JK Paper Ltd.

Cost optimization and improved realization to drive profitability

September 06, 2026

JK Paper Ltd.

Reco	BUY

Industry	Paper Products
LTP (Sep 04, 2026)	405.8
Entry Range	402-411
Add on Dips	359-364
Base Case Target	452
Bull Case Target	504
Time Horizon	4 Quarters

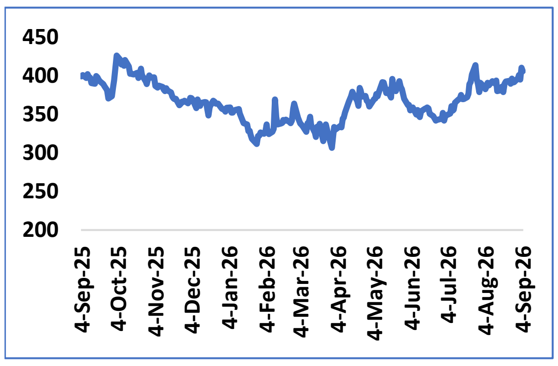
Stock Info

BSE Code	532162
NSE Code	JK Paper
Bloomberg	JK PAPER: IN
Equity Capital (Rs Cr)	181
Face Value (Rs)	10
Equity Share O/S (Cr)	18.13
Market Cap (Rs Cr)	7355
Book Value (Rs)	304
Avg. 52 Wk Volumes	6,83,508
52 Week High	444.8
52 Week Low	305

Share Holding Pattern (%) (Jun'26)

Promoters	52.94
Institutions	17.66
Non-Institutions	29.40
Total	100.0

One Year Price Chart



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Cost optimization and recent commissioning pulp plant to improve margin trajectory

JK Paper (JKPL) is one of the largest paper and packaging board manufacturers in India with a consolidated capacity of 761,000 metric tonnes per annum (standalone: 625,000 mtpa) as of March-2026. With a six-decade-long track record, JKPL has a strong brand and a leadership position in copier paper, which has enabled the company to maintain a market share of > 25% while its share in virgin fibre board (VFB) stood at > 17% over FY24-26. VFB is one of the fastest-growing segments in the paper industry owing to the rising demand from fast-moving consumer goods, personal care, pharmaceuticals, as well as e-commerce sectors. The company is also one of the leading coated-paper manufacturers in India.

JKPL has established its strong foothold in the corrugated boxes segment through greenfield capex and various acquisitions since FY23, increasing its cumulative capacity in corrugated boxes to 350,000 mtpa, and this makes JKPL a leading player in the segment. Furthermore, the acquisition of Borkar Packaging Pvt. Ltd. (BPPL) catapults JKPL to a leading position in the mono carton. The company uses integrated pulp manufacturing (largely wood-based), but global pulp price trends affect imported paper costs and hence pricing pressure in domestic markets.

We believe healthy volume growth, cost optimization and commercial operations of BCTMP unit to drive margin improvement and thus profitability in the medium to long term. In addition to the standalone business, the company is experiencing rapid growth in the packaging segment, with improved profitability. JKPL has completed its Bleached Chemi-Thermo Mechanical Pulp (BCTMP) project, which will substitute imported pulp at the company's Central Pulp Mills (CPM) unit in Gujarat, at a total cost of Rs 650 crore. With the completion of the BCTMP capex in FY26, the company is likely to incur capex of around Rs 250-300 crore in FY27 (FY26: Rs 500 crore; FY25: Rs 250 crore), primarily comprising routine annual maintenance capex.

JK Paper meets around 20-25% of its pulp requirement by way of imports which is likely to moderate with the commercialisation of BCTMP. Furthermore, as wood prices rose in the domestic market, the company increased its reliance on costly imports of wood chips from countries such as Indonesia, Thailand, and Vietnam. While the capex of bleached chemi-thermo-mechanical pulp (BCTMP) is likely to bring in cost efficiencies in terms of reducing dependence on imported pulp, benefits remain contingent on global pulp prices. Nevertheless, the BCTMP capex provides a hedge to the company at times of high global pulp prices. We expect healthy volume growth along with significant improvement in realisations albeit on a lower base. Better realization, cost control measures and backward integration to drive a strong recovery in margins in the next 2-3 years.

In Jan-2025, JK Paper announced the acquisition of a majority stake in Quadragen Vethealth Private Limited (QVPL). JK Paper entered into a share purchase and shareholders' agreement for the acquisition of 65% of QVPL's shares upfront for around Rs 460 crore, and the balance 35% to be acquired within a period of four years. For FY26, it had reported total revenue of Rs 123.2 crore and net profit of Rs 31.8 crore. It sells products across Poultry, Dairy, and Companion Animals etc.

We recommend buy on the stock in the band of Rs 402-411 and add more on declines in the band of Rs 359-364 for base case fair value of Rs 452 (12.5x FY28E EPS and ~6.75x FY28E EV/EBITDA) and bull case fair value of Rs 504 (14x FY28E EPS and 7.5x FY28E EV/EBITDA).

