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BIG INTERVIEW

How Emami Paper is combating market challenges but remains ambitious about growth

By 2025, Emami Paper (EPML) aims to become a Rs 5,000-crore company. Despite challenges, the company is enhancing its machinery to support multiproduct capabilities and maintain its commitment to quality. Vivek Chawla, CEO and full-time director at Emami Paper Mills, talks to Ramu Ramanathan about how the company is gearing up to compete



to compete effectively against new capacities from competitors despite disruptive market forces.

RR: How is Emami Paper preparing to compete with imports and aggressive Chinese pricing?

VC: We are quite determined to compete with imports and aggressive pricing, prioritising cost competitiveness and operational excellence amidst challenging market dynamics.

RR: What is the future of the folding box board (FBB)? Will there be a change in the structure? For example, will there be less virgin board and more recycled board without losing out on properties like appearance and stiffness?

VC: The current FBB market in India stands at approximately 1.5-million metric tonnes, whereas the market for duplex boards is almost 4.5-million metric tons annually. Both categories have vast growth potential, but to protect ourselves from the fluctuations in the demand for these products, we are emphasising flexibility in production for both virgin and recycled boards. Our strategy is to adapt to market shifts while ensuring the quality of our products remains consistent.

Ramu Ramanathan (RR): Emami aims to be a Rs 5,000-crore company by 2025. To achieve this, EPML has to grow 2.5x. In this context, how has 2023-24 been?

Vivek Chawla (VC): EPML remains ambitious about growth but has faced challenges due to unsupportive market conditions. The paper industry, too, faces macroeconomic challenges, including geopolitical crises like the Russia-Ukraine war and the Red Sea crisis. At the right opportunity, we are well-prepared to implement our growth strategy.

RR: Currently, Emami produces 3,50,000 tonnes of fibre-based products, of which 2,00,000 are packaging boards. The group operates several mills in eastern India and is looking to expand its capacity to target growth in new sectors and geographies. We have heard that Emami Paper is rebuilding a new metering-size press by Valmet. Can you provide any updates on this?

VC: Despite current market conditions, we are enhancing our machinery to support multiproduct capabilities that align with our expansion goals.

RR: In terms of pulp sourcing, are you self-sufficient or do you have to import?

VC: We maintain a commitment to quality by importing pulp from various prestigious sources. We are, therefore, ensuring the finest standards of quality despite market challenges.

RR: There is a new additional capacity with April Fine Indonesia and APP. How is Emami Paper set up to compete with these brands? Will it be disruptive?

VC: EPML continues its sharp focus on quality and on-time delivery. Moreover, offering value-added products will help

RR: What is the percentage of paper sold with FSC certification? How much packaging is sold with Chain of Custody certification?

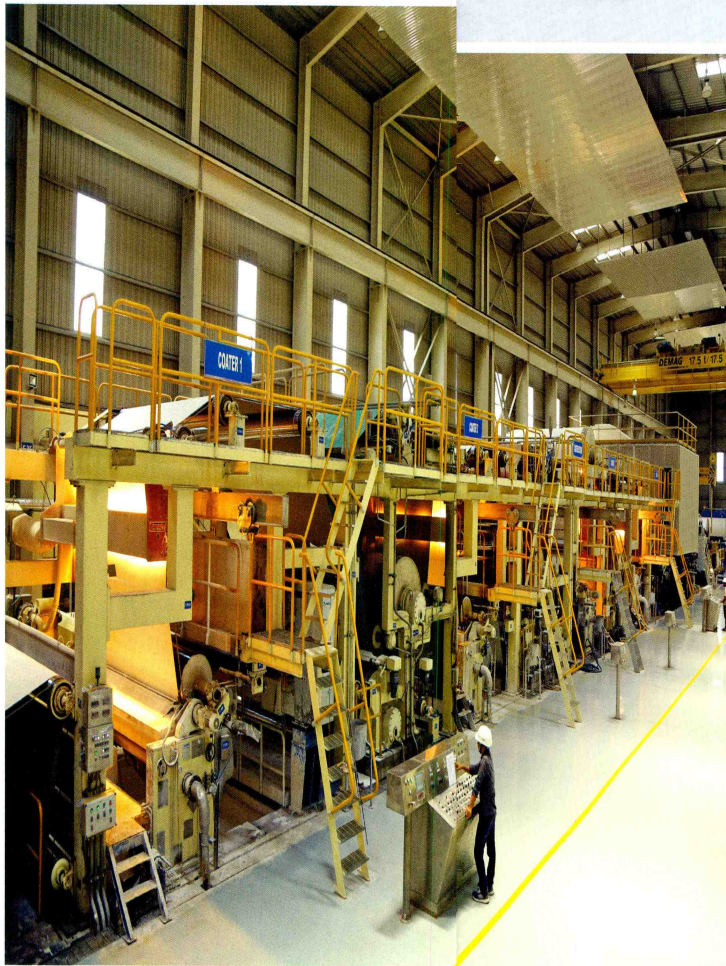
VC: Our commitment to sustainability is reflected in our production of products with FSC certification while adjusting production quantities based on market demand and business viability.

