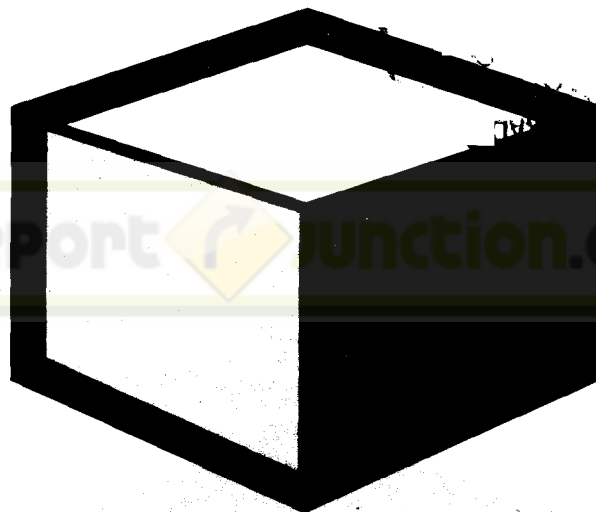


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ANNUAL REPORT

2002 - 2003



EMBALLAGE

CORE EMBALLAGE LIMITED

**CORE EMBALLAGE LIMITED**

DIRECTORS	:	SHRI (JUSTICE) BIPINCHANDRA J. DIVAN SHRI BALDEV RAJ HANDA SMT. DIVYA DEEPTI HANDA
MANAGING DIRECTOR	:	SHRI SUNIL HANDA
EXECUTIVE DIRECTOR	:	SHRI RAJIV MEHTA
AUDITORS	:	M/S. C. R. SHAREDALAL & CO. Chartered Accountants Ahmedabad
BANKERS	:	DENA BANK BANK OF BARODA THE SOUTH INDIAN BANK LIMITED
REGISTERED OFFICE	:	"CORE HOUSE" Off C. G. Road Near Parimal Garden Ellisbridge Ahmedabad - 380 006 Gujarat
FACTORY	:	Village :- Radhu Taluka :- Matar District :- Kheda Gujarat



CORE EMBALLAGE LIMITED

Notice

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of **CORE EMBALLAGE LIMITED** will be held on Monday, the 22nd day of September, 2003 at 10:30 a.m. at the Conference Hall, Ahmedabad Textile Mills' Association (ATMA), Opp. National Chamber, Ashram Road, Ahmedabad 380 009 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and Profit & Loss Account for the period ended on that date and the report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Baldev Raj Handa, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri (Justice) Bipinchandra J. Divan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and thought fit, to pass with or without modification the following resolution as **Special Resolution**.

"RESOLVED THAT subject to the provision of the Companies Act, 1956 (including any statutory modification(s) or reenactment(s) thereof for the time being in force), Securities Contracts (Regulations) Act, 1956, Securities and Exchange Board of India Act and the Rules/Guidelines framed thereunder, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions, exemptions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any Authority while granting such approvals, permissions, exemptions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent and approval of the Company be and is hereby accorded to the Board to de-list the Equity Shares of the Company from The Ahmedabad Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Limited, Delhi and the Board be and is hereby authorized to do all acts, deeds and things in connection therewith and incidental thereto."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF TO ATTEND AND VOTE AT THE MEETING. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY MUST BE LODGED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME AT WHICH THE MEETING IS SCHEDULED TO BE HELD. THE PROXY FORM IS ATTACHED HEREWITH.
2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, relating to Special Business to be transacted at the meeting is annexed hereto.
3. Register of Members and Share Transfer Books shall remain closed from Monday, the 1st day of September, 2003 to Wednesday the 3rd day of September, 2003 (both days inclusive).
4. Members are advised to avail Nomination facility as well as Dematerialisation facility with the Company.

Registered Office :
"CORE HOUSE", Off C. G. Road
Near Parimal Garden,
Ellisbridge,
Ahmedabad 380 006.

By Order of the Board of Directors

RAJIV MEHTA
Executive Director

Place : Ahmedabad
Date : 23rd June, 2003

**CORE EMBALLAGE LIMITED****Annexure to Notice****EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

Presently the Company's Equity shares are listed at the following four Stock Exchanges :

- 1) The Ahmedabad Stock Exchange. (ASE)
- 2) The Stock Exchange, Mumbai (BSE)
- 3) The Delhi Stock Exchange Association Ltd. (DSE)
- 4) The National Stock Exchange Ltd., (NSE)

Trading in the Equity Shares of the Company on the Stock Exchange at Ahmedabad and Delhi is very rare or even nil and negligible and is disproportionate to the fees paid by the Company to these Stock Exchanges.