Our Take

One of the largest players in Paper and Packaging Board

JK Paper (JKPL) is one of the largest paper and packaging board manufacturers in India with a consolidated capacity of 761,000 tonnes per annum (standalone: 625,000 mtpa) as of March-2026. JKPL has established its strong foothold in the corrugated boxes segment through greenfield capex and various acquisitions since FY23, increasing its cumulative capacity in corrugated boxes to 350,000 mtpa, and this makes JKPL a leading player in the segment. Furthermore, the acquisition of Borkar Packaging Pvt. Ltd. (BPPL) catapults JKPL into a leading position in the mono carton market.

JK Paper is India's prominent integrated wood-based paper and packaging solutions player, with a presence across Office Paper, Paperboards, Corrugated Boxes, Mono-cartons, and Animal Health Nutrition. The Company is the largest producer of Office and Communication paper in India, the second-largest player in Paperboard and the largest player in Corrugated Boxes. Its strong portfolio of paper brands includes JK Copier, JK Ultima, JK Tuffcote, JK Excel Bond, and the wide range of JK

Aqua products, which enjoy strong market recognition across diverse customer segments.

JKPL has completed its Bleached Chemi-Thermo Mechanical Pulp (BCTMP) project, which will substitute imported pulp at the company's Central Pulp Mills (CPM) unit in Gujarat, at a total cost of Rs 650 crore. With the completion of the BCTMP capex in FY26, the company is likely to incur capex of around Rs 250-300 crore in FY27, primarily for routine maintenance.

JK Paper meets around 20-25% of its pulp requirement by way of imports which is likely to moderate with the commercialisation of BCTMP. Furthermore, as wood prices rose in the domestic market, the company increased its reliance on costly imports of wood chips from Indonesia, Thailand, and Vietnam.

We expect healthy volume growth along with significant improvement in realisations, albeit on a lower base. Better realization, cost control measures and backward integration to drive a strong recovery in margin in the next 2-3 years.

Valuation & Recommendation

Overall volume grew ~2% YoY, while total revenue grew 5.3% in FY26. Lower realisations, higher finance costs and lower other income impacted profitability. The company reported improved performance across revenue, EBITDA and net profit for Q1FY27. We believe healthy volume growth, cost optimization and commercial operations of BCTMP unit to drive margin improvement and thus profitability in the medium to long term. In addition to the standalone business, the company is experiencing rapid growth in the packaging segment, with improved profitability. Though JK Paper uses integrated pulp manufacturing (largely wood-based) but global pulp price trends affect imported paper costs and hence pricing pressure in domestic markets. Lower global pulp prices have reduced cost competitiveness of integrated Indian producers relative to cheap imports, compressing margin.

Board has also approved a hybrid renewable power plant comprising solar and wind power, which is expected to reduce dependence on coal-based power and lower operating costs. We remain positive on the sector, driven by improved realisations and cost-efficiency measures. We recommend buy on the stock in the band of Rs 402-411 and add more on declines in the band of Rs 359-364 for base case fair value of Rs 452 (12.5x FY28E EPS and ~6.75x FY28E EV/EBITDA) and bull case fair value of Rs 504 (14x FY28E EPS and 7.5x FY28E EV/EBITDA).

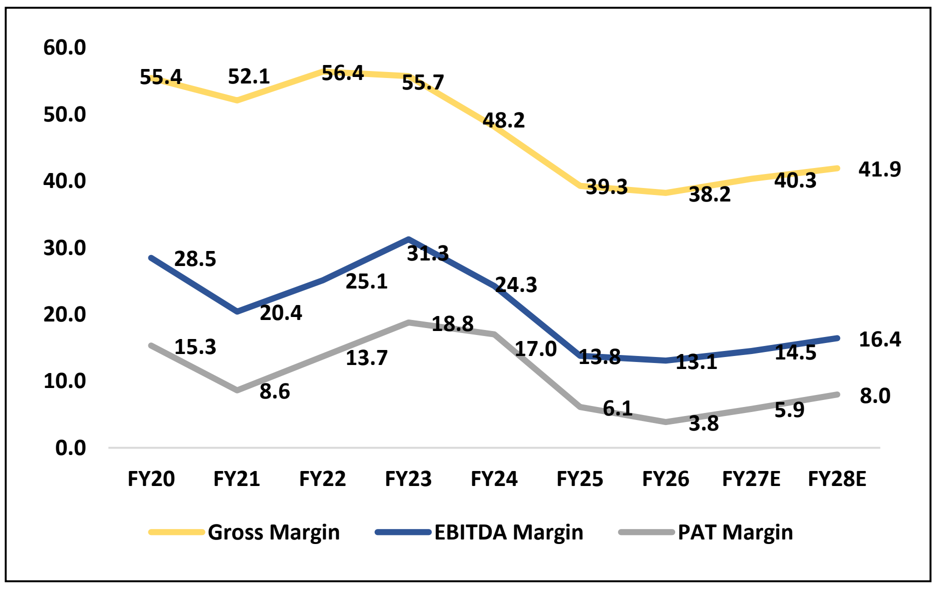
Financial Summary

Particulars (in Rs Cr)	Q1FY27	Q1FY26	YoY-%	Q4FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Operating Income	1887	1661	13.6	1966	-4	6659	6663	7076	7678	8576
EBITDA	290	250	16.1	277	4.8	1616	928	924	1115	1410
PAT	130	79	64.5	92	41.4	1122	409	266	432	657
Diluted EPS (Rs)	7.18	4.36	64.5	5.07	41.4	66.2	24.1	14.7	23.8	36.2
RoE-%						24.6	7.8	4.9	7.6	10.7
P/E (x)						6.1	16.7	27.5	16.9	11.1
EV/EBITDA (x)						5.3	9.2	9.3	7.7	6.1

