

**RESEARCH****BHARAT PETROLEUM CORP | TARGET: Rs 434 | +18% | BUY**

Results above expectation on improved product cracks

**AMBUJA CEMENTS | TARGET: Rs 607 | +5% | HOLD**

Growth revision reassuring; consolidation pain may continue

**ACC | TARGET: Rs 2,078 | +11% | HOLD**

Healthy volume and realisations help Q2 show; maintain HOLD

**AJANTA PHARMA | TARGET: Rs 2,750 | +8% | HOLD**

US generic sales growth weighs on margins

**THANGAMAYIL JEWELLERY | TARGET: Rs 2,600 | -0% | HOLD**

Beat on all fronts; Maintain HOLD on

**JK PAPER | TARGET: Rs 500 | +25% | BUY**

Margin pressure persists; fortifies presence in Packaging

**AUTOMOBILES**

GST rate cut vibes visible; 2W pickup steady, PV buoyed

**SUMMARY****BHARAT PETROLEUM CORP**

- Performance was above expectations due to better-than-expected refining performance; GRM came at USD10.8 vs USD4.4 in Q2FY25
- Low crude prices will likely sustain refining performance. Mozambique E&P project to resume soon and boost the upstream presence
- Assuming coverage with BUY and TP of Rs434, based on 6.5x EV/EBITDA on Sept'27 plus value of investments and E&P business

[Click here](#) for the full report.



**AMBUJA CEMENTS**

- Strong volume-driven revenue growth (22% YoY), backed by realisation gains of 7% YoY, due to presence in key regions like North and West
- Operating cost impacted by ~11%/2%YoY/QoQ to Rs 4,489/tn, impacting EBITDA margin to 13.7%; improvement in sight
- We value ACEM's consolidated business at 14x (unchanged) 1YF, retaining earnings and TP revised to Rs 607 (vs Rs 592). Retain HOLD

[Click here](#) for the full report.

**ACC**

- Revenue driven by 8% YoY volume jump to 10 mnt (down 13% QoQ), backed by realisations gain of 18%/11% YoY/QoQ to Rs 5,519/tn
- Cost escalation a negative surprise, driven by traded good purchases and higher energy cost
- Retain HOLD as we continue to value ACC at 10x 1YF EV/EBITDA, and forecast FY27E/FY28E EBITDA margin at ~15%; TP revised at Rs2,078

[Click here](#) for the full report.

**AJANTA PHARMA**

- Sales/EBITDA/PAT were 1%/-8%/7% above our estimates. EBITDA margin reported 230 bps below estimates at 24.2%, Adj forex at 27%
- Branded Generics contribution lowered to 72% while US segment contribution increased to 26% in 2QFY26 and Africa inst. at 2%
- Expect slower increase in EBITDA margin due to growth in US generic sales. Maintain HOLD; ascribe 30x PE on Sep'27 roll forward

[Click here](#) for the full report.

**THANGAMAYIL JEWELLERY**

- Sharp earnings beat as the company managed to post positive volume growth, despite the steep rise in gold prices
- Targets to open 10 new stores in around Chennai areas over the next 15 months and maintain net debt/EBITDA ratio of 2.0x in FY28
- Maintain HOLD as the stock appears to be fully valued; TP raise by 27% to Rs 2,600 per share

[Click here](#) for the full report.

**JK PAPER**

- EBITDA miss by 5.1% in Q2 on weak realisation, due to persistent cheap import pressure and higher wood costs
- Acquired 65.7% stake in Borkar Packaging to become a strong player in folding carton box segment in India
- Maintain BUY with unchanged TP of Rs 500 per share

[Click here](#) for the full report.

**AUTOMOBILES**

- PV volumes rose 14% YoY, showing buoyant signs of GST rate cut, pent-up demand and festive revival. MSIL's sales up 15% compacts help
- 3W sales climbed ~24% YoY; the best among segments, reflecting strong last-mile demand, EV transition benefits. BJAUT grew 16% YoY
- 2Ws grew 3% YoY, supported by festive lift in scooters and premium bikes, EIM and TVS in top gear, HMCL drags down the segment

[Click here](#) for the full report.

