

'Sirpur volumes will help JK Paper grow about 20%'

JK Paper will try to bring the production at Sirpur Paper Mills, which it acquired through the Insolvency and Bankruptcy Code (IBC) process, to a normal level by next quarter. The company has also asked the government to look into the differential duty on wood logs and chips, said **A S Mehta**, president, JK Paper, in an interview with **Swati Khandelwal**.

■ *What are your expectations from the upcoming Union Budget?*

We had a pre-Budget meeting within the industry and with the Revenue Board officials. At this point, I am not in a situation to demand a lot for the industry because the Customs duty on pulp has been brought down to zero. We have asked about the differential duty on the wood logs and chips. As far as local demand and supply are concerned, I think that the steps taken by the government to stimulate the economy or to heal it will increase the demand for paper because some industrial-grade paper demand is directly linked with economic growth. We have placed certain demands. It is related to the Goods and Services Tax Council because GST rates hardly have any mention in the Budget. But we have asked with a hope that it will be forwarded to the Council. The tax rate on wood pulp is 18%, a case of inverted duty structure. It should be brought down. It was 5% pre-GST. Apart from this, there are some paper products where the GST rate is 18% while the general rate stands at 12%. So, we have also suggested the government to bring it down to 12% by streamlining it. The third subject that has been raised is related to free trade agreements (FTA) and we have asked the government to



review them. FTAs are not benefitting the country or the economy. This 0% duty has harmed us as it has increased our imports instead of exports.

■ *How do you see the domestic demand for the next few quarters?*

I expect that the paper industry will grow by 6-7% and the trends have gone fine till date. May and June are months when slowdown approaches the industry due to the closure of schools and colleges and work reduction in offices and courts, which leads to a fall in demand for printing and copier paper. But a positive change is seen in terms of demand from July, the month when schools, colleges and courts open. And when it comes to JK Paper, I think that we can see a pleasant growth because we have started production at Sirpur mill, which was acquired through the IBC process, and by next quarter, we will try to ramp up the production at the mill and bring it to a normal level. So the volume generated at Sirpur mill will help us

grow by at least 20%.

■ *By when will Sirpur contributing to output?*

Full-fledged production at Sirpur will start from October 2019.

■ *Do you see any change in prices in the next few quarters?*

The existing global scenario is moving on a different track where Chinese commodity market had an impact and the pulp prices in the international market have gone down. Consequent to it, the paper prices, in certain categories, have gone down. So, there is uncertainty about paper prices in the Indian market. In fact, the coated paper prices have gone down by 3-4% in this quarter. So I feel that the prices of the coated papers will be governed by the price trend of pulp and paper in the international market. However, the price of writing and printing paper will depend on the demand and supply scenario of July and the kind of improvement that it witnesses. Then, we will take a call. So it will be very difficult to say anything in that regard, but price correction can be made, if there is any possibility to do so, in August.

■ *Any plans for mergers or acquisitions?*

Mergers and acquisitions is a question that props up when the company has surplus cashflow or has fiscal strength. You also look forward to it when you have such a lucrative proposal on your table, but we don't have any viable proposal. However, we are expanding and have acquired Sirpur mill under the plan. We are also expanding the board and pulp mill of CPM and they are big expansion plan. **Zee Media Newsroom**