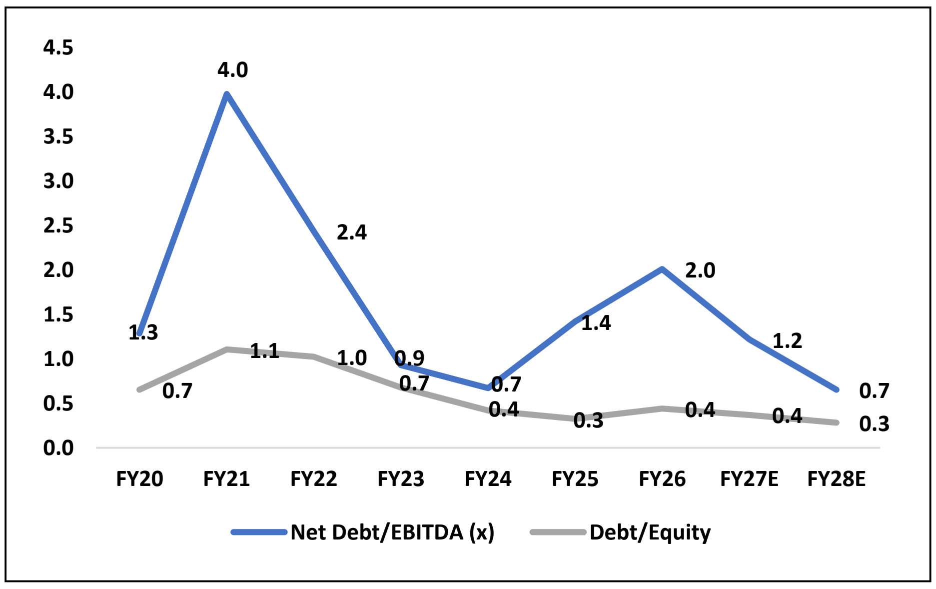
(Source: Company, HDFC sec)

