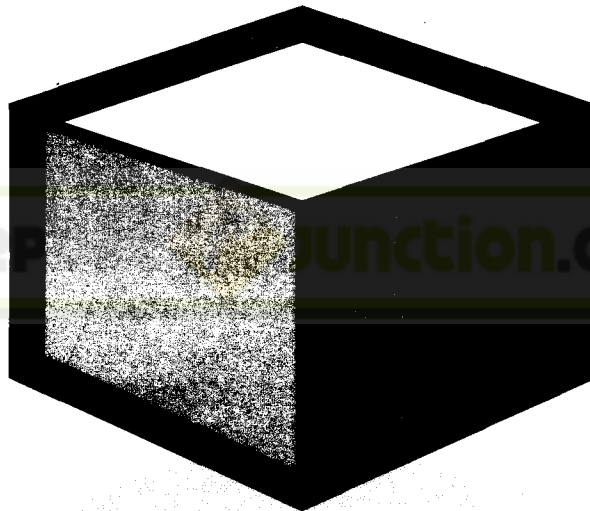


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## ANNUAL REPORT

2004 - 2005



EMBALLAGE

CORE EMBALLAGE LIMITED

**CORE EMBALLAGE LIMITED**

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

**CORE EMBALLAGE LIMITED****Notice**

**NOTICE** is hereby given that the Twentyfirst Annual General Meeting of the Members of **CORE EMBALLAGE LIMITED** will be held on Monday, the 26th day of September, 2005 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, 2005 and Profit & Loss Account for the year ended on that date and the report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri (Justice) B. J. Divan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Baldev Raj Handa, 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 if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**.

"RESOLVED THAT Shri (Dr) Bimal Patel, be and is hereby appointed as director of the company."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**.

"RESOLVED THAT subject to the provision of Sections 198,269,309 and any other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and pursuant to Article No.: - 18 of the Articles of Association of the company and further subject to the approval of members at General Meeting and subject to the approval of the Central Government, if required, Shri Sunil Handa be and is hereby reappointed as the Managing Director of the company for a period of 5 (five) years with effect from 1st April, 2005 on the following terms and conditions :

**(i) Salary :**

Rs. 1,25,000/- per month.

**(ii) Commission and other Perquisites :**

Commission and other perquisites including dearness allowance, other allowance shall be decided by the Board of Directors of the company based on the net profit of the company each year subject to condition that the total remuneration payable by the company to its directors in respect of any financial year shall not exceed 11 % of the Net Profit of the company for that financial year as calculated under Section 349 and 350 read with Schedule XIII of the Companies Act, 1956."

**CERTIFIED TRUE COPY**

For Core Emballage Limited

Authorised Signatory

**CORE EMBALLAGE LIMITED**

"RESOLVED FURTHER THAT in case of loss or inadequate of profit in any financial year during the currency of his tenure as Managing Director, the payment of salary, commission and other perquisites shall be restricted to the limits specified in section II of part II, para (a) of Schedule XIII as amended from time to time of the Companies Act, 1956 as minimum remuneration."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to increase, enlarge, vary and modify the remuneration payable to him, including salary, dearness allowance, perquisites, commission and other allowances etc. upto the limits prescribed in this behalf under Schedule XIII of the Companies Act, 1956 or any further statutory revision, modification, clarification or re-enactment thereof from time to time in force and/or the guidelines for managerial remuneration issued by the Central Government from time to time and from the date the statutory provisions and/or the guidelines coming into force without any further reference to the company in General Meeting."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to do all such acts, deeds, things, matters as may be considered necessary, desirable or expedite to give effect to this resolution."

**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. Register of Members and Share Transfer Books shall remain closed from Wednesday, the 21st day of September, 2005 to Saturday the 24th day of September, 2005 (both days inclusive).
3. Members are advised to avail nomination facility as well as Dematerialisation facility with the Company.
4. The explanatory statement as required pursuant to section 173 (2) of the Companies Act, 1956 for item No. 5 & 6 is annexed to this notice.