**BUY**

TP: Rs 434 | ▲ 18%

**BHARAT PETROLEUM  
CORP**

| Oil & Gas

| 03 November 2025

## Results above expectation on improved product cracks

- Performance was above expectations due to better-than-expected refining performance; GRM came at USD10.8 vs USD4.4 in Q2FY25
- Low crude prices will likely sustain refining performance. Mozambique E&P project to resume soon and boost the upstream presence
- Assuming coverage with BUY and TP of Rs434, based on 6.5x EV/EBITDA on Sept'27 plus value of investments and E&P business

**Sukhwinder Singh**  
Research Analyst  
research@bobcaps.in

**Results above expectation:** Revenue came in at Rs1,049bn (+2.1%YoY, -6.8%QoQ) and was 15.0% above consensus estimates. EBITDA came in at Rs97bn (+116.0%YoY, +0.9%QoQ) and was 26% above consensus estimates, due to a better-than-expected performance in the refining segment.

**Refining performance:** GRM came at USD10.8/bbl vs USD4.4/bbl in Q2FY25, due to higher product cracks. Crude brent prices for Q2FY26 averaged USD68/bbl, down USD11/bbl YoY. Cracks improved YoY: MS petrol cracks stood at USD6/bbl vs USD4 in Q2FY25. HSD (Diesel) cracks are at USD14 vs USD10 in Q2FY25.

**Marketing business:** Domestic sales volumes were 12.7mnt (+2.3%YoY, -6.7%QoQ). Exports volumes were 0.4mnt (-10.0%YoY, -20.0%QoQ).

**LPG under-recovery:** BPCL received communication in October 2025 regarding compensation of Rs76bn towards the under recoveries incurred on the sale of domestic LPG up to 31<sup>st</sup> Mar 2025 and to be incurred up to 31<sup>st</sup> Mar2026. This will be disbursed in 12 equal monthly installments, starting November 2025.

**Outlook on growth:** BPCL has ongoing projects of Bina expansion and Kochi petchem. These will be commissioned by May 2028. It is putting up a greenfield refinery of 9-12mnt in Andhra Pradesh, which will benefit over long term. E&P business is likely to see a boost with the work resuming at Mozambique. The first LNG production is expected in H12029. Thus, the outlook on growth is positive.

**Coverage with BUY:** We are positive on the business growth that is driven by sustainability of product cracks and improving outlook on E&P business with a likely resumption of the Mozambique project. We are assuming coverage with BUY and TP of Rs434, based on 6.5x EV/EBITDA on core business on Sept'2027 plus value of investments and E&P business.

## Key changes

| Target | Rating |
|--------|--------|
| ▲      | ▲      |

|                  |                |
|------------------|----------------|
| Ticker/Price     | BPCL IN/Rs 367 |
| Market cap       | US\$ 17.9bn    |
| Free float       | 45%            |
| 3M ADV           | US\$ 24.9mn    |
| 52wk high/low    | Rs 370/Rs 234  |
| Promoter/FPI/DII | 55%/14%/24%    |

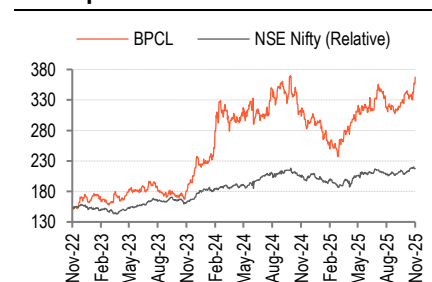
Source: NSE | Price as of 3 Nov 2025

## Key financials

| Y/E 31 Mar              | FY25A     | FY26E     | FY27E     |
|-------------------------|-----------|-----------|-----------|
| Total revenue (Rs mn)   | 4,402,719 | 4,304,161 | 4,490,105 |
| EBITDA (Rs mn)          | 254,014   | 314,802   | 295,537   |
| Adj. net profit (Rs mn) | 137,150   | 192,060   | 169,366   |
| Adj. EPS (Rs)           | 32.1      | 45.0      | 39.6      |
| Consensus EPS (Rs)      | 32.1      | 44.0      | 38.4      |
| Adj. ROAE (%)           | 17.5      | 21.5      | 16.2      |
| Adj. P/E (x)            | 11.4      | 8.2       | 9.3       |
| EV/EBITDA (x)           | 7.7       | 6.1       | 6.4       |
| Adj. EPS growth (%)     | (74.7)    | 40.0      | (11.8)    |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**HOLD**

TP: Rs 607 | ▲ 5%

**AMBUJA CEMENTS**

| Cement

| 04 November 2025

## Growth revision reassuring; consolidation pain may continue

- **Strong volume-driven revenue growth (22% YoY), backed by realisation gains of 7% YoY, due to presence in key regions like North and West**
- **Operating cost impacted by ~11%/2%YoY/QoQ to Rs 4,489/tn, impacting EBITDA margin to 13.7%; improvement in sight**
- **We value ACEM's consolidated business at 14x (unchanged) 1YF, retaining earnings and TP revised to Rs 607 (vs Rs 592). Retain HOLD**

