over 40%, as a part of its strategic plan to enhance the business and margins generated out of its product offerings.

3. PRICE PERFORMANCE (%)

Particulars	3 M	1 Y
JTL Industries Ltd	7.2%	27%
Nifty Small cap 250	14.6%	57.3%
Nifty Small cap 100	14.5%	63.4%

4. CONCALL SUMMARY:

- Company acquired 70% stake in Nabha Steel and Metals company, located in Punjab. In Q1 they achieved a sale of 10,000 tons from this plant.
- Sales volume grew by 10% YoY reaching 85,674 metric tons in Q1FY25. Export sale stood at 5917 metric tons.
- Maharashtra plant capex is going as per plan. The installation of DFT technology has started and is progressing well.
- Traditionally sales mix stands at 50-55% through dealer network, 15-20% through government orders and around 20% is through OEM and EPC players. In Q1FY25 government orders contributed 15%.
- Company aims to increase its manufacturing capacity to 1 million MTPA by the end of H1FY25.

5. VALUATION AND OUTLOOK:

We believe, company will continue to post robust numbers in the upcoming quarters on the back of rising infrastructure and construction activities.

Moreover, EBITDA/Ton is expected to rise due to rise in the share of value added products. Commencement of new capacity lines from H2FY25 will enable the company to achieve their ambitious volume growth guidance of 30-35% in FY25.

We give a "BUY" rating on the stock and value the stock at 23x of FY26E earnings to arrive at a target price of Rs. 288

RECOMMENDATION – BUY

CMP – 227

TARGET – 288 (+26% UPSIDE)

Industry	Steel & Iron Products
NSE CODE	JTLIND
BSE CODE	534600
Market Cap (₹ Cr)	4015.60
Shares outstanding (in Cr)	17.72
52 wk High/Low (₹)	278 / 166.9
P/E	33.93
P/BV	4.95
Face Value (₹)	2.00
Book Value (₹)	45.79
EPS (₹)	5.34
Dividend Yield (%)	0.06
Debt / Equity	0.18
Interest coverage	20.31

SHAREHOLDING PATTERN

	Jun 24	Mar 24	Dec 23
Promoters	54.24	54.30	56.00
FIIs	0.30	0.07	0.83
DIIIs	5.82	4.48	1.62
Public	39.64	41.16	41.55
Promoter Pledging	0.00	0.00	0.00

FINANCIAL SNAPSHOT (₹ Cr)

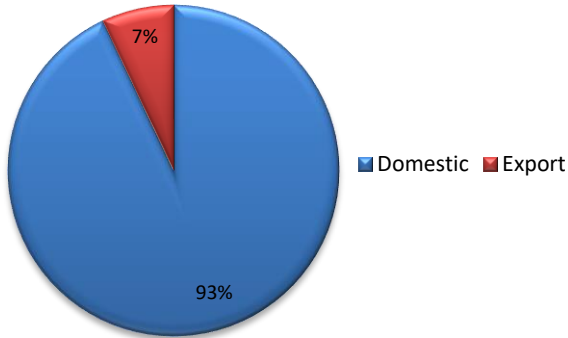
Y/E March	2024A	2025E	2026E
Core			
Sales	2040	2800	3800
Sales Gr. (%)	31.85	37	36
EBITDA	152	205	306
EBITDA mrg. (%)	7.45	7.32	8
PAT	112	145	215
EPS (₹)	6.56	8.43	12.5
EPS Gr. (%)	22.8	28.5	48.2
Ratios			
RoE (%)	19.1	16	21
RoCE (%)	24.7	20	26
Valuation			
P/E (x)	34	27	18
Net Debt/ equity	0.03	0.02	0.03

Particulars	TTM	5 Yr Avg
Historical P/E :	33.9	19.7
Industry P/E :	30.4	
Historical P/B :	4.9	5.6
Industry P/B :	2.46	

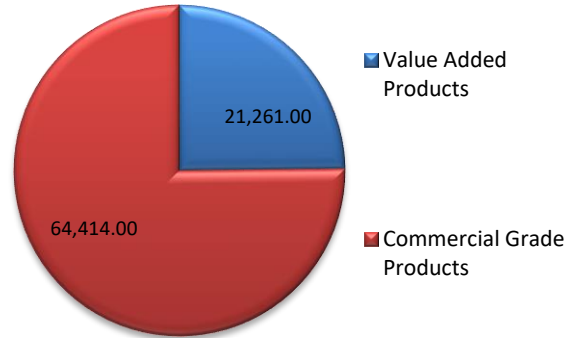


Segmental Mix (Q1 FY25)