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 : 29th April, 2005

**CORE EMBALLAGE LIMITED**

## **Annexure to Notice**

**Explanatory statement pursuant to section 173(2) of the Companies Act, 1956.**

### **Item No. : 5**

At the Board Meeting held on 25th January, 2005, Shri (Dr) Bimal Patel was appointed as Additional Director pursuant to Section 260 of the Companies Act, 1956 read with the Articles of Association of the company and as per the Companies Act, 1956 the Additional Director shall hold office only up-to the date of next annual general meeting.

The company has received notice in writing from a member under section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- proposing Shri (Dr) Bimal Patel as a candidate for the office of Director of the company.

Members are requested to accord their approval to the appointment of Shri (Dr) Bimal Patel as a Director of the company.

*None of the Director except himself is concerned or interested in the said resolution.*

### **Item No. : 6**

Shri Sunil Handa is one of the founder promoter of the company who has put up this project of manufacturing world class corrugated boxes in India. Shri Sunil Handa is acting as Director of the company since its formation. At the General Meeting held on 18/09/2000 Shri Sunil Handa was appointed as Managing Director of the company for the period of 5 (five) years and his terms gets expired on 31-03-2005. Therefore it is necessary for the company to re-appoint him as Managing Director for further period of 5 (Five) years w.e.f. 01-04-2005 subject to the approval of the members. The terms of his re-appointment as Managing Director has been approved by the Remuneration Committee at its meeting held on 25/01/2005 and subsequently at the meeting of Board of Directors held on 29/04/2005 on the terms and conditions as mentioned in the resolution above.

Shri Sunil Handa is BE (BITS) Pillani and also MBA (IIMA) by qualification and having good control over the technical and management matter. His re-appointment as Managing Director will definitely help to the company as he is having more than 23 years of corporate experience.

The above may be treated as an abstract under Section 302 (2) of the Companies Act, 1956.

Members are requested to accord their approval to the re-appointment and payment of remuneration to Shri Sunil Handa as a Managing Director of the company.

Shri Sunil Handa is concerned or interested in the said resolution to the extent the remuneration payable to him.

Shri Baldev Raj Handa and Smt. Divya Deepti Handa are also deemed to be interested in the said resolution.

Registered Office :  
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Ellisbridge,  
Ahmedabad 380 006.

By Order of the Board of Directors

**RAJIV MEHTA**  
Executive Director

Place : Ahmedabad  
Date : 29th April, 2005

**CORE EMBALLAGE LIMITED**

## Directors' Report

To,  
The Members of the Company,

Your directors have pleasure in presenting the Twentyfirst Annual Report of your Company together with the audited accounts for the year ended on 31st March, 2005.

### FINANCIAL RESULTS

	Year ended on 31-03-2005	(Rs. in lacs) Year ended on 31-03-2004
Total Income	6166	2560
Gross Profit/(Loss)	3425	(008)
Profit/(Loss) after interest	3325	(211)
Profit/(Loss) after depreciation	2796	(741)

### DIVIDEND

In view of the accumulated losses, your company is skipping dividend for the year ended on 31/03/2005.

### OPERATIONS

Your Directors are pleased to mention that the year 2004 - 05 has been the turnaround year for your company. Your company has paid off entire dues towards the One Time Settlement amounts to both the term lenders namely ICICI Bank Limited and The South Indian Bank Limited. Your company has also got No Due Certificates from the term lenders and the writeback due to these transactions has made the networth of the company positive. Necessary intimation to the BIFR has been made for the same.

Your company has focussed on penetrating the market with better services at customers doorstep. To serve the customer better, your company has started seven franchisee manufacturing operations in four states of India and the company is planning to add more such operations during coming years.

Your company has maintained quality leadership position in the corrugated packaging segment and through its capability of innovative design solutions it has won two IndiaStar Awards from Indian Institute of Packaging.

Looking to the Indian companies' focus in the export segment, the quality packaging need is likely to grow at a faster pace now. Your company has very rich experience in export packaging solutions and presence at all important locations. With this infrastructure your company is set to take larger share and grow at a faster pace than it has achieved so far.