**Milind Raginwar**  
Research Analyst  
**Ayush Dugar**  
Research Associate  
research@bobcaps.in

**Acquisitions drive volume; pricing resilient:** ACEM (standalone) reported a robust 22% YoY (-6% QoQ) revenue growth to Rs 51.5 bn in Q2FY26, fueled by strong volumes and realisations. Premium products share jumped up to 35% vs 26% YoY of trade sales (overall 28%). Volumes rose 14% YoY to 9.9mt, backed by realisations at Rs 5,201/t (+7% YoY). Consolidated revenue jumped 21% YoY (-11% QoQ) to Rs 91.7 bn, driven by 20% YoY volume growth to 16.6mt (11% excl. ORCMNT & Penna), despite the monsoon drag. Blended cement share eased to 77% vs 84% YoY.

**Cost pressures brief; leadership intact:** Operating costs jumped to Rs 4,489/t; up by 11%/1.5% YoY/QoQ. Power & fuel (raw material adjusted) increased 14%/4% YoY/QoQ to Rs 2,718/t on integration effects. Kiln fuel dropped 5% YoY to Rs 1.65/kcal (Rs 1.60/kcal) via optimised mix. Opex rose by 29% YoY on promotions and acquired asset ramp-up (expected to normalise) to Rs5.64bn. EBITDA margin fell to 13.7% from 16.7% YoY; EBITDA/t at Rs 712 vs Rs 810 YoY (Rs830 QoQ).

**Capacity ramp-up accelerated:** ACEM stays on course for 118mt by Mar-26 while increasing the target to 155 mt (+15mtpa) by FY28 via brownfield projects at Bhatapara, Salai Banwa, Dabri, Mewar, Kalamboli, Krishnapatnam, Bhatinda, Jodhpur, and Waghal. Bhatapara clinker (4mt) trials underway; Krishnapatnam GU (2mt) live, targeting 11.2mt FY26 additions. Debottlenecking adds 15mt cement across 13 sites (\$48/t integrated capex) and 12mt clinker through 3 kilns by FY28.

**Maintain HOLD:** We retain our EBITDA estimates for FY26/FY27/FY28, factoring in the consolidation impact on cost, though volume growth will be healthy. Realisation gains may be challenging, given the heightened competitive pressure in FY26/FY27. The full impact of inorganic growth (ORCMNT + Penna) transition is steady and will continue in medium term, pinching cost. Our revenue/EBITDA/PAT CAGR remains at a healthy 19/21%/19% over FY25-FY28. We value consolidated business by assigning EV/EBITDA of 14x (no change 1YF earnings and revise TP to Rs 607/Rs Rs592) on rollover to September'27 earnings. Our TP implies a replacement cost of Rs 10bn/mnt – ~33% premium to the industry. We retain HOLD.

## Key changes

| Target | Rating |
|--------|--------|
| ▲      | ◀ ▶    |

|                  |                |
|------------------|----------------|
| Ticker/Price     | ACEM IN/Rs 577 |
| Market cap       | US\$ 12.9bn    |
| Free float       | 37%            |
| 3M ADV           | US\$ 16.2mn    |
| 52wk high/low    | Rs 625/Rs 453  |
| Promoter/FPI/DII | 63%/11%/17%    |

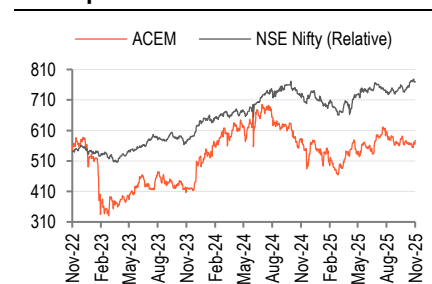
Source: NSE | Price as of 3 Nov 2025

## Key financials

| Y/E 31 Mar              | FY25A    | FY26E    | FY27E    |
|-------------------------|----------|----------|----------|
| Total revenue (Rs mn)   | 3,33,833 | 4,49,519 | 5,15,883 |
| EBITDA (Rs mn)          | 59,707   | 72,966   | 96,413   |
| Adj. net profit (Rs mn) | 34,189   | 36,825   | 52,388   |
| Adj. EPS (Rs)           | 14.7     | 15.0     | 21.3     |
| Consensus EPS (Rs)      | 14.7     | 15.9     | 21.7     |
| Adj. ROAE (%)           | 8.8      | 7.4      | 9.4      |
| Adj. P/E (x)            | 39.3     | 38.6     | 27.1     |
| EV/EBITDA (x)           | 18.2     | 15.2     | 11.2     |
| Adj. EPS growth (%)     | (8.8)    | 1.9      | 42.3     |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**HOLD**