Geographical Sales Mix (%)



Sales Volume Mix (IN MT)



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

Y/E March	FY23			FY24				FY25		FY24	FY25E*
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2QE*		
Net sales	366	343	473	505	502	567	466	515	580	2040	2800
YoY change (%)	39.09%	47.70%	13.51%	37.16%	37.21%	65.26%	-1.42%	2.10%	15%	31.85	37
Total Expenditure	334	314	420	469	465	525	429	476	536.5	1888	2595
EBITDA	32	29	53	36	37	43	37	40	43.5	152	205
Margins (%)	9%	8%	11%	7%	7%	7%	8%	8%	7.5%	7.45%	7.3%
Depreciation	1	1	1	1	1	2	2	2	3	6	12
Interest	2	1	2	1	1	2	1	1	1	5	4
Other income	-0	1	0	1	3	1	4	4	0	8	5
PBT	29	28	50	34	38	40	38	41	39.5	149	194
Tax	16	18	2	16		29	11	13	9.8	36	49
Rate (%)	27%	26%	27%	25%	26%	25%	23%	25%	25%	24%	25%
Adjusted PAT	21	20	37	25	28	30	29	31	29.7	113	145
YoY change (%)	75%	-5%	85%	-32%	12%	7%	-3%	7%	6%	25.5%	28.3%
Key Performance Indicator											
RM Cost (% of Sales)	88%	86%	86%	91%	88%	89%	85%	87%	88%	88%	88%
Staff Cost (% of Sales)	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
EBITDA Margin (%)	9%	8%	11%	7%	7%	7%	8%	8%	7.5%	7.45%	7.3%
PAT Margin (%)	6%	6%	8%	5%	6%	5%	6%	6%	5.1%	5.5%	5.17%

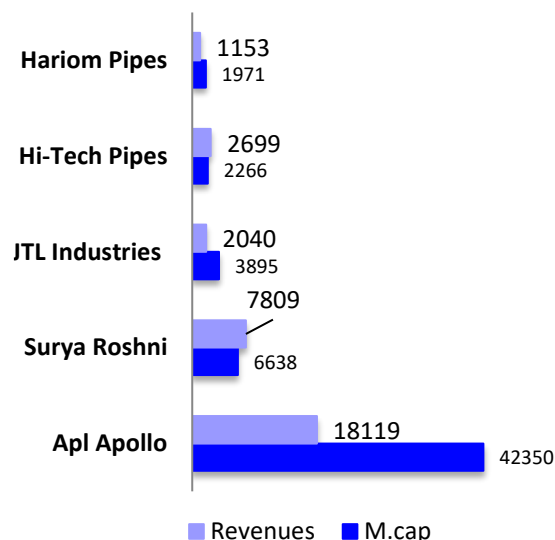
Source: Company, Hem Securities Research.



INDUSTRY OVERVIEW

- India holds the distinction of being the world's largest centre for Electric Resistance Welded (ERW) pipe production, boasting an annual domestic market of 8-10 Million tonnes. Over the past five years, the ERW pipe market has witnessed a consistent a growth rate of 4% to 5%. Looking ahead, this growth rate is projected to further accelerate to 8% to 10% in the coming years.
- The Government's ambitious goal of transforming the nation into a USD 5 Trillion economy serves as a catalyst for growth in the steel industry. It is anticipated that by FY 2030-31, annual steel production will exceed 300 Million tonnes. Steel pipe and tube manufacturers have effectively expanded their operations to meet the global demand scale. The future growth in this segment can be attributed to increased investments in highways, bridges, flyovers, and public utilities, which will serve as drivers of demand.
- The worldwide electric resistance welded (ERW) pipes and tubes market is expected to be worth USD 71.9 Million in 2023. According to the Future Market Insights report, the market is predicted to expand at a CAGR of 5.2% between 2023 and 2033, totalling around USD 119.4 Million by 2033. It is anticipated that the global steel pipe market is likely to record a valuation of USD 97.88 Billion in 2023. The steel pipe market is expected to expand at an average CAGR of 3.9% and reach USD 143.50 Billion by 2032.

