

JK Paper Ltd.

03rd April 2025

Sector: Paper

LTP	Recommendation	Target	Stop Loss	Return
Rs. 326	Buy between Rs. 315-330	Rs. 392	Rs. 294	+20%
SENSEX	Market Cap	NSE Code	BSE Code	Time Frame
76,617	Rs.5,536cr	JKPAPER	532162	3-6 Months

Data as of: 02-04-2025

52W High	52W Low	F&O Listed	Div. Yield	D/E
Rs.639	Rs.276	No	2.6%	0.4
Consolidated (Rs.cr)		FY24A	FY25E	FY26E
Revenue		6,595	6,688	7,214
Growth (%)		3	1	8
EBITDA		1,616	909	1,256
EBITDA Margin(%)		24	14	17
Adj. PAT		1,122	453	707
Growth (%)		-6	-60	56
EPS		66.2	26.8	41.7
Growth (%)		-6	-60	56
RoE (%)		24.6	8.6	12.5
Valuation		FY24A	FY25E	FY26E
P/E (x)		4.9	12.2	7.8
Price/Book Value		1.0	1.0	0.9
EV/EBITDA		4.2	6.7	4.6
Price Performance		3 Month	6 Month	1 Year
Absolute Return (%)		-22.0	-29.6	-7.4
Absolute Sensex (%)		-2.4	-7.1	3.7
Shareholding (%)		Q1FY25	Q2FY25	Q3FY25
Promoters(%)		49.6	49.6	49.6
FIIs(%)		12.09	11.37	12.18
MFs/Institutions(%)		5.71	5.81	5.55
Public(%)		32.5	33.2	32.6
Others(%)		-	-	-
Total(%)		100.0	100.0	100.0
Promoter pledge		Nil	Nil	Nil

Fundamental View

JK Paper Ltd, part of the legacy JK Group, established in 1938 and headquartered in New Delhi, is a leading Indian paper manufacturer. It offers a diverse range of products, including copier paper, writing and printing paper, and packaging solutions under renowned brands such as JK Copier and JK Bond. With production facilities in Odisha and Gujarat, the company caters to both domestic and international markets, exporting to regions like the US, UK, Middle East, and Africa.

- JK's sales volume fell by 6%YoY to 197,293 MT, and net sales dropped 4.4%YoY to ₹1,632cr in Q3FY25 due to weaker domestic demand and increased paper imports.
- EBITDA dropped 55% YoY to ₹168cr with margins down 1,155 bps to 10.3% in Q3FY25. Net profit (PAT) also fell sharply by 72% YoY to ₹65cr, impacted by rising raw material costs, low-priced imports, and high wood prices. Margins are expected to improve from FY26 onwards on easing of raw material costs (farm forestry initiatives) and rise in demand for packaging boards & writing paper and diversified product mix.
- Despite these challenges, JK Paper has consistently remained profit-positive over the years, supported by efficient operations, strong market leadership, and a strategic focus on growth.
- Furthermore, the company has strategically entered the packaging business, targeting high-growth opportunities by acquiring entities like Manipal Utility Packaging Solutions, Horizon Packs and Securipax packaging over the past 3 years for expanding its offerings in the corrugated packaging segment.
- As per the market consensus, the stock is currently trading at a 1-year forward P/E of 7.8x, which is 24% above its 5 year avg P/E of 6.3x. However, with expectations of improving financials in FY26E, the current valuation appears reasonable.
- Moreover, by anticipating Govt's initiatives such as import tariffs, quality inspections, agroforestry support, and eco-friendly incentives, JK Paper can effectively address competition, stabilize expenses, and enhance profitability.

Technical View

- Stock has formed a reversal base around ₹280-300 and given breakout above downward sloping trendline on daily chart.
- Additionally, the stock has reclaimed its 21 DMA and is hovering around 50-DMA.
- Momentum indicators RSI is trending in upward slope on daily and weekly timeframe charts along with positive MACD on daily chart. Currently the daily RSI is placed around 55 indicating a midterm trend reversal on the daily chart.
- The 200-EMA, along with resistance based on the polarity principle, is positioned in the 392-395 range.

Price Chart



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