TP: Rs 2,078 | ▲ 11%

**ACC**

| Cement

| 04 November 2025

## Healthy volume and realisations help Q2 show; maintain HOLD

- Revenue driven by 8% YoY volume jump to 10 mnt (down 13% QoQ), backed by realisations gain of 18%/11% YoY/QoQ to Rs 5,519/tn
- Cost escalation a negative surprise, driven by traded good purchases and higher energy cost
- Retain HOLD as we continue to value ACC at 10x 1YF EV/EBITDA, and forecast FY27E/FY28E EBITDA margin at ~15%; TP revised at Rs2,078

**Milind Raginwar**  
Research Analyst  
**Ayush Dugar**  
Research Associate  
research@bobcaps.in

**Revenue surges on strong realisation gains:** ACC reported revenue of Rs 58.5bn in Q2FY26, up 27% YoY (-3.5% QoQ), driven by healthy volume growth of 7.5% YoY to 10mt (-13% QoQ) and robust realisation gains of 17.9%/11% YoY/QoQ. Premium products contributed significantly, rising to 47% of trade sales (volume up 20% YoY), boosting the overall pricing power.

**Cost pressures persist:** Costs hiked due to higher energy cost and traded goods purchases. Adjusted raw material cost (incl. external purchases) rose 22%/11% YoY/QoQ to Rs 2,373/t, pushing up the cost. Energy costs rose 7%/21% YoY/QoQ to Rs 890/t, reflecting high-cost pet-coke procurement. Freight costs rose 5.1%/6.5% YoY/QoQ to Rs 1,073/t despite a 5km YoY reduction in the lead distance to 269km.

**EBITDA margin expands significantly:** EBITDA/t surged 77.6%/22% YoY/QoQ to Rs 819, with EBITDA margin improving 470bps/130bps YoY/QoQ to 14.0%, despite a 12%/9.4% YoY/QoQ rise in total costs to Rs 5,033/t. The sharp margin expansion was supported by strong pricing and a favourable base effect that helps offset the cost escalation driven by raw material and other expenses inflation.

**Capacity expansion on track:** Grinding units at Salai Banwa and Kalamboli are progressing as scheduled, with commissioning expected in Q3FY26. Green power initiatives continue to advance, with ACC targeting 60% green power share ahead of FY28. ACC has taken prudent measures to secure additional limestone blocks (Wadi, Chanda, Kymore) to compensate for the depleted reserves.

**Earnings revised; maintain HOLD:** We maintain our FY26 EBITDA forecasts, as also continue with our FY27e/FY28e estimates. Our 3Y CAGR revenue/EBITDA is 6%/7% due to limited capacity headroom, although we factor in higher cost savings. We continue to value ACC at 10x EV/EBITDA 1YF earnings with roll over to September 2027 earnings and revise upwards our TP to Rs2,078 (from Rs 2,038). This implies a replacement cost of Rs 7.8bn/mt marginal premium to the industry average. We retain our HOLD rating as the current valuations factor the performance.

## Key changes

| Target | Rating |
|--------|--------|
| ▲      | ◀ ▶    |

|                  |                   |
|------------------|-------------------|
| Ticker/Price     | ACC IN/Rs 1,871   |
| Market cap       | US\$ 4.0bn        |
| Free float       | 43%               |
| 3M ADV           | US\$ 5.1mn        |
| 52wk high/low    | Rs 2,367/Rs 1,778 |
| Promoter/FPI/DII | 57%/12%/19%       |

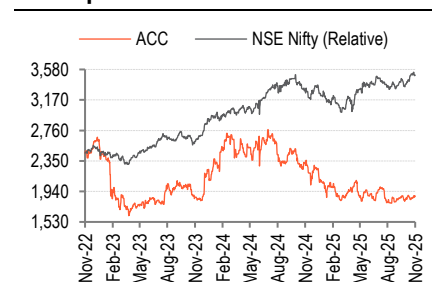
Source: NSE | Price as of 3 Nov 2025

## Key financials

| Y/E 31 Mar              | FY25A    | FY26E    | FY27E    |
|-------------------------|----------|----------|----------|
| Total revenue (Rs mn)   | 2,05,943 | 2,17,087 | 2,30,888 |
| EBITDA (Rs mn)          | 30,162   | 30,852   | 34,687   |
| Adj. net profit (Rs mn) | 11,533   | 18,553   | 22,129   |
| Adj. EPS (Rs)           | 61.4     | 98.7     | 117.7    |
| Consensus EPS (Rs)      | 123.4    | 95.7     | 111.0    |
| Adj. ROAE (%)           | 10.6     | 10.4     | 11.2     |
| Adj. P/E (x)            | 30.5     | 19.0     | 15.9     |
| EV/EBITDA (x)           | 14.6     | 14.3     | 12.7     |
| Adj. EPS growth (%)     | (45.7)   | 60.9     | 19.3     |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**HOLD**

