



Pick of the week

JK Paper (JKP)

Recommendation: **ADD**

Date: **8th August 2022**

Current Price: ₹**382**

Time Period: **12 Months**

Potential Upside: **17.8%**

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.