Story in Charts

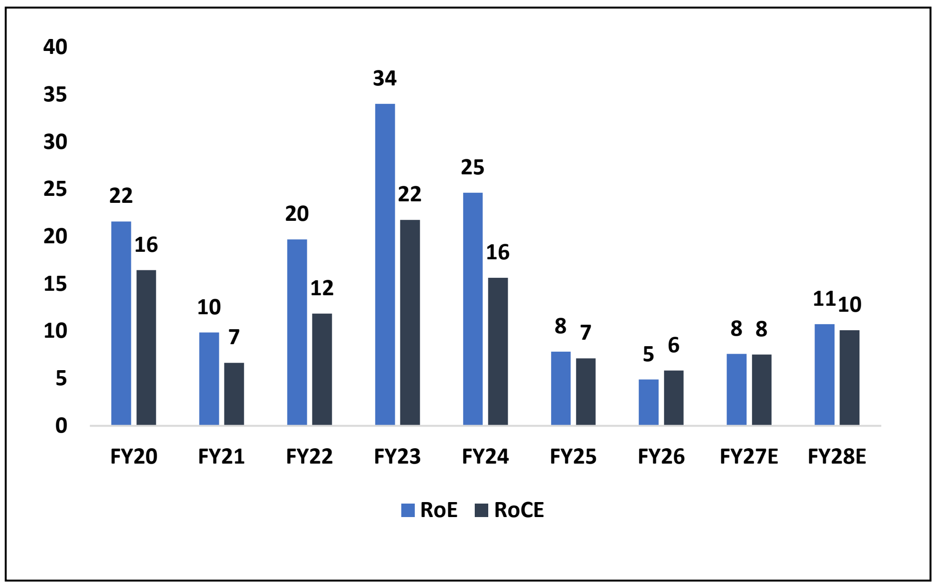
Margin Trajectory



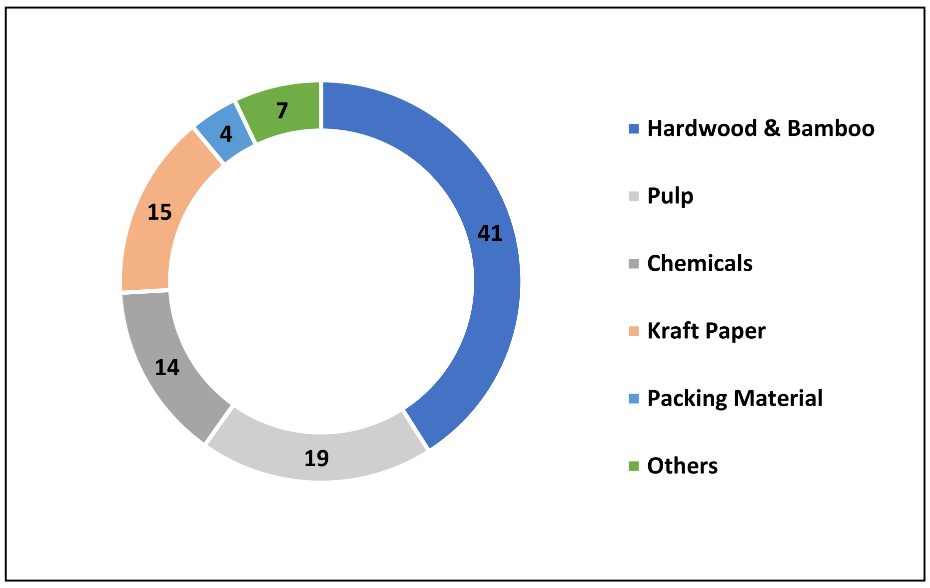
Leverage Trend



Return Ratios to improve gradually



Raw Materials Mix (%) - FY26



(Source: Company, HDFC sec)

Q1FY27 result update

- Overall numbers were strong in the quarter. Revenue for the quarter grew 13.6% YoY at Rs 1887cr. Operating margin improved 35bps YoY at ~15.4%. Net profit was higher by 64.5% YoY at Rs 130cr. Other Income was up 35.8% YoY at Rs 31cr. Finance cost declined 40.7% YoY at Rs 40cr.
- Stronger volumes and a better product mix drove the quarter, while the packaging conversion businesses also reported healthy revenue and profit growth. The commissioning of the Bleached Chemi Thermo-Mechanical Pulp (BCTMP) plant from Q2FY27 should further improve integration and support margin expansion.
- Saplings plantation over the last few quarters would help improve wood availability over FY27-29, easing some pressure on prices, although prices are unlikely to return to previous lows in the near term. We expect gradual recovery in overall margin over the next 3-4 quarters, although it may remain significantly lower than the decadal average of around ~23%.

Key Rationale

Strong market position across segments

Largest player in Paper and Packaging board segments

- JK Paper (JKPL) is one of the largest paper and packaging board manufacturers in India with a consolidated capacity of 761,000 metric tonnes per annum (standalone: 625,000 mtpa) as of March-2026. With a six-decade-long track record, JKPL has a strong brand and a leadership position in copier paper, which has enabled the company to maintain a market share of 25% over FY24-26 while its share in virgin fibre board (VFB) stood at >17% over FY24-26. VFB is one of the fastest-growing segments in the paper industry owing to the rising demand from fast-moving consumer goods, personal care, pharmaceuticals as well as e-commerce sectors. The company is also one of the leading coated-paper manufacturers in the country. Furthermore, JKPL has established its strong foothold in the corrugated boxes segment through greenfield capex and various acquisitions since FY23, increasing its cumulative capacity in corrugated boxes to 350,000 mtpa as of March 2026 and this makes JKPL a leading player in the segment. Furthermore, the acquisition of Borkar Packaging Pvt. Ltd. (BPPL) catapults JKPL to a leading position in the mono carton. JK Paper employs over 12,000 people (permanent and contract) as of March, 2025.
- While the paper industry is fragmented, with over 750 paper mills in existence, fewer than 100 mills have a capacity of over 50,000 mtpa. High capital investment, technical expertise, long gestation periods and raw material procurement issues have restricted the number of large players in the industry. Furthermore, JKPL has an in-house pulp manufacturing facility of 475,000 mtpa and a farm forestry coverage of around 0.78 million acres as of March-2026.

End-market diversification; Presence in Value-Added Products

- After entering into the corrugated box segment, JKPL ventured into the mono-carton segment with the acquisition of a 72% stake in Borkar Packaging in November-2025. The packaging segment contributes around one-third of JKPL's consolidated revenue. Within the paper, JKPL is present in copier, maplitho, coated and specialty paper. With growing consumerism and e-commerce, and bans on plastic use in several states, the demand for packaging paper is likely to remain healthy over the medium term.
- With paper being a mature business, JKPL is focusing on corrugated boxes as a key revenue driver in the near term. Corrugated packaging demand is driven by growth in end-use industries such as food and beverage and fast-moving consumer goods. While the corrugated box business would generate low margins, it would aid growth and diversification over the medium term.

- JKPL has considerable geographical diversification with paper/paperboard plants in eastern, western and southern India, in addition to a pan-India distribution network. Exports accounted for around 7% of total paper and packaging volumes in FY25.

