



Pick of the week

JK Paper (JKP)

Recommendation: **ADD**

Date: **3rd October 2022**

Current Price: ₹**379**

Time Period: **12 Months**

Potential Upside: **18.7%**

Target Price: ₹**450**

Why Invest

- Reported strong performance in 1QFY23 driven by higher volume and strong realization.
- Strong demand from writing and paper and higher contribution from the new packaging board, resulted in 81.6% YoY growth in volume to 190,724 tonnes.
- Demand for writing and printing paper likely to remain strong in 2QFY23.
- The company is well placed to capitalize on recovery of paper demand.
- Sirpur performance improved sequentially and expected to improve further.
- JKP enjoys superior margin and has enough room to scale up the production both at Sirpur facility and Packaging board segment.
- We expect EBITDA margin to remain strong driven by higher capacity utilization at packaging plant and firm realisation.
- We expect net debt to start declining from the coming quarter, with an improvement in cash flows and no new capex.

Note: The above is a brief note on the company, based on the inputs of Kotak Securities PCG research report dated 3rd August 2022, which is available on our website at: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>.

Disclaimer: <http://bit.ly/2n5AxIE>

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