TP: Rs 2,750 | ▲ 8%

**AJANTA PHARMA**

Pharmaceuticals

03 November 2025

## US generic sales growth weighs on margins

- Sales/EBITDA/PAT were 1%/-8%/7% above our estimates. EBITDA margin reported 230 bps below estimates at 24.2%, Adj forex at 27%
- Branded Generics contribution lowered to 72% while US segment contribution increased to 26% in 2QFY26 and Africa inst. at 2%
- Expect slower increase in EBITDA margin due to growth in US generic sales. Maintain HOLD; ascribe 30x PE on Sep'27 roll forward

**Foram Parekh**  
Research Analyst  
research@bobcaps.in

**Mix earnings** – Sales grew 14% YoY to Rs 13.5bn, driven by 48% YoY growth in the US region, 12% YoY growth in the domestic region, 5% YoY growth in the Asia region, which was marginally offset by 1.2% decline in the Africa region. Strong growth in the US generics business and higher SG&A cost led to a 135 bps contraction in gross margin to 76.6% and a 201 bps decline in EBITDA margin to 24.2%, which was 230 bps below our estimates. Other income grew by 204% YoY, largely due to Rs 400 mn gain in forex resulting in 20% YoY growth in PAT.

**US growth driven by new product launches** - US reported growth 19% above our estimates to Rs 3.4bn. The growth was supported by the full-year contribution from five launches in H2FY25, market share gains in existing products, and three new launches during H1FY26. This has resulted in the US contribution inching to 26% in 2QFY26 from 20% in 2QFY25.

**Domestic region continues to grow above IPM** - Domestic region reported 1% growth above our estimates. The growth was driven by 2x volume growth than the IPM, 10 new product launches and 14% YoY sales growth (Rs 530 mn) from trade generics. Therapeutically, Cardio grew by 6% vs IPM growth of 12% (Anomaly in the IPM data), Opthal grew by 11% vs IPM growth of 8%, Derma grew by 13% vs IPM growth of 7% and Pain grew by 8% vs IPM growth of 7%. The company expects newly ventured Gynecology and Nephrology therapies to contribute post 1.5-2 years at an EBITDA level.

**Branded generic contribution declining on US sales** – During the quarter, share from branded generics declined to 72% vs 76% in 2QFY25 and 73% in 1QFY26. The contribution declined due to a pickup in US sales contribution, which increased to 26% in 2QFY26 vs 20% in 2QFY25 and 24% in 1QFY26.

**Maintain HOLD** - At CMP, the stock is trading at a PE of 27x on Sep'27. Given the sustenance of double-digit growth in the branded generics segment, we ascribe PE of 30x in line with a 5Y average PE of 31x to arrive at TP of Rs 2,750 (earlier TP Rs 2,783).

## Key changes

| Target | Rating |
|--------|--------|
| ▼      | ◀ ▶    |

|                  |                   |
|------------------|-------------------|
| Ticker/Price     | AJP IN/Rs 2,539   |
| Market cap       | US\$ 3.6bn        |
| Free float       | 31%               |
| 3M ADV           | US\$ 2.9mn        |
| 52wk high/low    | Rs 3,147/Rs 2,327 |
| Promoter/FPI/DII | 66%/10%/15%       |