Acquisition of Quadragen Vethealth Private Limited (QVPL)

Entered into Vet Health segment with the acquisition of majority stake in Quadragen

- In Jan-2025, JK Paper announced the acquisition of a majority stake in Quadragen Vethealth Private Limited (QVPL). JK Paper entered into a share purchase and shareholders' agreement for the acquisition of 65% of the shares of QVPL upfront for around Rs 460 crore, and the balance 35% to be acquired within a period of four years. QVPL is engaged in the business of manufacturing, marketing and exporting of Animal Nutrition Products including feed additives & growth promoters.
- Quadragen VetHealth Private Limited is an Animal Health company that discovers, develops and makes available innovative products for the Animal health industry. It is headquartered in Bengaluru and reported revenue of Rs 152 crore and net profit of Rs 35.4 crore in FY24. For FY26, it reported revenue of Rs 123.2 crore and net profit of Rs 31.8 crore. It sells products across Poultry, Dairy, and Companion Animals, etc.
- This is a strategic acquisition in a promising and rapidly developing industry and provides a new opportunity for the company to grow.
- As of March 2026, the company has reported an investment value of Rs 305 crore for a 65% stake in Quadragen Vethealth Ltd.

Capex and Acquisitions

BCTMP project to help expand margin and profitability

- JKPL has completed its Bleached Chemi-Thermo Mechanical Pulp (BCTMP) project, which will substitute imported pulp at the company's Central Pulp Mills (CPM) unit in Gujarat, at a total cost of Rs 650 crore, funded by a mix of internal accruals and debt of Rs 500 crore, which has already been tied up. The company's acquisition of the stake in Borkar Packaging and amounting to around Rs 230 crore in November 2025 was funded through internal accruals. With the completion of the BCTMP capex in FY26, the company is likely to incur capex of around Rs 250-300 crore in FY27 (FY26: Rs 500 crore; FY25: Rs 250 crore), mostly comprising routine annual maintenance capex.
- On the raw material front, the BCTMP project remained a key priority during the year and is expected to reduce reliance on imported hardwood pulp, improve raw material security and enhance cost efficiency over the medium term.
- Recently, the company informed that the commissioning of the Hardwood Bleach Chemical Thermo-Mechanical Pulp (BCTMP) Plant is in the advanced stages of erection and commissioning, with commercial production now commenced in Q1FY27.
- To diversify the raw material mix, the company has increased the use of bamboo and veneer waste to reduce dependence on wood-based inputs. It has also maintained plantation coverage in excess of current fibre requirements, which provides an additional buffer against climate-related disruptions and supply uncertainties, while continuing its status as a wood- and carbon-positive company.
- In July-2025, JK Paper had announced acquisition of a majority stake in Borkar Packaging Private Limited (BPPL). It had acquired 72% stake for a consideration of Rs 125.5 crore. In June-2026, the company further increased stake to 87.4% in BPPL. BPPL is engaged in the business of manufacturing Packaging products like folding cartons, corrugated boxes, and Labels with seven plants. It had reported revenue of Rs 153 crore with a net loss of Rs 6.3 crore in FY26. Its 72% stake in Borkar Packaging was valued at Rs 194 crore as of March 2026.

Hybrid Renewable Power Plant for Unit CPM

Implementing Renewable plant with 83 MW capacity

- The proposed Hybrid Power Project is a strategic step towards enhancing the Company's green energy and sustainability. This is expected to reduce dependence on coal-based power, provide economical energy costs and mitigate volatility, strengthen long-term energy security, and contribute meaningfully to the Company's sustainability and carbon footprint reduction goals. it is setting up a Hybrid Renewable Energy Power Plant, comprising Solar, Wind, Energy Management/Captive Power Evacuation Infrastructure or any combination thereof, with an approximate aggregate capacity of 83 MW, for unit CPM.
- The Project is estimated to cost around Rs 500 crore and will be financed through a mix of internal accruals and borrowings. The project is going on as per the schedule and is expected to be commissioned by Q3FY28.

Raw material management

- JK Paper follows a strategic and proactive approach to wood procurement challenges. The Company focuses its efforts within a 200 km radius of its manufacturing units, aiming to secure a stable wood supply by promoting plantations that exceed its annual requirements. This initiative mitigates the impact of increased demand from newly established wood-based industries. Through a comprehensive outreach program, JK Paper actively engages with farmers to promote the cultivation of pulpwood species such as Eucalyptus, Subabul, and Casuarina. This initiative includes organised visits to company facilities, clonal production centers, and demonstration plots, where farmers are educated on the economic advantages of pulpwood cultivation in comparison to traditional cash crops.
- Availability of wood continued to be a major challenge, which resulted in a substantial increase in input costs. The Company increased its plantation acreage in the last two years by more than 50% compared to the previous 2 years average, which is expected to increase the availability of wood in the coming years and rationalize its prices.

Key highlights from Annual Report

- JK Paper is an integrated wood-based paper and packaging solutions player, with a presence across Office Paper, Paperboards, Corrugated Boxes, Mono-cartons, Animal Health Nutrition and Defence Electronics; it has developed several flagship brands and earned widespread recognition for quality products. With an export presence spanning more than 60 countries, the Company has established a global footprint and continues to strengthen its position across international markets.
- The Company is the largest producer of Office and Communication paper in India, the second-largest player in Paperboard and the largest player in Corrugated Boxes. Its strong portfolio of paper brands includes JK Copier, JK Ultima, JK Tuffcote, JK Excel Bond, and the wide range of JK Aqua products, which enjoy strong market recognition across diverse customer segments. With the acquisition of Borkar Packaging Pvt. Ltd.
- JK Paper meets around 20-25% of its pulp requirement by way of imports which is likely to moderate with the commercialisation of BCTMP. Furthermore, as wood prices rose in the domestic market, the company increased its reliance on costly imports of wood chips from Indonesia, Thailand, and Vietnam.

