

18th June, 2024
 Analyst - Sushil Kr Jaiswal

| Recommendation | Target (₹) | Stop Loss (₹) | Time Horizon |
|----------------|------------|---------------|---------------|
| Hold (Update) | 545 | 445 | 9 – 12 months |

Update on Previous Buy Call on JK Paper Limited:

- **Strategic Advantage from competitor maintenance shutdowns:** With two key competitors shutting down their plant's maintenance, JK Paper Limited is positioned to capture the shifted demand, particularly for high grade paper products. This strategic advantage is expected to significantly boost the company's market share.
- **Anticipated Demand Shift towards JK Paper:** The temporary unavailability of products from the competitors will likely result in an increased demand for JK Paper's high-quality offerings. This shift is expected to enhance the company's sales volume and revenue in short to medium term.
- **Incremental Price hike:** JK Paper Limited has successfully implemented a marginal price increase of 1-2% across most of its product categories. This price adjustment indicates the company's strong market positioning and ability to pass on cost increases to customer without adversely affecting demand.
- **Substantial Price Increase per metric ton:** The company has decided to raise prices for all categories by Rs.2,000 per metric ton. This substantial price hike is anticipated to improve the company's profitability margins and revenue growth which will reflect strong pricing power in the market.
- **Higher Plant Utilization Expected:** With the increased demand and price hikes, JK Paper Limited is expected to achieve higher plant utilization rates. This improved operational efficiency will likely lead to better economies of scale and lower per-unit production costs.
- **Projected Volume Growth in Key Segments:** The management of JK Paper Limited is optimistic about higher volume growth in both paper and board segments for FY25. This positive outlook is based on market dynamics and company's strategic initiatives which suggests robust future performance and making it a compelling investment opportunity.

View: We previously released a report on JK Paper with a buy recommendation at a price of ₹354, setting a target price of ₹445. We are pleased to announce that this target has been successfully achieved. Given the recent positive developments in the company, we are revising our target price upward to ₹545. This reflects our continued confidence in JK Paper's growth prospects and strong performance indicators. Additionally, we recommend setting a stop-loss at the previous target price of ₹445 to manage potential downside risk effectively. We advise investors to hold their positions in JK Paper, leveraging the revised target price to maximize potential returns.

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