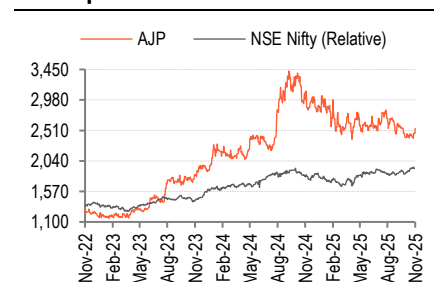
Source: NSE | Price as of 3 Nov 2025

## Key financials

| Y/E 31 Mar              | FY25A  | FY26E  | FY27E  |
|-------------------------|--------|--------|--------|
| Total revenue (Rs mn)   | 46,481 | 52,149 | 57,508 |
| EBITDA (Rs mn)          | 12,595 | 13,668 | 15,332 |
| Adj. net profit (Rs mn) | 9,204  | 10,061 | 11,118 |
| Adj. EPS (Rs)           | 72.8   | 79.6   | 88.0   |
| Consensus EPS (Rs)      | 74.7   | 83.0   | 97.0   |
| Adj. ROAE (%)           | 25.4   | 24.4   | 22.4   |
| Adj. P/E (x)            | 34.9   | 31.9   | 28.9   |
| EV/EBITDA (x)           | 25.6   | 23.6   | 21.1   |
| Adj. EPS growth (%)     | 12.8   | 9.3    | 10.5   |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**HOLD**

TP: Rs 2,600 | ▼ 0%

**THANGAMAYIL  
JEWELLERY**

Retail

03 November 2025

## Beat on all fronts; Maintain HOLD on rich valuation

- Sharp earnings beat as the company managed to post positive volume growth, despite the steep rise in gold prices
- Targets to open 10 new stores in around Chennai areas over the next 15 months and maintain net debt/EBITDA ratio of 2.0x in FY28
- Maintain HOLD as the stock appears to be fully valued; TP raise by 27% to Rs 2,600 per share

**Strong Q2:** TJL beats our Q2FY26 estimate (Revenue: +13%; EBITDA: +32%; PAT: +39%) as it posted better gold volume growth (+1.7% YoY, despite steep rise in gold prices) and improved EBITDA margin (+40bps QoQ to 5.8% vs 5.0% estimated). Gross margin improved to 5Y high level for a seasonally lean Q2 – which we believe could be due to inventory gain. However, net debt/EBITDA (TTM) ratio has gone up from 2.32x in Mar'25 to 2.61x in Sep'25 due to higher inventory per store (from Rs 330mn in Q4FY25 to Rs 396mn in Q2FY26). Other current liabilities also moved up sharply from Rs 6.1bn in Mar'25 to Rs 9.0bn in Sep'25.

**Highlights:** No. of net store count has risen by 12% YoY to 66 in Q2FY26. Retail sales grew by 44.7% YoY in Q2FY26, driven by higher gold volume (+1.7% YoY) and better realisation (+41.6%). SSG stood at 10.31% YoY in H1FY26. Revenue per square foot has gone down by 4.6% YoY to Rs 0.48mn in H1FY26 due to impact of stores expansion. The number of gold jewellery invoices was up by 19.7% YoY in H1FY26. Average gold jewellery ticket size has increased by 13% YoY to Rs90,961 in H1FY26. Inventory hedging ratio stood at 95.1% in H1FY26 (vs 90.4% in H1FY25). Urban revenue share has gone up from 29% in Q2FY25 to 40% in Q2FY26.

**Outlook:** TJL posted strong revenue growth of 178% YoY in Oct'25 led by higher gold volume (+77%). Targets to open 10 stores in the surrounding areas of Chennai over the next 15 months (3 by Q4FY26 and 7 by Q4FY27) at a capex of Rs 7bn. Targets to maintain net debt/EBITDA ratio of 2.0x by FY28 – which we believe is not likely to be achieved, given the aggressive store expansion plan.

**Maintain HOLD; TP raise by 27% to Rs 2,600:** We maintain our HOLD rating as the stock appears to be fairly valued (trades at 28.4x on 1Y forward P/E vs 5Y avg of 23.8x) even if we assume TJL opens its new store at a much better pace vs past (i.e. annual new store run rate of 6-7 store vs historical run rate of 3-4 store) and operate at a better EBITDA margin profile of 5.7% (vs 10Y avg of 4.9%) over FY27-FY28. We have raised TP to Rs 2,600 (Rs 2,050 per share) due to earnings upgrade (+26.8%/+24.9%/+28.0% for FY26E/FY27E/FY28E) based on strong Q2FY26 result and increase in our target P/E multiple (from 25x to 30x).