FY26 result update

- Overall numbers were stable in FY26. Total revenue grew 5.3% YoY at Rs 7076cr. Operating margin slipped further 70bps YoY at 13.1%. Net profit was down 33.8% YoY at Rs 266cr impacted by lower other income and higher interest expenses. Finance cost increased 27% YoY at Rs 225cr.
- Q3FY26 was largely impacted by a planned annual shutdown at two major plants in Odisha and Gujarat, which resulted in lower production volumes and adversely affected the standalone business.
- A significant increase in raw material cost and lower realisation across all categories impacted performance during year. The selling prices remained under pressure mainly due to increase in cheaper imports. Sales volume has shown growth in Paper & Boards during the year.
- The Packaging conversion business has done well during the year with an increase in overall sales volume & plant utilization and focus on more value-added products & premium customers
- Total debt increased 39.2% to Rs. 2,436 crore as of March, 2026, mainly due to fresh borrowings for BCTMP pulp mill project.
- Despite an adverse market environment, the Company achieved its highest-ever sales volume of 8.19 lakh MT during the year (previous year: 8.06 lakh MT), reflecting its resilience and strong market presence. However, the year was marked by heightened competitive pressures, particularly in the paperboard segment, due to increased low-cost imports driven by significant capacity additions in Southeast Asian markets, including China and Indonesia.

Industry Outlook

- The Indian paper and paperboard market is estimated at approximately ~25 million MT in 2025-26 and is expected to grow at around 6% over the next few years. India remains a high-growth market due to its low per capita consumption of approximately 15 kg against the global average of about 55-57 kg, improving literacy levels, urbanisation and increasing preference for sustainable, paper-based packaging solutions. The significant gap in per capita consumption highlights India's strong long-term growth potential, particularly in packaging and hygiene segments, as consumption patterns evolve alongside economic development. The Indian industry is structurally distinct from its global peers, with significant dependence on recycled fibre and agro-residues, alongside limited availability of wood. This results in relatively higher fibre and logistics costs compared to low cost regions such as Latin America and Indonesia. However, the industry benefits from growing domestic demand, import-substitution opportunities, and continued investments in capacity expansion and product innovation.

- The Indian Writing and Printing (W&P) paper segment continues to remain an important component of the domestic paper industry, supported by structural demand from education, publishing and office stationery. Despite global trends toward digital substitution, India has demonstrated relatively stable demand due to its large and growing population, rising literacy levels, and continued reliance on physical learning materials. In 2025-26, the Indian W&P paper market comprises approximately 7 mn MT, accounted for nearly 30% of the total paper and paperboard demand in the country.
- The paperboard segment, accounting for approximately 65% of total industry volumes, is having robust growth of around 8%, supported by expansion across end-use industries such as FMCG, e-commerce, pharmaceuticals, along with food and beverages. Rising consumption, urbanisation and the rapid growth of organised retail and online commerce have further accelerated demand for paperboard and speciality packaging grades. In addition, export-oriented sectors such as agriculture and processed foods are contributing to increased demand for corrugated packaging.
- Despite healthy demand fundamentals, the industry continues to face challenges arising from increasing wood costs, global uncertainty and increasing imports from China and Indonesia, driven by oversupply conditions, which are exerting pressure on profitability. Looking ahead, while the Indian paperboard market is expected to maintain its growth trajectory, supported by domestic demand and the shift from plastic to paper-based packaging solutions, it is likely to face challenges from low-cost imports.

Import influx and high wood costs impacted EBITDA in FY26

- Consolidated EBITDA margin declined to a decadal low of around 13-14% in FY26 (FY24: 24.3%, last 10 years' average: ~23%) because of a sharp increase in wood prices and a softening of paper realisations due to increased cheaper imports from China and the Association of Southeast Asian Nations (ASEAN) countries. India's paper and paperboard imports continued to rise to 2.05mnt in FY25, compelling domestic manufacturers to reduce prices, which led to a moderation in the prices of domestic paper from the cyclical highs witnessed in FY23, with the paperboard segment being the worst hit by the global overcapacity. While realisations continued to fall in FY26, after declining 5% in FY25 and 8% in FY24, the imposition of a minimum import price of Rs 67 per kg on paperboard towards the end of August 2025 provided some support. The revised GST rates on paper and board resulted in an inverted duty structure, leading to some disruption; we expect a gradual recovery in the segment's margin over the next few quarters. Furthermore, uncoated paper prices have remained stable over the past few months.
- Raw material costs account for 60-70% of the total cost of paper mills, and profitability is therefore highly dependent on feedstock prices. Over the past two decades, the wood panel and paper industries have collaborated with farmers to promote large-scale plantations of fast-growing species, such as poplar and eucalyptus, to address the growing wood demand.
- During FY25, JKPL had planted 13.2 million saplings covering more than 87,840 acres (cumulative coverage of over 780,000 acres), up from 55,700 acres in FY23. This would help improve wood availability over FY27-29, easing some pressure on prices, although prices are unlikely to return to previous lows in the near term. This, combined, with a higher share of non-paper EBITDA is likely to result in a gradual recovery in overall margin over the next 3-4 quarters, although it may remain significantly lower than the decadal average of around ~23%.