RR: How does Emami track, monitor, and certify its paper stock?

VC: EPML leverages advanced systems like the SAP S4 Hana for automation and accounting. We also have a system of rigorous audits to ensure various compliances and physical inventories of raw materials and products.

RR: Can paper warehouses be managed more efficiently? Can you suggest any changes that have made this process better?

VC: Paper is usually tailored to the customer's specifications, thus having a manageable shelf-life. The challenges of inflow and outflow are managed by using appropriate software, helping us in its effective management.



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RR: Given the consumption trends you've been noticing, what impact has the post-Covid era had on your demand for grades/boards with barrier properties?
VC: EPML closely monitors post-Covid consumption trends, adapting with new grades and boards, particularly in the ready-to-eat food segment, to meet the evolving market requirements.

RR: There are lots of interesting Emami products. For example, developing oil- and grease-resistant paper has ensured a new packaging paper application. Do you have any input?
VC: We continue to innovate with products like oil- and grease-resistant papers, sublimation papers, and packaging boards with various types of coating for food applications while remaining responsive to new market needs.

RR: There are so many innovations that one can see. For instance, box set packaging (flip-open box cases, slip cases, or the latest magnetised part box) has finishes like the earliest (if not the first) sprayed edges, soft-touch matte laminate, or gnarling. How do you pitch ideas to your customers?
VC: We extensively engage with our customers by highlighting unique features and benefits, fostering collaboration to meet evolving market expectations. We have also instituted a product development cell for continuous customer interaction and market research to ensure we are in line with upcoming trends.

RR: You have some interesting offerings in your product portfolio. Has the demand for speciality printing been boosted? For example, they said that partial replacement of plastic film would provide an opportunity for low-GSM speciality papers. Is this happening?
VC: We believe that paper will be the immediate beneficiary of the reduction in plastic consumption. We observe an increase in demand for speciality printing and, therefore, remain agile to

capitalise on opportunities for low gsm speciality papers such as pharma print.



RR: IPMA has urged the government to keep paper and paperboard in the negative / exclusion list – that is, to give them no preferential treatment in terms of import tariff – while urgently reviewing the existing free trade agreements (FTAs) (ASEAN, South Korea, and Japan) and formulating new FTAs. What is your view on this topic?
VC: EPML advocates for a level playing field for the Indian paper industry, urging the government to mitigate challenges due to the consequences of importing cheaper alternatives. We need sustainable business growth since higher import pricing variations hinder it.

RR: The cost of production is another important factor. A large paper mill spends Rs 70- to 75-crore per annum on packing costs. Can this be reduced?
VC: Product cost reduction is a continuous process, and we constantly explore cost-reduction initiatives. In addition to product manufacturing, we include the optimisation of packaging costs to enhance competitiveness and viability in a dynamic market.

RR: How can converters focus on cost reduction through process innovations? Any advice from a paper mill to a

packaging converter?

VC: We advise converters to focus on process innovations for a reduction in cost, emphasising collaboration to navigate market challenges together.

RR: One huge change we have seen is the go-to-market approach, which has reduced the packaging board delivery time from 21 days in 2012 to three days in 2021. Has there been any change from the Emami stable that has benefitted the industry?
VC: We have installed sophisticated software to manage our go-to-market approach. Additionally, we are collaborating with our logistics partners to ensure minimum delivery time since the software can communicate in real-time with us, the customer, and the logistics partners.

RR: A paper mill in India is building capacity in Punjab. It aims to start manufacturing paper from domestically collected waste paper and convert it into good-quality corrugated boxes. Are you aware of any sustainable disruption?
VC: EPML has always manufactured newsprint from 100% waste. Our long-standing commitment to waste paper recycling underscores our dedication to sustainability, contributing to industry-wide efforts for a greener future. ■

