

Address By
Shri Bharath Kedia, President
Eastern India Corrugated Box Manufacturers' Association
At the 40th Annual General Meeting
On Friday, the 24th August, 2012 at 5.30 P.M.
At "The Calcutta Swimming Club", Kolkata.

Respected Past Presidents', Esteemed Members of The Association -

Welcome

I have great pleasure in welcoming you to the **40th AGM** of your Association! I extend a warm welcome to our outstation members from Assam & North Bengal.

The Eastern India Corrugated Box Manufacturers' Association has traversed four illustrious decades; seeded by the founder members; nurtured by the able leadership of the towering personalities, reaching the "**Ruby Jubilee Milestone**" of its memorable journey. We are indeed fortunate to have the blessings of our past presidents on this today; their motivating presence inspires us to carry forward the baton passed down their able hands.

Economy

The world economy continues to be in a state of turmoil. The hope of a global economic recovery looks distant with the crisis not abating in the Euro Zone & the USA. The declining growth rates in China & India – the poster nations of the emerging world – are also a cause of significant concern. The Eastern Region has never been a witness to overwhelming growth; therefore, the downturn might also not be as hard hitting. Nevertheless, let us consolidate & tread with caution.

New Market Development

The Association on cue to the present sluggish demand; is aggressively trying to create a New Market for the industry in the Eastern Region for packaging of Tomatoes. There is immense scope in Haldibari, Cooch Behar, in view of the fact that the present mode of packaging, wooden crates is in short supply.

The trade requires 50, 000 cases daily for three months, every year, from middle of January to April. We are talking about a market of 6000 M.T. of C.B.Boxes. The association has conducted a seminar at Haldibari, to create awareness & promote the industry. The project held under the aegis of FCBM has the support of various departments of Government of W.B. & IIP, Kolkata. I thank the Federation for supporting the project with a fund of Rs. 1.25 Lakhs.

Twenty Kg. Box pack samples, developed after months of R & D, were displayed in large numbers at the event. The compression strength required for transport worthiness is a minimum of 450 Kgs. I would like to caution and advice interested members to strictly follow the Compression Strength and not be tempted to lower it to offset negotiated prices'; thereby placing the industry at risk of foregoing the immense opportunity in our backyard. If it is not cost effective now, let us wait for another couple of years till wood is banned or exhausted. We will not compromise on this and prove that **KAGAZER BAXO IS WORKABLE** not only here but in every sphere of life.

Gentlemen, let me tell you the response received from the traders, farmers & Government officials was overwhelming. It is a matter of a year or two that the rewards of the endeavor should percolate to the industry stake holders.

The Association owes it to Sri Milan Kumar Dey, for the initiative and leading from the front in conducting a highly successful seminar in a remote village and grasping the undivided attention of 150 participants during his presentation. I am grateful to Sri Narendra Kr. Jhunjhunwala for the endless sample trial runs to arrive at the performance oriented samples; Sri Soumitro Chowdhury for the publicity & promotional material.

Gentlemen, I am very optimistic, we have been a witness to history in the making, for which the industry will remember the trio till the times Tomatoes are grown in India.

Conversion Cost

Esteemed Colleagues, Paper Prices have been almost stable in the past year. Generally speaking, we have the habit of analyzing our other costs only when the price of Kraft Paper is volatile. We pass on the increase to our customer along with the paper hike or wait for the paper price to fall to absorb the cost. **How many of us have done a cost analysis in recent times? Are we aware of the rise in our conversion costs?**

The per unit electricity cost has gone up by 36% from Rs. 5.50 to Rs. 7.50 per unit, adhesive cost by 20%, Stitching Wire 35%, plastic twine 17%, labour by 25% and still rising, printing ink by 15%; delivery, loading - unloading costs by 40%.

The cumulative increase in conversion cost is about 30%. Therefore, hypothetically speaking, if the average per kg conversion cost was say Rs. 4.00/- ; it has gone up by Rs. 1.25 to Rs. 5.25. Therefore eating away profits by 3.5 to 4.0% considering a selling price of Rs. 35/- per kg.