KEY PLAYERS



PEER PERFORMANCE

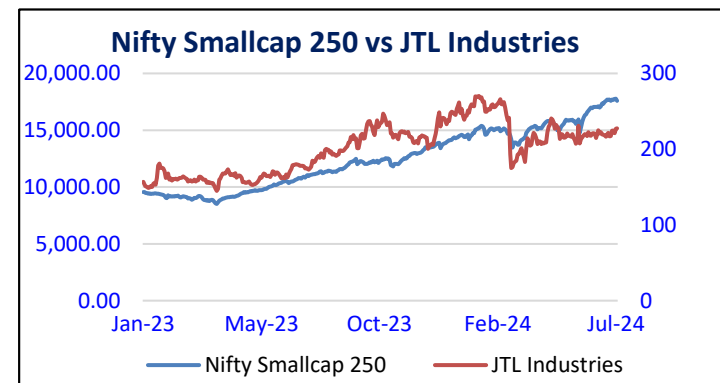
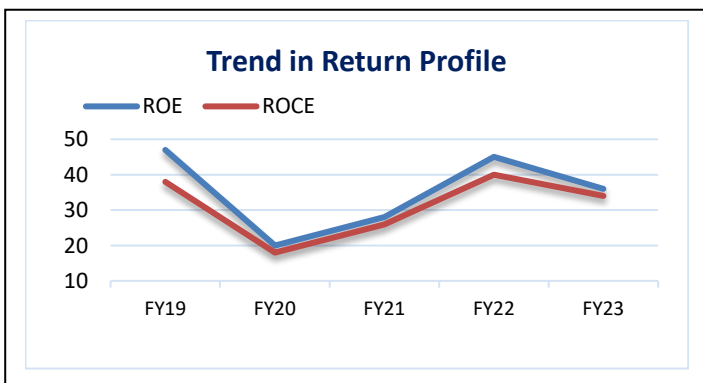
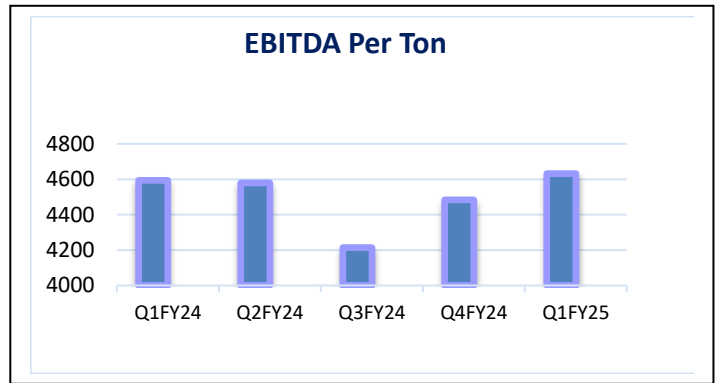
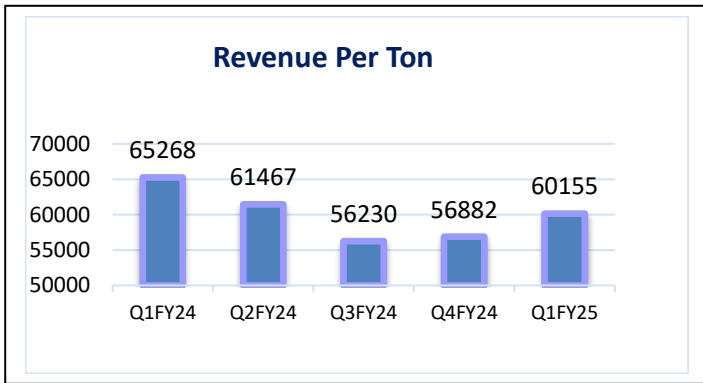
