



Duration: 6-9 Months

CMP (Rs)	Target (Rs)	Potential Upside (%)
215	237	10%

MARKET DATA

No. of Shares	19.1 Cr
Market Cap (Rs Cr)	4,120 Cr
52-week High / Low	277/167
BSE Code	534600
NSE Code	JTLIND

Why JTL Industries Ltd ?

- ✓ **Volume expansion on track**
- ✓ **VAP share to rise**
- ✓ **Higher EBITDA/t in future**
- ✓ **Low Debt on the balance sheet**

About the Company

JTL Industries Limited is one of the fastest-growing steel tube manufacturers, located in Chandigarh. The company operates manufacturing facilities in Punjab, Maharashtra, and Chhattisgarh, with a cumulative capacity of 586 ktpa for pipe manufacturing and 300 ktpa for backward integration. Its product offerings include GI Pipes, MS Black Pipes, Hollow-sections, and Solar Structures, catering to a range of industrial applications. The company has expansion plans to increase its current capacity from 586 ktpa to 1 MTPA by FY25, and further to 2 MTPA by FY28.

Investment Rationale

- A. Growing EBITDA/t trajectory:** The company has guided for a sales volume growth of 30%-35% YoY in FY25 (over 342 kt in FY24) and aims for a YoY increase in EBITDA/t in FY25 (from Rs 4,452/t in FY23). It plans to add colour-coated lines, galvanizing lines, and DFT lines, which will introduce VAP products with higher EBITDA/t of over Rs 7,000. This strategy is expected to improve the VAP share to 40% by FY25, up from 29% in FY24, and enhance overall EBITDA/t. DFT lines are expected to come online from Q2FY25, with a noticeable increase in VAP share anticipated from H2FY25.
- B. Product adjacencies and backward integration to enhance product profile:** Nabha Steels, located in Mandi Gobindgarh, Punjab, with a 2 Ltpa capacity and a 67% stake, has completed Phase-I with a 0.6 Ltpa capacity. This phase is now ready to supply HR coils to the Mandi plant for backward integration, which is expected to add an EBITDA/t of Rs 2,000/t at the Mandi facility. Nabha Steels will be consolidated as a subsidiary from Q2FY25 and will begin contributing to Mandi's captive requirements. The company plans to introduce over 300 Value-Added SKUs.
- C. Demand scenario:** In Q1FY25, demand from government orders was sluggish due to the suspension of orders from the Jal Jeevan Mission and other projects related to elections. However, demand is expected to pick up in H2FY25 following major events such as the general election, budget announcements, and the monsoon.
- D. Market share position:** With the anticipated increase in value-added products (VAP) and stock-keeping units (SKUs), more dealers are expected to align with the company. Presently, it commands approximately a 9% market share in the industry. Following the full commissioning of the entire 2 MT capacity, its market share is projected to double to 20% by FY28. Notably, the market share has progressed from 3% in 2019 to 9% in 2023.
- E. Outlook:** JTL's expansion projects are progressing as planned. The expansion from 0.56 MT to 1 MT is on track and expected to be completed before FY25. DFT facilities of 2 Lc tonnes are currently on-site (out of the total planned DFT setup of 4 Lc tonnes) and are set to commence operations from Q2FY25. The company's target to expand from 1 to 2 MTPA by FY28 is also on track. **We recommend a BUY on JTL Industries with a target price of Rs 237, which implies an upside of 10% from the current market price (CMP).**

Financial Summary

Y/E March	Sales (Rs Cr)	EBITDA (Rs Cr)	PAT (Rs Cr)	EPS (Rs)	ROE (%)	P/E Ratio (x)	P/BV (x)	EV/EBITDA (x)
FY23	1,550	129	90	11	30%	17	3.8	10.4
FY24	2,040	152	113	7	15%	33	4.9	23.5
FY25E	2,808	212	154	9	11%	28	3.1	15.7
FY26E	3,821	333	240	12	13%	19	2.5	11.1

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