The volumes and number of transactions have come down considerably in DSE and ASE owing to expansion of the BSE and emergence of the National Stock Exchange of India Limited. (NSE) and their extensive networking and extension of their terminals to other cities where investors have access to on-line dealings in the Company's Equity Shares on such terminals across the Country. The Company's Equity Shares are one of the scripts, which the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialised form by all investors since October, 2000.

In addition to above the SEBI has also come out with Securities and Exchange Board of India (Delisting of Securities) Guidelines 2003 under which an exit opportunity has been given to investors. The Delisting of shares from the ASE and DSE is subject to this guidelines and requisite approvals/exemptions as may be required.

Due to continued listing at BSE and NSE and further availability of trading across the country as mentioned above, the de-listing proposal would not be prejudicial to the interest of the investors.

In terms of the relevant guidelines, approval of the Members is being sought by way of a Special Resolution for enabling voluntary de-listing as above. The resolution at Item No. 5 is recommended for approval of the Members. A Special Notice will be given separately in a newspaper for the said enabling resolution with relevant details.

None of the directors may be deemed to be concerned or interested in the resolution.

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By Order of the Board of Directors

RAJIV MEHTA
Executive Director

Place : Ahmedabad
Date : 23rd June, 2003



CORE EMBALLAGE LIMITED

Directors' Report

To,

The Members of the Company,

Your directors have pleasure in presenting the Nineteenth Annual Report of your Company together with the audited accounts for the period ended on 31st March, 2003.

FINANCIAL RESULTS

	Period ended on 31-03-2003 (6 Months)	(Rs. in lacs) Year ended on 30-09-2002
Total Income	1339	2421
Gross Profit/(Loss)	0026	(0006)
Profit/(Loss) after interest	(409)	(1446)
Profit/(Loss) after depreciation	(686)	(1613)

DIVIDEND

In the absence of profit, your company is skipping dividend for the period ended on 31/03/2003.

OPERATIONS

Your Directors are pleased to inform that your company has recorded sales growth of more than 12% on annualised basis in comparison to corresponding previous year.

Despite continuous escalations in paper price, fuel & power cost, transportation cost etc and continuous trend of recession the performance of the company is encouraging.

Your company's strategy of penetrating and growing in the market through customer education and various exposures is working out well. Your company has done lot of work to pack engineering goods and auto spareparts in corrugated boxes along with corrugated fitments. By this your company has been able to provide a substitute packaging of wooden cases and helped in environment also.

Your company has worked in the field of indigenisation of spareparts and successfully developed many spareparts. This has resulted into cost reduction and helped the company to manage the pressure of reducing margins in the market.

ECO Division has done well and increased the customer base in the field of Point on Purchased Displays (POP). The thrust has been given for more exposure and participation in various important exhibitions.

Your company has launched a major activity of "Kaizen" during the Period. "Kaizen" is a Japanese management tool to achieve continuous growth through small improvements. "Kaizen" is now become most preferred economical management tool throughout the world. Your Directors are hopeful of getting good benefits through this programme.

Your Directors are pleased to inform that after long period of discussions, proposals and negotiations your company has been able to arrive at a solution of One Time Settlement with its major term lender ICICI Bank Limited. This OTS will provide a major support to the company in the turnaround process. Your company is also in touch with other term lenders for working out restructuring / OTS to make the company sustainable and profitable.

The Board for Industrial and Financial Reconstruction had held a hearing during the Period and subsequently passed an order dismissing the reference, as per boards opinion, the reference was not based on final audited accounts but was based on account prepared for income tax authorities. Considering this your company has again made reference based on the audited balance sheet for the year ended

**CORE EMBALLAGE LIMITED**

30th September 2002 which was approved at the AGM held on 10th March 2003.

DEMATERIALIZATION OF SHARES

With effect from 23-10-2000, trading in equity shares of the company at the stock exchanges is permitted only in dematerialised form. The company's shares are available for trading in the depository system of both National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL). International Security Identification Number (ISIN) of the company's equity shares with NSDL and CDSL is **INE218C01016**.

