

June 20, 2008

Dear Customer,

We sincerely thank you for giving us the opportunity of being your vendors.

We have been serving you to the best of our abilities, giving you boxes to meet your requirements at the best possible rates, at bare minimum profit levels. It is our endeavour to do so continuously. We are sure you will be appreciating this effort.

We have been controlling cost of production in all areas, and managed to supply boxes at almost constant prices over the years. During the years prices of other commodities have skyrocketed & it is the case with Corrugated Box industry's inputs too. .

However now due to spiralling of costs on all inputs we are constrained, that we have to seek your support to survive in business. To illustrate briefly the following is the impact of costs on our industry in the few years alone.

Paper & Board

The paper and board mills have increased the price of paper by 25 to 30% since March 2008 due to an enormous increase in cost of imported waste paper, coupled with an increase in their energy cost and freight cost. Further, they have announced another price hike of 10% for future orders in addition to the existing increased price.

Delivery

Due to the frequent increase in the price of diesel our transporters have increased freight cost payable by us on all dispatches by 50%.

Stitching Wire

The prices of steel have been very volatile in recent times, which have affected the costing of our stitching wire manufacturers. Therefore they have increased the price of stitching wire by about 100%

Labour & Staff Cost

We have had to increase the rates paid to our Labour, Staff & Security personnel by about 50%.

Adhesive

The cost of starch & has gone up by almost 50%.

The total impact of the increase of our input cost comes to about 25 to 30% on our selling prices at present. You will appreciate that such additional cost burden cannot be absorbed by us considering the competitive rates at which we are supplying boxes. Hence we are compelled to request you, much against our wishes, to consider an increase in the prices of boxes being supplied to you. We shall have to re-visit you if future orders are executed with further paper price increase.

We assure you of our best cooperation at all times and look forward to your assistance in the crucial juncture of our business.

Yours truly,