Demand outlook

- Going ahead, we expect demand for W&P paper to be supported by the rollout of the NEP (National Education Policy); W&P paper demand is expected to increase by 2-3% CAGR and reach ~6.1 million tonnes by FY27. Nevertheless, enrollment of students (schools as well as higher education) is expected to increase at a relatively faster pace of 1.5-2% CAGR over the next 3 years. Also, with new education policy coming to effect and a gradual rise in education spend by the government (~20% higher spend between fiscals 2020 and 2023 compared with the previous three fiscals) and increased thrust on education (through initiatives such as Sarva Shiksha Abhiyaan/Education for All) are likely to support demand for creamwove and maplitho paper (~60-65% of total W&P paper). The printing of textbooks in regional languages and in braille for visually impaired individuals is also expected to add to the demand for W&P paper.
- Demand for copier paper (24% of the W&P segment) is expected to increase at 5-7% CAGR through fiscal 2028, primarily on account of moderation in spending on stationery by corporates due to focus on digital-based communication. Demand growth for coated paper is expected to remain moderate at 2-4% CAGR through fiscal 2028.

Paperboard is witnessing the highest growth amongst all paper segments

- Global paperboard demand is supported by the end-user industries like e-commerce, quick commerce, FMCG, pharmaceuticals, among others. The demand is estimated to increase 2-4% in CY2025. Furthermore, by CY2026, demand is estimated to reach 340 million tonnes, representing growth of 2-3%. Between 2010 and 2023, paperboard demand logged 1-2% CAGR, rising to ~318 million tonnes, largely on the back of steady demand in Asia, Africa and North America. Within Asia, demand from China and India (accounting for about two-third of Asia's paperboard demand) was steady. In emerging markets, the demand was supported by the growth in consumer goods and e-commerce sectors.
- Within paperboard, the consumer packaging segment (40-50% of volumes) is expected to clock 7-8% CAGR up to fiscal 2027, driven by a rise in demand for FMCG, pharmaceuticals, cosmetics and apparel. Higher disposable income and higher demand for ready-to-eat foods will support overall volumes. Demand from the pharmaceutical sector will also be bolstered by increased exports and new drug launches. Further, the ban on single-use plastics is expected to augur well for the paper industry.

Key Concerns

- The paper industry is inherently cyclical in nature, and players are exposed to volatility in raw material prices, as well as the threat of imports, which could prevent companies from passing on increases in raw material prices to customers. In addition, higher RM costs and downward pressure on finished product prices lead to lower margins. Sustained lower realisations could hurt operating margin and thus profitability.
- JKPL remains a net importer with a foreign exchange outgo of around Rs 1070 crore in FY26 (FY25: Rs 1110 crore) and an earning of Rs 350 crore (FY25: Rs 421 crore). JKPL meets around 20-25% of its pulp requirement through imports, a proportion that is likely to moderate with the commercialisation of BCTMP. Furthermore, as wood prices rose in the domestic market, the company increased its reliance on costly imports of wood chips from Indonesia, Thailand, and Vietnam.
- Long gestation period in capacity addition and lead time in raw material generation, among other factors, make the paper industry inherently cyclical. The company has improved availability of hardwood near its plants through its farm forestry programme, it remains exposed to any sharp increase in hardwood prices due to higher minimum support prices of agricultural commodities. Further, efficiency-related technology improvements in the space require periodic capacity upgradation, leading to high capital intensity over time.
- After a strong up cycle in FY22 and FY23, paper prices started to moderate in FY24 and continued its weakness in FY25 and FY26 on subdued global demand that resulted in a fall in global pulp prices, increasing the competitiveness of imports. Sustained strong pulp prices could reduce import competitiveness.
- Delay in implementation of the Hybrid Renewable power plant would hurt the company's operational performance.

Financial Statements

Income Statement

Particulars (in Rs Cr)	FY24	FY25	FY26	FY27E	FY28E
Total Income	**6659**	**6663**	**7076**	**7678**	**8576**
Growth (%)	3.5	0.0	6.2	8.5	11.7
Operating Expenses	5044	5790	6152	6563	7166
EBITDA	**1616**	**928**	**924**	**1115**	**1410**
Growth (%)	-19.7	-42.5	-0.4	20.7	26.5
EBITDA Margin (%)	**24.3**	**13.9**	**13.1**	**14.5**	**16.4**
Depreciation	310	332	377	402	430
EBIT	1306	597	547	714	980
Other Income	227	97	60	82	100
Exceptional Items	0	0	-17	0	0
Interest	208	178	225	189	155
PBT	1325	516	382	606	925
Tax	192	110	93	156	239
PAT	**1122**	**409**	**266**	**432**	**658**
Growth (%)	-6.2	-64.2	-33	65.3	52.5
EPS	66.2	24.1	14.7	23.8	36.3