DELISTING OF SECURITIES

At present the Company's shares are listed with Stock Exchanges at Ahmedabad, Delhi, Mumbai and National Stock Exchange. The Company is required to pay listing fees for all these Stock Exchanges. The facility for trading being now available on net through Mumbai Stock Exchange and National Stock Exchange where the shares of the company are already listed and hence the investors would not have any difficulty in dealing with the Company's shares. In view of these reasons and looking to the cost reduction aspects, your Directors propose, subject to your approval, delisting of the Equity Shares from the Ahmedabad and Delhi Stock Exchanges. Delisting would be implemented only after complying with necessary stipulations of SEBI. A resolution in this regard is being recommended for your approval.

DIRECTORS

Shri Baldev Raj Handa and Shri (Justice) Bipinchandra J. Divan, retires by rotation and being eligible, offer themselves for reappointment during the year under review.

FIXED DEPOSITS

As on the date of this report, there is no unclaimed or overdue fixed deposit.

AUDITORS

The auditors, M/s. C. R. Shredalal & Company, Chartered Accountants, Ahmedabad retire at the Annual General Meeting and are eligible for re-appointment.

AUDITORS' REPORT

Observations of the Auditors' are self-explanatory and have been appropriately dealt with in the notes on accounts.

AUDIT COMMITTEE

During the period the audit committee meetings were conducted as per the provisions of Listing Agreement with the Stock Exchanges. The details about the functioning of the committee being enumerated in the Corporate Governance forming part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, your Directors state

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures except for diminution in the

**CORE EMBALLAGE LIMITED**

value of investment which are being held as long term investment, and change in the method of valuation of finished goods.

- II) that Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period on 31st March, 2003 and of the profit or loss of the Company for that period. However the company has changed its accounting policy for valuation of finished goods. Earlier finished goods were valued at cost or at net realisable value whichever is lower. Now the company has started valuing finished goods at market price (Invoice Value).
- III) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- IV) that the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

In pursuance to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Management Discussion and Analysis Report are given elsewhere and form a part of this Report.

PERSONNEL

None of the employee is in receipt of remuneration as prescribed under Companies (Particulars of Employees) Rule, 1975 and hence information as required under section 217(2AA) read with Companies (Particulars of Employees) Rule, 1975 not mentioned herewith.

MATTER REQUIRED TO BE REPORTED AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULE, 1988**CONSERVATION OF ENERGY**

Continuous efforts are put in to conserve the energy at all levels.

TECHNOLOGY ABSORPTION

During the period; your company has not absorbed any new technology.

FOREIGN EXCHANGE EARNING AND OUTGO :

Company has made direct export and earned foreign exchange of Rs. Nil (Previous year Rs. 27.66 Lacs). Company has imported raw material worth of Rs. Nil (Previous year Rs. Nil).

ACKNOWLEDGEMENTS

Your directors wish to place on record continued support of ICICI Bank Limited, The South Indian Bank Limited and UTI Bank Limited for funding the project. The directors also thank the banks i.e. Dena Bank, Bank of Baroda and The South Indian Bank Limited for providing working capital facilities to your company. The directors further acknowledge the support received by the company from its Suppliers of goods and services, Contractors, Shareholders, Fixed Deposit holders and employees and other agencies associated with the company.

For and on behalf of the Board of Directors

Place: Ahmedabad
Date: 23-06-2003

Sunil Handa
Managing Director

Rajiv Mehta
Executive Director



Management Discussion and Analysis Report

(A) INDUSTRY STRUCTURE AND DEVELOPMENT :

Corrugated Boxes and Carton Industry in India is mainly controlled by un-organised sector. Your company is pioneer in the manufacturing of corrugated boxes with latest automatic imported technology. The products we manufacture is packaging item used for almost all kinds of products like electronics, automobiles, food, pharma, industrial products etc. The market is very cost-competitive and not very quality conscious. Packaging is given less importance by Indian industries compared to foreign countries. However with the globalisation of the Indian Economy the Indian Customers expect improved quality products. Your company is committed to increase the customer knowledge through customer education and creating value addition to customers by providing high strength, high aesthetics and better designed boxes. Your company uses recycled paper and manufactures environmental friendly products.

(B) OPPORTUNITIES AND THREATS

(1) Opportunities

The market dynamics transforms in to the following sets of opportunities:

- Need for International quality
- Large quantities due to consolidation.
- Increasing environmental concerns on reusability and recyclability of packaging material has also started influencing decision makers.
- Automatic packing machine require smooth surface and dimension accuracy.

(2) Threats

- Competetion from local and un-organised sector.
- Demand for packaging material is dependent upon growth of other industries.
- Customers ask lower quality packaging material due to pressure of cost reduction.

