

Mr Mike Grundy

CEO

Amazon Papyrus Chemicals

With Continuous Value Addition– Amazon Papyrus Chemicals – sees a steady growth in the use of specialty chemicals in Indian pulp and paper industry

*Rising environmental issues to drive more paper mills
in India to use specialty chemicals to reduce water and
energy consumption while minimizing emissions*

With the rise in environmental issues such as air and water pollution, climate change, overflowing landfills, it is becoming a cause of concern both globally and in India. As regulations are getting tighter, there is a growing need to reduce energy and water consumption and lower the emissions. The pulp and paper industry, which was once considered to be an industry with a huge environmental impact, is clearly moving towards adopting sustainable business practices in a big way.

The use of specialty chemicals is a step forward in this direction. It not only helps paper mills to improve efficiency but also enhances productivity, quality and profitability.

In a freewheeling discussion with IPPTA, Mr Mike Grundy, CEO, Amazon Papyrus Chemicals, spoke about the increasing demand for such chemicals in pulp and paper Industry in India.



Can you give a brief overview of your company and which are the segments you cater to?

Amazon Papyrus is mainly a process chemical company, which ensures an increase in performance and efficiency with an emphasis on reducing water and energy usage. We provide strong technical support and services and are very much focused on all segments of paper - tissue, board and packaging and printing and writing. We also have business in allied industries such as viscose industry and water treatments including cooling water, influent and effluent treatment. Though our heart and core is pulp and paper but we also have business in Rubber and Fiber Cement industry.





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How has the demand grown for specialty chemicals in the last 8-10 years?

The demand is growing on a year-on-year basis. Modern paper machines are very highly tuned piece of engineering equipment, which entail huge capital cost. So it is vital that these machines run at their maximum efficiency. The capital cost involved is so high that the mills cannot afford to lose efficiency as even one sheet break would be very costly. Hence the fine tuning of the machine is enhanced with specialty chemicals together with our expertise. These chemicals can help to add 3-5 percent to a machine's efficiency. Despite what many people think, the paper usage is growing particularly in this part of the world. In India paper consumption is only 15 kg per person per annum. For each kg increase in per capita consumption, India requires a million tonne per year of paper to meet the demand. Clearly the demand for paper will increase and so is the demand for specialty chemicals. Other countries, such as Indonesia, China and Vietnam, where middle class is growing, the use of paper will grow rapidly. So we see a bright future for paper industry and specialty chemicals in this region.

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Can you give an idea of your India operations, as to when you made a foray into Indian market and what are the opportunities that you see?

We started operations in India in 2002 and built our manufacturing plant in Hyderabad in 2008. We work with all the major pulp and paper producers in India. Our expertise is in process audit and optimization, digester additive, extractive reduction, cleaning and microbiological and deposit control to name a few. As the environmental regulations get tighter every year, we see more opportunities to help the mills to improve the management of vital resources –raw material, energy and water while minimizing environmental loads. Over the last couple of years, we have also developed an expertise in Odour Control, an area of big growth for us in pulp and paper mills, which are close to city limits now.

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How much does India account for your overall sales? Are you looking at adding more capacity in India?

India is about 10 percent of our business but it is one of the fastest growing country for the company at present. To cater to the growing demand for our technologies, we expanded the manufacturing capacity by a third in 2018. We can further add more manufacturing capacity as required. We may also look at a second plant in Northern part of India, which will reduce distribution cost, in future.

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What are the key challenges of operating in India and pitching your product to Indian paper mills?

From our point of view, there are three major challenges. India is still a bureaucratic country. The distribution is also a problem in terms of infrastructure. Finally I believe that we can have better payment terms. But having said this, I would like to add that across these three issues, we have seen significant improvement in the last three-to-four years. In a nutshell, I would say that India is getting better but still has some way to go.

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How strategic/important is the Indian market for your company? How do you see the Indian pulp and paper industry growing?

The Indian economy is set to grow at 6-7 percent and the paper industry demand mostly matches GDP growth. The expectation is that the paper production will almost double in the next ten years. So with this in mind, we expect that India's share to our total sales will grow to around 15 percent in the next three-to-five years. We see a long sustainable business in India and are pleased with our position in the Indian market.



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Which are the countries you are currently present in? How many manufacturing units you have at present? Any plans of scaling up?

Our company is totally focused on Asia. China is about 50 percent of our business, however we also have strong presence in other countries like Taiwan, Indonesia, Malaysia, Philippines, Vietnam, Pakistan, Middle East and Japan. Last year we started our operations in Laos and Myanmar. With a long-term view, we are also in talks to start our operations in Bangladesh. Apart from the trade war issue, the production cost is growing every year in China. Accordingly we see more companies moving out of China to lower production cost. The paper industry tends to follow the trend with the large companies moving production at countries like Vietnam, Laos and Malaysia and with a possibility to Bangladesh. In Vietnam, our strategy to start Amazon's operations earlier paid rich dividends as we established operations much before the big companies from China moved some production in the country. We want to have a similar strategy for other underdeveloped countries.

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How can specialty chemicals help improve productivity and profitability of paper mills in India?

Many of the mills in India are medium sized compared to the ones in Indonesia and China. In view of the market demand for an improved quality and relatively increased financial pressures on medium sized mills, there is a continuous struggle to improve efficiency. Because of the economy of scale for bigger mills, the medium sized mills are squeezed between higher operational and environmental costs. With our expertise in process audit/optimization and with successful chemical applications across the industry, we can help the mills to improve production and quality and at the same time reduce their production cost. I believe that with seamless engagements between Amazon and mills' production/technical teams, we can help to solve various problems for the mills for continuous improvements.

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Sustainability has been an issue in so far as mills in India are concerned. How do you think you can address this issue? How quick are Indian paper mills to adapt to the issue of sustainability?

The sustainability is a very hot topic. If companies do not take desired actions to address issues related to sustainability, they stand to lose out to their competitors. At Amazon, we help the mills to reduce their environmental footprint. We work with our customers to prepare and implement water closure plans. At the same time, we help them to reduce energy and emissions. Over the years as part of environmental sustainability, we have gained significant expertise in helping mills based on recycled papers in improving machine runnability with stickies control, enhancing quality with strength additives and minimizing odour related issues besides many other chemical applications.

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The theme for the conference is "Enhancing Productivity, quality and environmental sustainability through specialty chemicals" – what is your view on the same?

As a specialty chemical supplier, I am very pleased that IPPTA chose such an interesting topic. It is a fantastic opportunity for the paper industry and chemical suppliers to bond more strongly and work together for common goals. Moreover I think that probably this is the first time that a seminar is completely dedicated to solutions from chemical suppliers. I am really glad.

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How do you think the theme of seminar would help the delegates?

This is an opportunity for our company and other organizations to show the pulp and paper industry how specialty chemicals can improve their profitability. It is an opportunity for mill personnel to see and hear what is happening in other parts of the industry. So I hope that the delegates will leave with new ideas and thoughts as to what they can do to improve operations in their respective mills. I would really thank the organizers for putting up this event.