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FIRST LIGHT

20 May 2025

RESEARCH

AMBER ENTERPRISES | TARGET: Rs 7,260 | +16% | BUY

Steady Q4; capacity addition to fuel growth

JK PAPER | TARGET: Rs 450 | +27% | BUY

Beats estimate on better cost control

SUMMARY

AMBER ENTERPRISES

- Q4 revenue and EBITDA were 11% and 12% ahead of estimates, driven by strong growth in electronics (+74% YoY)
- CD division grew 27% YoY while Railways remained muted (+2% YoY); Apr-May'25 indicate a strong demand trend in RACs
- We ascribe a 40x to FY27E EPS to arrive at a Mar'26 TP of Rs 7,260 and assume coverage with a BUY rating

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JK PAPER

- Top line broadly in line; but beats EBITDA estimate by 24% on improved margin due to operating efficiencies
- Margin to improve over medium term as paper prices bottomed out in Q4FY25 and wood prices to moderate from Q4FY26
- Maintain BUY with an unchanged TP of Rs 450 per share on strong business risk profile with reasonable valuations

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BUY
TP: Rs 7,260 | ▲ 16%

AMBER ENTERPRISES | Consumer Durables | 20 May 2025

Steady Q4; capacity addition to fuel growth

- **Q4 revenue and EBITDA were 11% and 12% ahead of estimates, driven by strong growth in electronics (+74% YoY)**
- **CD division grew 27% YoY while Railways remained muted (+2% YoY); Apr-May'25 indicate a strong demand trend in RACs**
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Beat on both Revenue and EBITDA: AMBER's revenue and EBITDA were 11% and 12% ahead of our estimates; Q4 revenue grew 33% YoY to Rs 37.5bn. The robust performance was fueled primarily by 27% YoY growth in the Consumer durables (CD) segment and 74% growth in the Electronics division. EBITDA margin remained flat at around 7.9%. Absolute EBITDA grew 33% YoY to Rs 2.9bn. Higher tax outgo limited the PAT beat to just 2%. For FY25 revenue/EBITDA/PAT grew 48%/55%/83% YoY respectively.

Electronics revenue surpasses guidance while margin disappoints: AMBER reported strong performance across key segments. CD revenue grew 27% YoY, driven by robust RAC demand ahead of a hot summer. Electronics division posted a 74% YoY revenue jump — exceeding guidance — led by anti-dumping duties on PCBs and new orders in defense and renewables. However, the railway division growth was muted (+2% YoY) on execution delays, though management expects a rebound, targeting the revenue to double by FY27, backed by a Rs 20bn order book. On margins, CD expanded 30bps YoY, while electronics contracted 90bps due to higher share of consumer orders; margins likely to improve with a shift towards higher-margin clients.

AMBER to incur Rs 30bn capex over 5 years under ECM: Amber plans to apply for the PCB category under MeitY's Electronic Component Manufacturing (ECM) scheme and will undertake a capex of Rs 30bn over the next 5 years. The company expects to receive incentives covering ~65% of capex from central and state governments. Multi-layer and HDI PCB manufacturing is expected to generate asset turns of 0.8–0.9x and double-digit margins. Post-incentives, the project is expected to deliver a ROCE of 20–25%.

Assume coverage with BUY: Amber is poised for high growth, driven by value-added EMS capabilities and new client additions. We project revenue/EBITDA CAGR of 26%/32% over FY25–27E. Assigning 40x FY27E EPS, we arrive at a Mar'26 TP of Rs 7,260 and initiate with a BUY.

Key changes

Target	Rating
▲	▲

Ticker/Price	AMBER IN/Rs 6,252
Market cap	US$ 2.5bn
Free float	60%
3M ADV	US$ 40.0mn
52wk high/low	Rs 8,177/Rs 3,310
Promoter/FPI/DII	40%/24%/14%

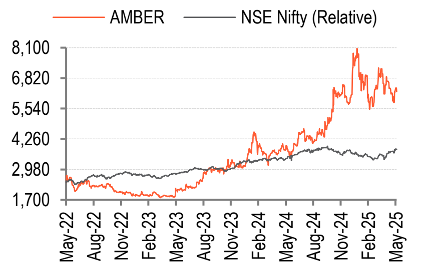
Source: NSE | Price as of 19 May 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	99,730	1,21,726	1,58,232
EBITDA (Rs mn)	7,634	9,644	13,229
Adj. net profit (Rs mn)	2,436	3,592	6,115
Adj. EPS (Rs)	72.3	106.6	181.5
Consensus EPS (Rs)	74.0	140.0	186.0
Adj. ROAE (%)	11.2	14.6	20.7
Adj. P/E (x)	86.5	58.6	34.5
EV/EBITDA (x)	27.6	21.8	15.9
Adj. EPS growth (%)	83.3	47.5	70.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