(C) SEGMENT WISE PERFORMANCE OR PRODUCT WISE PERFORMANCE

The Company is presently engaged only in one business segment i.e. Corrugated Boxes and Cartons with different sizes and shapes.

(D) OUTLOOK

In India, packaging was a neglected area. However, there is a major shift in the perception towards the packaging in recent years. Process of globalisation of Indian Economy, Automation and increased awareness of good packaging is the major force behind the change. Your company has gained its position as the leading supplier in the country in a competitive environment.



CORE EMBALLAGE LIMITED

In addition to packaging area, corrugated material is now also used in Point of Purchases (POPs), Displays, Dangers, Advertising materials and so on. A lot of awareness has come in the Agri sector also and Fruits and Vegetables are also now packed in Corrugated Boxes. There is a increased competition and pressure on margins, however there is a good amount of growth expected in the Corrugated Industry in near future.

(E) RISK AND CONCERNS

- The product of the Company is liable to Excise Duty without any monetary ceiling of turnover.
- Increase in transport cost.
- Cost and availability of imported Spare parts.
- The company is having heavy burden of interest.

(F) INTERNAL CONTROL SYSTEMS AND ADEQUACY

Your Company has adequate internal control procedures commensurate with the size and nature of business. These procedures ensure efficient use and protection of the resources and compliance with policies, procedures and statutes. There is a periodical review mechanism for ensuring the sustenance and upgradation of these systems.

(G) DISCUSSION ON FINANCIAL PERFORMANCE

The Company has achieved a growth in sales of 10% on YOY basis. The Company has successfully settled account of UTI Bank Limited through one time settlement. This has resulted waiver of outstanding interest and saving in payment of principal amount. During the period, there was a steep rise in the prices of paper, the main raw material. However, the company is able to check material cost by increase in volume, standardising sources and better negotiations. The Company is in discussion for financial restructuring and trying to reduce interest burden to make the business a viable and profitable enterprise.

(H) HUMAN RESOURCES/IR

Recognising that people are an important part of the organisation, a major exercise in training and development of employees has been undertaken at all levels. The Company gives a lot of importance to Human Resources activities. These activities have helped to retain and motivate employees of the company to face this difficult period.

(I) CAUTIONARY STATEMENT

Estimates and expectations stated in this Management Discussion and Analysis may be "forward-looking statement" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws, other statutes and other incidental factors.

**CORE EMBALLAGE LIMITED**

Report on Corporate Governance

1. PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

The Company is welcoming the concept of introducing governance and committed to achieve highest level of Corporate Governance. The Corporate Governance is nothing but transparency, high level of disclosure and fairness and unbiased to the members of the company. To achieve the highest level of Corporate Governance, the company has well educated, experienced, qualified management team and Board of Directors of the company effectively monitor the Management progress and corporate decisions.

2. BOARD OF DIRECTORS

As per the requirements of Corporate Governance, the Board of Directors are consisting of Executive Directors as well as Non Executive Independent Directors.

Composition of Board of Directors :

Presently the Company has 5 (Five) Directors. The Board comprises of Two Executive Directors and three Non-Executive Directors.

Sr. No.	Name of Directors	Category of Directorship	No. of other Directorship	Membership with other Committee		Share Holding (%)	Amount of Deposit (Rs. in Lacs)
				Chairman	Member		
1.	Shri Sunil Handa	Executive Director	12	NIL	NIL	4.09	1076.74
2.	Shri Rajiv Mehta	Executive Director	02	NIL	NIL	0.004	NIL
3.	Shri (Justice) B. J. Divan	Non Executive Director / Independent Director	00	NIL	NIL	0.007	NIL
4.	Shri Baldev Raj Handa	Non Executive Director / Independent Director	02	NIL	NIL	0.10	14.81
5.	Smt. Divya Deepti Handa	Non Executive Director / Independent Director	11	NIL	NIL	0.015	184.20

Shri (Justice) Bipinchandra J. Divan is a Chairman of the Company and is non Executive - Independent Director.

No. of Board Meeting held during 01-10-2002 to 31-03-2003 :

During the financial period, Board of Directors met 3 (Three) times. The dates of Board Meeting are :

(a) 28-10-2002 (b) 16-12-2002 (c) 30-01-2003

Attendance of Directors :

Director	Attended	Last Annual General Meeting Attended
Shri (Justice) Bipinchandra J. Divan	03	YES
Shri Sunil Handa	03	YES
Shri Rajiv Mehta	03	YES
Shri Baldev Raj Handa	03	YES
Smt. Divya Deepti Handa	03	YES