Do we have the cushioning in our selling prices to absorb this cost push? If not, are we eroding our profits? The Association is in no way advocating any fixed conversion rate to be followed, nor suggesting giving up on any business. Do be fiercely competitive in the rat race; however, be aware of your bottom lines.

Kraft Paper

The prices of waste paper have fallen by 10-12% recently; surprisingly and on the contrary; the local Kraft Paper Mills have been trying to increase the rates. We continue to patronise them turning a blind eye to the fact that Paper is being brought into the state from Western India at lower prices. Their landed cost includes Freight, CST & Entry Tax amounting to Rs. 3/- to 3.25 per Kg. Therefore the local mills are already having a better realisation of Rs. 3/- and are still trying to hike rates.

Is it opportunism on their part with the festive season demand around the corner or is it their inefficiency being passed on to us? We have in the past fed our industry from the Paper Mills in North India; we need to now, perhaps, get out of the comfort zone of local procurement and look West wards, especially for the 14 to 18 BF grades.

Excise & Service Tax Booklet

A Handbook on Excise & Service Tax, printed by FCBM, post Union Budget 12-13 must have been received by all; the compilation apprises readers about the changes in Excise & Service Tax, compliances & declarations thereon.

More importantly, it also contains Notifications & Clarification pertaining to regular departmental queries and eligibility of Cenvat Credit on various heads. You may write to EICMA secretariat for additional copies required, if any.

Regarding, Entry Tax in West Bengal, leading companies have filed law suits on the ground that the Act is unconstitutional; let us keep our fingers crossed and hope for a favourable judgment. Till then we need to comply with the monthly payments & quarterly electronic returns.

Special Achievement Award

The highlight of 2011-12 has been conferring of the “**Special Achievement Award**” to our respected Past President Sri R.G. Agarwala at the FCBM Conference held in Delhi in December’, for his contribution to the industry.

Patrons

I am also happy to inform the house that the following member concerns have become Patrons of EICMA R & D Centre by contributing Rs. 25,000/- each, etching their names in the Association annals for posterity.

- 1) Narayani Manufacturing Pvt. Ltd – Shree Narendra Jhunjhunwala
- 2) Shree Vikash Packaging – Sri Pradeep Agarwal
- 3) Pioneer Laminating & Allied Industries – Sri Manish Agarwala

We express our sincere gratitude to them for their benevolence. For the record the R & D Centre has twenty two patrons as on date. I propose a deserving round of applause for the Special Achievement Awardee & the Patrons.

Members Drive

The Membership of the Association has jumped by 30%, almost touching the 200 Mark; thanks to the efforts of Sri Biplab Kumar Datta and the Membership Drive Sub Committee Team. I would like to specially express my appreciation to Sri Anil Kumar Agarwal & Sri Manmohan Saraogi for doubling the membership base in North Bengal & Assam respectively.

Friends, the membership size of a trade body strengthens the voice of the Association in Government representations and other forums. I am sure all of us are in touch or in proximity to non members. I request each one of our members to induct at least one new member to the Association. The membership form and details are available on the website.

Here, I would like to like to apprise you about the alarming list of subscription outstanding from members; I am not reading out the names to avoid any embarrassment. One is requested to check the list at the reception desk and clear the dues, if any, A.S.A.P.

I can go on and on about the various activities of the Association in the year gone, however, will leave it here and request you to go through the AGM booklet containing the detailed Annual Report.

Thanks

The activities have been possible because of excellent team work. The seasoned advice of the Past Presidents has steered the committee in the right direction. Special Thanks to Ex officio Sri Hemant Saraogi for his perennial guidance & sound counsel.

I also thank the veteran, Sri Rajendra Chokhani ji, the man behind the humane administration of R & D Centre and the finances, the effervescent Sri Mohit Bajaj for enthusiastically running the body and giving a new dimension to fellowship with his vivaciousness; Sri Milan Kumar Dey, the P.R. Man for expanding the industry horizon to greener pastures, Sri Achyut Chandra, Sri Nitesh Chowdhury and all committee members for their active interest.

The machinery of Team EICMA is running smoothly thanks to the team from Bharat Chamber & the R & D Centre.

As I conclude, may I on behalf of the M.C. of your Association once again thank you, our valued members, for your continued support and encouragement.

Thank you, Ladies & Gentlemen!