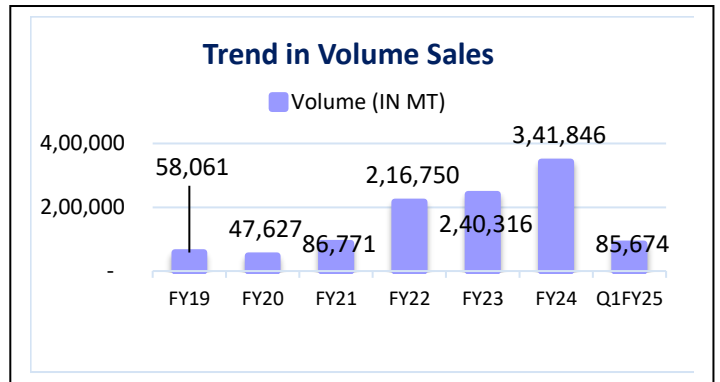
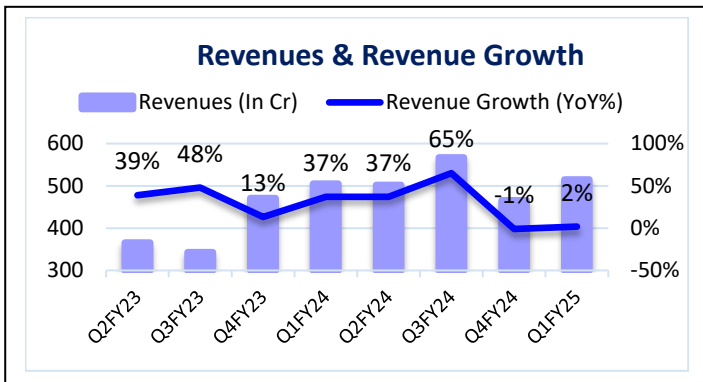
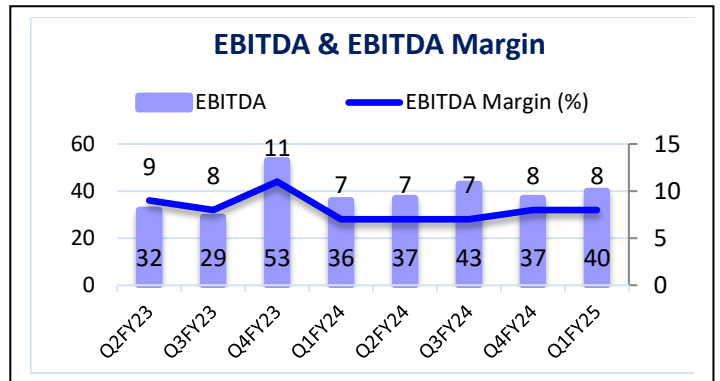
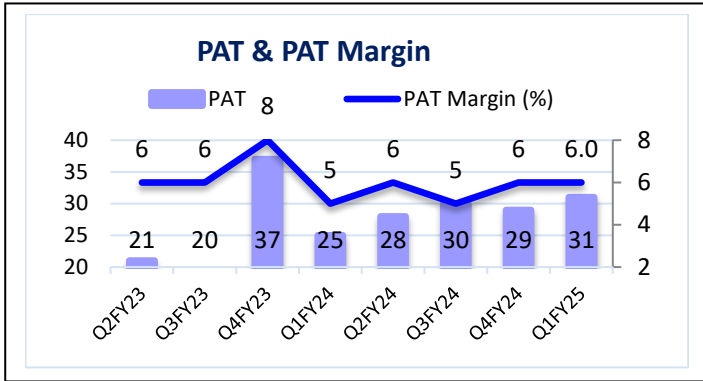
(₹ Cr)