**Utkarsh Nopany**  
Research Analyst  
research@bobcaps.in

## Key changes

| Target | Rating |
|--------|--------|
| ▲      | ◀ ▶    |

|                  |                   |
|------------------|-------------------|
| Ticker/Price     | TJL IN/Rs 2,604   |
| Market cap       | US\$ 911.4mn      |
| Free float       | 39%               |
| 3M ADV           | US\$ 1.3mn        |
| 52wk high/low    | Rs 2,604/Rs 1,523 |
| Promoter/FPI/DII | 62%/5%/15%        |

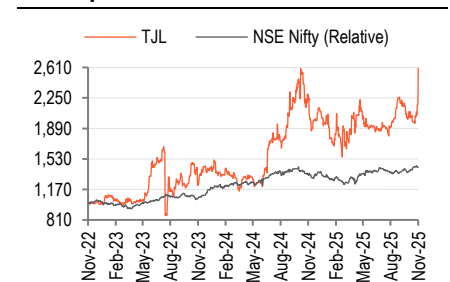
Source: NSE | Price as of 3 Nov 2025

## Key financials

| Y/E 31 Mar              | FY25A  | FY26E  | FY27E  |
|-------------------------|--------|--------|--------|
| Total revenue (Rs mn)   | 49,106 | 71,790 | 87,124 |
| EBITDA (Rs mn)          | 2,190  | 4,086  | 5,002  |
| Adj. net profit (Rs mn) | 1,187  | 2,502  | 3,027  |
| Adj. EPS (Rs)           | 38.2   | 80.5   | 97.4   |
| Consensus EPS (Rs)      | 38.2   | 60.3   | 80.4   |
| Adj. ROAE (%)           | 14.9   | 20.7   | 21.1   |
| Adj. P/E (x)            | 68.2   | 32.3   | 26.7   |
| EV/EBITDA (x)           | 38.9   | 21.7   | 18.6   |
| Adj. EPS growth (%)     | (15.0) | 110.7  | 21.0   |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**BUY**

TP: Rs 500 | ▲ 25%

**JK PAPER**

| Paper

| 03 November 2025

## Margin pressure persists; fortifies presence in Packaging

- EBITDA miss by 5.1% in Q2 on weak realisation, due to persistent cheap import pressure and higher wood costs
- Acquired 65.7% stake in Borkar Packaging to become a strong player in folding carton box segment in India
- Maintain BUY with unchanged TP of Rs 500 per share

**Utkarsh Nopany**  
Research Analyst  
research@bobcaps.in

**Mixed Q2:** JKPAPER beats our topline estimate for Q2FY26 by 3.2%, but misses our EBITDA estimate by 5.1% due to lower-than-expected EBITDA margin (-195bps QoQ to 12.8% vs 13.9% estimated) on account of weak realisation due to persistent cheap import pressure and higher wood costs. Overall, the company's revenue grew by 3.9% YoY, but EBITDA/PAT was down by 15.0%/41.8% YoY in Q2FY26.

**Highlights:** Paper & board segment revenue was relatively flat (-0.2% YoY) in Q2FY26. Paper & board segment margin fell by 337bps QoQ to 11.6% in Q2FY26, mainly driven by gross margin pressure (-254bps QoQ due to weak realisation and higher wood costs). Subsidiary revenue grew by 26.5% YoY due to increased contribution from the recently acquired companies. Subsidiary EBITDA margin contracted by 19bps QoQ to 8.3% in Q2FY26. Net debt has slightly gone up from Rs 12.85bn in Mar'25 to Rs 13.1bn in Sep'25 owing to the capex incurred for setting up BCTMP pulp mill (likely to be commissioned by Q4FY26).

**Acquisition:** JKPAPER increased its stake in Radhesham Wellpack Pvt Ltd from 60% to 80% in Sep'25. It has also acquired 65.7% stake in Borkar Packaging Pvt Ltd (BPPL) in Oct'25 and plans to acquire the remaining stake over the next four years. This deal will strengthen JKPAPER leadership position in the corrugated packaging business and make it amongst the top 3 players in the folding cartons space (TCPL Packaging, Parksons Packaging) in India. BPPL operates 7 plants in India with a revenue of Rs 3.9bn and operating margin of around 12% in FY24.

**Maintain BUY with unchanged TP of Rs 500:** We maintain our BUY rating as we expect JKPAPER's EBITDA to grow at a healthy rate of 22.5% CAGR over FY25-FY28E due to gradual improvement in EBITDA margin (from 12.8% in Q2FY26 to near to 10Y avg of 22.9% over the next 2-3 years), in anticipation of better pricing environment and moderation in wood cost. We have revised down our EBITDA estimates (-4.1%/-4.4%/-3.4% for FY26E/FY27E/ FY28E) post weak Q2FY26 result, but have kept our TP unchanged at Rs 500 due to roll forward of our valuation to Sep'27 (Jun'27 earlier). Our target EV/EBITDA multiple remains unchanged at 6.0x. At CMP, the stock trades at 6.4x on 1Y forward EV/EBITDA vs 5Y avg of 5.9x.