RESULT REVIEW

BUY

TP: Rs 450 | 27%

JK PAPER | Paper | 20 May 2025

Beats estimate on better cost control

- **Top line broadly in line; but beats EBITDA estimate by 24% on improved margin due to operating efficiencies**
- **Margin to improve over medium term as paper prices bottomed out in Q4FY25 and wood prices to moderate from Q4FY26**
- **Maintain BUY with an unchanged TP of Rs 450 per share on strong business risk profile with reasonable valuations**

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Beats estimate: JKPAPER Q4FY25 top line came broadly in line with our estimate (-1.7% YoY to Rs 16.9bn vs Rs 17.0bn estimate), but sharply beats our EBITDA estimate by 24% on account of better-than-expected EBITDA margin (+256bps QoQ to 12.8% vs 10.3% estimate) due to operating efficiencies.

Highlights: JKPAPER paper & board sales volume was flat YoY in Q4FY25. EBITDA de-grew by 39.6% YoY in Q4FY25, due to weak realisations (-3.3% YoY) and higher wood costs. Paper & board sales realisation was flat on QoQ basis at Rs 70.3/kg. However, EBITDA margin improved by 256bps QoQ to 12.8% in Q4FY25. Interest cost has gone up sharply by 44.8% YoY in Q4FY25, due to an increase in net debt (from Rs 10.8bn in Mar'24 to Rs 12.9bn in Mar'25) for funding the inorganic opportunities and capex incurred for BCTMP pulp line.

Outlook: We project JKPAPER EPS growth at 35.5% CAGR over FY25-FY27E in anticipation of an improvement in EBITDA margin from 12.8% in Q4FY25 to 13.9%/ 18.7% in FY26E/FY27E (vs 10Y avg of 22.9%), as we believe paper price has bottomed out in Q4FY25 and wood cost to moderate from Q4FY26. Furthermore, we believe there is a good upside risk to our estimate in case of a favourable outcome on the ongoing anti-dumping duty investigation on paperboard in future.

Maintain BUY with unchanged TP of Rs 450 per share: as we believe (a) it could undertake large capex via the organic and inorganic routes, due to strong balance sheet (b) its business risk profile has improved due to rising share of fast growing packaging revenue (c) it could likely generate superior return ratio profiles on cost leadership in a commoditised product due to a diversified manufacturing base, efficient operations and low dependency on expensive imported pulp (d) reasonable valuations (trades at 1YF P/BV of 1.0x vs 5Y average of 1.1x). We have slightly tweaked our EBITDA estimates (-0.4%/-3.3% for FY26E/FY27E) based on the current paper & board realisation trend. Our target EV/EBITDA multiple remains unchanged at 6.0x on Mar'27 estimates.

Key changes

Target	Rating
◀ ▶	◀ ▶

Ticker/Price	JKPAPER IN/Rs 353
Market cap	US$ 70.1mn
Free float	50%
3M ADV	US$ 1.9mn
52wk high/low	Rs 639/Rs 276
Promoter/FPI/DII	50%/12%/6%

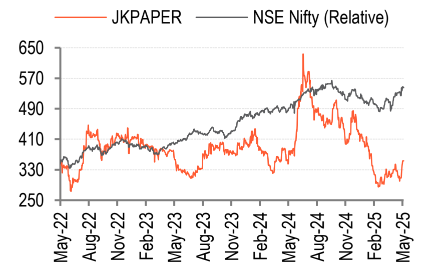
Source: NSE | Price as of 19 May 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	67,181	69,367	73,752
EBITDA (Rs mn)	9,281	9,624	13,771
Adj. net profit (Rs mn)	4,143	4,496	7,605
Adj. EPS (Rs)	24.5	26.5	44.9
Consensus EPS (Rs)	24.5	26.5	44.9
Adj. ROAE (%)	7.9	8.1	12.6
Adj. P/E (x)	14.4	13.3	7.9
EV/EBITDA (x)	(0.9)	(0.6)	(0.4)
Adj. EPS growth (%)	(45.1)	7.8	41.8

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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Note: Recommendation structure changed with effect from 21 June 2021

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