Particulars	JTL Industries	APL Apollo	Surya Roshni	Hariom Pipes	Hi-Tech Pipes
	Ltd	Ltd		Ltd	Ltd
Market Cap	3834	42252	6621	1971	2272
Net Sales	2040	18119	7809	1153	2699
EBITDA	152	1192	572	139	115
PAT	113	732	329	57	44
EPS (Rs)	6.56	26.39	30.22	19.68	2.93
EBITDA MARGIN %	7	7	7	12	4
PAT MARGIN %	5.5	4.37	4.21	4.94	1.63
ROCE %	24.7	25.3	21	14.6	13
ROE %	19.1	22.2	16.3	13.5	9.68
P/E	32.6	57.6	20.2	34.7	51.8
P/B	4.96	11.7	3.05	4.25	4.02
EV/EBITDA	22.3	34	11.2	16.1	22.5
Dividend Yield	0.04	0.32	0.99	0.00	0.02
Mcap/Sales	1.87	2.33	0.85	1.71	0.84

Source: Company, Hem Securities Research.



STORY IN CHARTS





INVESTMENT RATIONALE:

- Company has ambitious expansion plan to increase the capacity from 5.86 Lacs MT to 1 Million MT by 2025 and by an additional 1 Million MT, bringing its total capacity to 2 Million MT by FY 2027-28.
- Currently JTL holds around 8% to 9% market share in the industry and after 4 lakh ton capacity addition they will reach a market share close to 18% to 19%. Company was having market share of around 3% in 2019 so already company have gained 3x in last four years and management anticipate similar growth in the coming future as well.
- Company intends to implement Direct Forming Technology (DFT) in its plants, enabling the production of various sizes of hollow sections without the need for roll changes. This advancement will enhance efficiency, maximise capacity utilisation, and introduce additional product variations.
- This year, JTL has set a goal to raise its proportion of value-added products to over 40%, as a part of its strategic plan to enhance the business and margins generated out of its product offerings.
- The company expects sales volume to grow by ~30-35% from FY24 to FY25 led by greater contribution of value-added products in the sales mix.
- EBITDA per tonne for FY25 is expected to grow owing to new products, increasing share of VAP and better capacity utilization.

KEY RISKS:

- Reduction in demand from construction and infrastructure companies can hurt earnings.
- Volatility in HRC prices.
- Competitive intensity in structural steel tube industry.

COMPANY RECAP

- TL Industries Limited (formerly known as JTL Infra Limited) is the flagship company of the Jagan Group of Companies, with its corporate office located in Chandigarh and four plants located pan – India.
- Incorporated in the year 1991, JTL Industries Limited is amongst the fastest growing steel tube manufacturers, with a registered office located in Chandigarh.
- The cumulative capacity of the company is 5, 86,000 MTPA. The company is a recognized Star Export House, and its product offering includes GI Pipes, MS Black Pipes, Hollow-sections, and Solar Structures amongst others which cater to diverse industrial and infrastructural applications.
- JTL has a pan-India presence and has a diverse geographic footprint, providing products to over 20 nations in 5 continents. They have a strong distribution network of over 1000 distributors and retailers.
- The company's key clients include Tata Power, Avaada, Har Ghar Jal, IGL, Ashok Leyland, Essar, Mahanagar Gas, HPCL, Suzlon, Siemens, Elecon, Thyssenkrupp, and others. Company caters to a diverse range of clients, including B2B, B2G, OEMs, and international markets.
- Key Personnel: Mr. Madan Mohan Singla (Managing Director), Mr. Mithan Lal Singla (Non-Executive Director), Mr. Rakesh Garg (Executive Director), Mr. Pranav Singla (Executive Director), Mr. Atul Garg (CFO)



ANNUAL PERFORMANCE

Financials & Valuations

Income Statement

	2019	2020	2021	2022	2023	2024	2025E	2026E
Revenue from operations	321.86	229.9	435.8	1,355.3	1,549.9	2040	2800	3800
Growth YoY (%)	89.62	(28.6)	89.59	211.0	14.4	31.85	37	36
Total Expenditure	298.18	213.5	403.0	1,265.9	1,420.6	1888	2595	3494
(%) of sales	92.64	92.9	92.5	93.4	91.7	92.54	92.67	91.94
EBITDA	23.68	16.4	32.8	89.4	129.4	152	205	306
EBITDA Growth (%)	63.80	(21.8)	-	149.2	44.1	17.82	34.86	49.26
EBITDA Margin (%)	7.61	8.3	8.6	6.9	8.7	7.45	7.32	8
Depreciation	0.74	1.5	1.7	3.2	4.3	6	12	18
EBIT	21.33	15.1	28.7	85.5	128.0	146	193	288
Growth (%)	64.35	(25.6)	-	152.4	43.2	12.5	32.19	49.22
Interest Expenses	3.17	4.0	8.7	7.7	6.3	5	4	3
Other Income	0.82	2.7	4.6	3.8	4.9	8	5	5
Earnings before Taxes	20.59	13.6	27.0	82.3	122.6	149	194	290
Growth (%)	-90%	-34%	98%	205%	49%	17	30.2	49.48
EBT Margin (%)	6.40	5.9	6.2	6.1	7.9	7.3	6.92	7.63
Tax-Total	6.09	3.6	7.0	21.3	32.5	37	49	75
Rate of tax (%)	29.58	26.1	25.8	25.8	26.5	25	25	26
Net Profit	14.50	10.1	20.1	61.1	90.1	112	145	215
Growth (%)	80.41	(30.5)	-	204.4	47.6	24.4	29.46	48.27
PAT Margin (%)	4.51	4.4	4.6	4.5	5.8	5.5	5.17	5.65
EPS	1.45	0.9	1.9	5.2	5.3	6.56	8.43	12.5
EPS Growth (%)	80.41	(34.5)	111	172.7	3.6	22.8	28.5	48.27