## Key changes

| Target | Rating |
|--------|--------|
| ◀ ▶    | ◀ ▶    |

|                  |                   |
|------------------|-------------------|
| Ticker/Price     | JKPAPER IN/Rs 399 |
| Market cap       | US\$ 76.0mn       |
| Free float       | 50%               |
| 3M ADV           | US\$ 3.9mn        |
| 52wk high/low    | Rs 491/Rs 276     |
| Promoter/FPI/DII | 50%/12%/6%        |

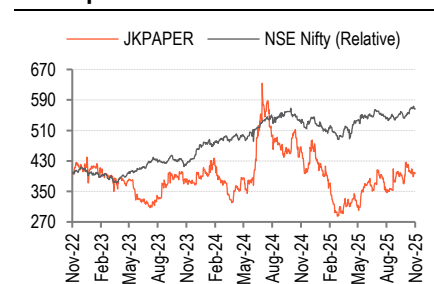
Source: NSE | Price as of 3 Nov 2025

## Key financials

| Y/E 31 Mar              | FY25A  | FY26E  | FY27E  |
|-------------------------|--------|--------|--------|
| Total revenue (Rs mn)   | 67,181 | 69,903 | 74,678 |
| EBITDA (Rs mn)          | 9,376  | 10,201 | 13,854 |
| Adj. net profit (Rs mn) | 4,217  | 4,185  | 6,953  |
| Adj. EPS (Rs)           | 24.9   | 24.7   | 41.0   |
| Consensus EPS (Rs)      | 24.9   | 25.6   | 42.1   |
| Adj. ROAE (%)           | 8.1    | 7.5    | 11.6   |
| Adj. P/E (x)            | 16.0   | 16.1   | 9.7    |
| EV/EBITDA (x)           | 2.0    | 2.0    | 1.3    |
| Adj. EPS growth (%)     | (44.6) | 3.4    | 39.7   |

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE




**AUTOMOBILES**

03 November 2025

**GST rate cut vibes visible; 2W pickup steady, PV buoyed**

- **PV volumes rose 14% YoY, showing buoyant signs of GST rate cut, pent-up demand and festive revival. MSIL's sales up 15% compacts help**
- **3W sales climbed ~24% YoY; the best among segments, reflecting strong last-mile demand, EV transition benefits. BJAUT grew 16% YoY**
- **2Ws grew 3% YoY, supported by festive lift in scooters and premium bikes, EIM and TVS in top gear, HMCL drags down the segment**

**Milind Raginwar**  
 Research Analyst  
 research@bobcaps.in

**PVs show mixed performance:** Domestic PV sales rose 14% YoY in October, aided by compact cars, utility vehicles (UVs) and electric vehicle (EV) traction. MSIL volumes gained 7% YoY with 15% rise in compacts complimenting UV growth. TTMT gained share in EVs with 73% YoY growth, and 20% YoY overall. HMIL volume stayed flat at -0.3% YoY. GST rate cut, a pipeline of launches in 2HFY26 and improving rural affordability are expected to support further momentum.

**2W Premium demand intact, exports stay resilient:** EIM led with a 13% YoY surge to 125k units, keeping the premium segment momentum intact. TVSL grew 10% YoY, backed by motorcycles and EVs, while HMCL declined 6% YoY. BJAUT grew 7% YoY, aided by exports and KTM recovery. Export markets remained buoyant, with double-digit growth across companies, offsetting domestic softness.

**3Ws sustain mobility push:** 3W sales climbed 24% YoY, reflecting resilient last-mile demand. BJAUT grew 16% YoY, while TVSL grew 70% YoY (smaller base). MM's 3W volumes rose 30% YoY on e3W adoption. The segment continues to benefit from EV transition though competition is intensifying.

**Rural sentiment keeps tractors elevated:** Tractor sales surged 10% YoY, powered by a healthy monsoon, robust Kharif harvesting, and strong reservoir levels. MM rose 13% YoY and Escorts grew 4% YoY both boosted by GST benefits and rural demand. Elevated rural sentiment and preponed festive demand supported the broad-based strength.

**CV growth broad-based:** CV sales grew 12% YoY, aided by GST benefits and festive restocking. AL rose 16% YoY, led by LCVs (+18% YoY); while MHCVs grew steadily. Exports demand was robust, aiding domestic volumes. October performance reflects positive trend with broad-based growth.

**Key ratings:** We assign a **BUY** rating on **MSIL** and **AL**; **SELL** on **ESCORTS** and **VSTT**.



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**HOLD** – Expected return from -6% to +15%

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**Note:** Recommendation structure changed with effect from 21 June 2021

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