### DEMATERIALISATION OF SHARES

So far, as on 31-03-2005, 37,03,338 No. of Equity Shares have been Dematerialised, out of which 33,47,579 Equity Shares with National Securities Depository Limited (NSDL) and 3,55,759 Equity Shares with Central Depository Services (India) Limited (CDSL). It means 27.18% of shares have been Dematerialised. International Security Identification Number (ISIN) of the company's equity shares is **INE218C01016**.

### DEBENTURES

During the year under review, as per the One Time Settlement with the Debenture holder, the company has paid off entire dues and as a result the 16% Secured Redeemable Debenture have been repaid and necessary action in respect of satisfaction of charge has been complied with.



**CORE EMBALLAGE LIMITED****DIRECTORS**

At the meeting of the Board of Directors held on 25-01-2005 Shri (Dr.) Bimal Patel was appointed as an additional director, who shall hold the office until the conclusion of next annual general meeting.

The remuneration committee meeting held on 25-01-2005, the company has approved the terms of re-appointment and payment and remuneration to Shri Sunil Handa as Managing Director. Subsequently at the Board Meeting held on 29-04-2005 board has approved the same subject to the approval of Members.

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

You are therefore requested to accord your consent for the above

**FIXED DEPOSITS**

During the year under review, Company has not accepted and/or renewed any Deposits as provided under Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rule, 1975. There is no unclaimed or overdue Fixed Deposits.

**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 as attached to this report. To avoid duplication of work, the Board has not provided the same here.

**AUDIT COMMITTEE**

During the year 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 have been followed except accounting standards 5, 15 & 28.
- 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 year on 31st March, 2005 and of the profit or loss of the Company for that year.
- 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 have prepared the annual accounts on a going concern basis.
- V) that the writeback under OTS with Term Lenders towards principal amount of loan is not a revenue generated in the routine nature and hence not part of the business income and therefore treated as Reconstruction Reserve.

**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 forming 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 provided herewith.

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

- a) Energy conservation measures taken: - Necessary efforts are put in to conserve the energy at all levels.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:- Not Applicable
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:- Not Applicable
- d) Total energy consumption and energy consumption per unit of production:- Company is having captive power generation and hence to provide details on unit consumption is not possible.

**TECHNOLOGY ABSORPTION**

- e) efforts made in technology absorption as per Form-B.

**Form - "B"****Research and Development (R & D)**

1.	Specific areas in which R & D carried out by the company	Development of Consumer Packaging, Package development for Fragile Products, Development of Industrial Packaging, Packaging of Free Flowing Material and Total Diagnostic Study and Solutions.
2.	Benefits derived as a result of the above R & D	Demand has increased and as a result replacing wood and Plastic items which are environmentally unfriendly.
3.	Future plan of action	Not Applicable
4.	Expenditure on R & D	Nil *
	(a) Capital	Nil *
	(b) Recurring	Nil *
	(c) Total	Nil *
	(d) Total R & D expenditure as a percentage of total turnover.	Nil *

\* = very negligible amount has been spent and hence to provide separately is not possible



**CORE EMBALLAGE LIMITED****Technology absorption, adaptation and innovation :**

1.	Efforts, in brief, made towards technology absorption, adaptation and innovation.	Indiginisation
2.	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc..	Reduction in import and hence quick availability of spare-parts at less rate
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.	Not Applicable
	(a) Technology imported	----
	(b) Year of import	---
	(c) Has technology been fully absorbed	----
	(d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	Not Applicable

**FOREIGN EXCHANGE EARNING AND OUTGO:**

Company has made direct export and earned foreign exchange of Rs. Nil (Previous year Rs. Nil). Company has spent Rs. 6,44,125/- on import of spares and Rs. 35,000/- on director foreign travelling (Previous year Rs. Nil).

**ACKNOWLEDGEMENTS**

Your directors wish to place on record continued support of ICICI Bank Limited and The South Indian Bank Limited for extending kind support for arrival of One Time Settlement scheme. The directors also thank the banks i.e. Dena Bank and Bank of Baroda 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 and employees and other agencies associated with the company.

For and on behalf of the Board of Directors

Place: Ahmedabad  
Date: 29<sup>th</sup> April, 2005

**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 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**

- Competition 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.