Balance Sheet

Particulars (in Rs Cr) - As at March	FY24	FY25	FY26	FY27E	FY28E
SOURCE OF FUNDS					
Share Capital	169.4	169.4	181.3	181.3	181.3
Reserves	4900	5203	5339	5674	6215
Shareholders' Funds	**5069**	**5372**	**5521**	**5855**	**6396**
Long Term Debt	1630	1274	1432	1284	1054
Net Deferred Liabs	738	707	732	750	779
Long Term Provisions & Others	272	321	406	427	448
Minority Interest	142	221	266	266	266
Total Source of Funds	**7852**	**7896**	**8356**	**8581**	**8944**
APPLICATION OF FUNDS					
Net Block (incl. CWIP)	5498	5530	5982	5955	5870
Goodwill	362	773	898	903	908
Other Non-current assets	410	341	627	669	723
Total Non Current Assets	**6269**	**6644**	**7508**	**7527**	**7502**
Current Investments	970	395	401	364	332
Inventories	942	1214	1349	1283	1417
Trade Receivables	361	432	546	488	547
Short term Loans & Advances	2	2	2	3	8
Cash & Equivalents	74	38	179	446	552
Other Current Assets	711	675	544	611	698
Total Current Assets	**3061**	**2756**	**3022**	**3196**	**3555**
Short-Term Borrowings	495	475	1004	885	753
Trade Payables	678	739	855	922	992
Other Current Liab & Provisions	291	277	292	307	329
Short-Term Provisions	13	12	22	28	39
Total Current Liabilities	1477	1504	2174	2144	2113
Net Current Assets	1583	1253	848	1055	1442
Total Application of Funds	**7852**	**7896**	**8356**	**8581**	**8944**

Cash Flow Statement

Particulars (in Rs Cr)	FY24	FY25	FY26	FY27E	FY28E
Reported PBT	1,325	527	365	606	925
Non-operating & EO items	-227	-108	-60	-82	-100
Interest Expenses	208	178	225	189	155
Depreciation	310	332	377	402	430
Working Capital Change	13	-162	0	61	-283
Tax Paid	-253	-124	-134	-156	-239
OPERATING CASH FLOW (a)	**1,376**	**643**	**773**	**1,020**	**889**
Capex	-236	-248	-491	-380	-350
Free Cash Flow	1,140	395	282	640	539
Investments	-402	103	-406	-41	-54
Non-operating income	227	108	60	82	100
INVESTING CASH FLOW (b)	**-411**	**-37**	**-837**	**-339**	**-305**
Debt Issuance / (Repaid)	-603	-393	485	-109	-179
Interest Expenses	-208	-178	-225	-189	-155
FCFE	329	-176	542	342	205
Share Capital Issuance/MI	0	0	0	0	0
Dividend	-127	-85	-85	-115	-144
FINANCING CASH FLOW (c)	**-938**	**-656**	**175**	**-414**	**-479**
NET CASH FLOW (a+b+c)	**28**	**-49**	**111**	**267**	**105**

Key Ratios

Particulars	FY24	FY25	FY26	FY27E	FY28E
Profitability (%)					
Gross Margin	48.2	39.3	38.2	40.3	41.9
EBITDA Margin	24.3	13.8	13.1	14.5	16.4
EBIT Margin	19.6	8.9	7.7	9.3	11.4
PAT Margin	17.0	6.1	3.8	5.9	8.0
RoE	24.6	7.8	4.9	7.6	10.7
RoCE	15.6	7.1	5.8	7.5	10.1
Solvency Ratio (x)					
Net Debt/EBITDA	0.7	1.4	2.0	1.2	0.7
D/E	0.4	0.3	0.4	0.4	0.3
Interest Coverage	6.3	3.4	2.4	3.8	6.3
PER SHARE DATA (Rs)					
EPS	66.2	24.1	14.7	23.8	36.2
CEPS	84.5	43.7	35.4	46.0	59.9
BV	299	317	304	323	353
Dividend	8.5	5.0	4.0	6.2	7.8
Turnover Ratios (days)					
Debtor days	20	23	28	23	23
Inventory days	48	59	66	61	60
Creditors days	55	51	56	57	57
VALUATION (x)					
P/E	6.1	16.7	27.5	16.9	11.1
P/BV	1.3	1.3	1.3	1.2	1.1
EV/EBITDA	5.3	9.2	9.3	7.7	6.1
EV / Revenue	1.3	1.3	1.2	1.1	1.0
Dividend Payout (%)	12.8	20.7	27.3	26.0	21.5

(Source: Company, HDFC sec)

KUSHAL MAHENDRA RUGHANI

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Date: 2026.09.06 14:35:50 +05'30'

Rating Criteria
Buy - > 15%+ return potential
Add - +5% to +15% return potential
Reduce - -10% to +5% return potential
Sell - >10% downside return potential

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