Balance Sheet

Y/E March	2018	2019	2020	2021	2022	2023
Equity Share Capital	16	16	41	47	48	77
Reserves & Surplus	2,144	2,260	2,506	2,273	2,336	2,811
Total Shareholder's Funds (A)	2,160	2,276	2,547	2,320	2,384	2,888
Long Term Borrowings	1,332	1,305	919	753	761	535
Non-Controlling Interest	56	57	33	61	71	88
Total Non-Current Liabilities (B)	1,388	1,362	952	814	832	623
Advance from customers	524	501	723	560	754	760
Trade Payables	1,095	1,093	1,370	1,210	1,324	1,552
Other Liability Items	2,247	2,968	2,736	3,183	3,216	2,928
Total Current Liabilities (C)	3,866	4,562	4,829	4,953	5,294	5,240
Total Equity and Liabilities (A+B+C)	7,414	8,200	8,328	8,087	8,510	8,751
Property, Plant & Equipment	556	578	607	683	1,181	1,294
Capital Work in progress	792	1,063	1,141	679	283	294
Investments	140	116	79	68	82	124
Total Non-Current Assets (A)	1,488	1,757	1,827	1,430	1,546	1,712
Inventory	3,162	3,546	3,566	3,630	3,591	3,744
Debtors	241	230	328	434	562	531
Cash and Bank Balance	132	124	114	196	261	212
Loans and advances	4	2	2	4	3	4
Other Current Assets	2,387	2,541	2,491	2,393	2,547	2,548
Total Current Assets (B)	5,926	6,443	6,501	6,657	6,964	7,039
Total Assets(A+B)	7,414	8,200	8,328	8,087	8,510	8,751

Source: Company, Hem Securities Research.



Ratios						
Y/E March (Basic (INR))	2019	2020	2021	2022	2023	2024
Profitability and return ratios						
Net profit margin (%)	4.51	4.38	4.60	4.51	5.82	5.53
EBITDA margin (%)	7.61	8.34	8.58	6.88	8.67	7.45
EBIT margin (%)	7.38	7.69	8.19	6.64	8.32	7.54
ROE (%)	47.10	20.30	24.68	44.96	35.95	19.1
ROCE (%)	38.23	17.80	22.30	39.85	34.22	24.7
Working Capital & liquidity ratios						
Payables (Days)	16.85	15.43	31.48	9.03	7.29	5
Inventory (Days)	23.22	50.86	44.47	23.21	33.79	31
Receivables (Days)	49.44	84.45	79.67	27.56	29.53	34
Current Ratio (x)	1.45	1.50	1.82	2.02	3.26	10.2
Valuations Ratios						
EV/sales (x)	0.57	0.61	1.43	1.08	1.73	1.87
EV/EBITDA (x)	7.45	7.30	16.67	15.65	19.96	22.7
P/E (x)	10.30	6.00	28.13	22.37	29.73	33.1
P/BV (x)	3.93	1.38	6.94	7.18	8.61	5.08
Dividend Yield (%)	0.00	0.00	0.38	0.00	0.06	0.04
Return on Assets (%)	16.09	8.09	9.58	22.26	19.97	16.1
Leverage Ratio						
Debt/Equity (x)	0.93	0.95	0.78	0.49	0.18	0.03

Cash Flow Statement						
Y/E March	2019	2020	2021	2022	2023	2024
CF from Operating activities (A)	-5	-20	-5	17	5	-24
CF from Investing Activities (B)	-13	-6	-8	-34	-21	-90
CF from Financing Activities (C)	18	27	12	17	66	171
Net Cash Flow	0	1	-1	0	50	57

Source: Company, Hem Securities Research.



RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
18 th July	BUY	288

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Name of the Research Analyst: Mudit Jain

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2.	Research Analyst or his/her relative or HSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report	No
3.	Research Analyst or his/her relative or HSL has any other material conflict of interest at the time of publication of the Research Report	No
4.	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5.	HSL has received any compensation from the subject company in the past twelve months	No
6.	HSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7.	HSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8.	HSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9.	HSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10.	Research Analyst or HSL has been engaged in market making activity for the subject company(ies)	No

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