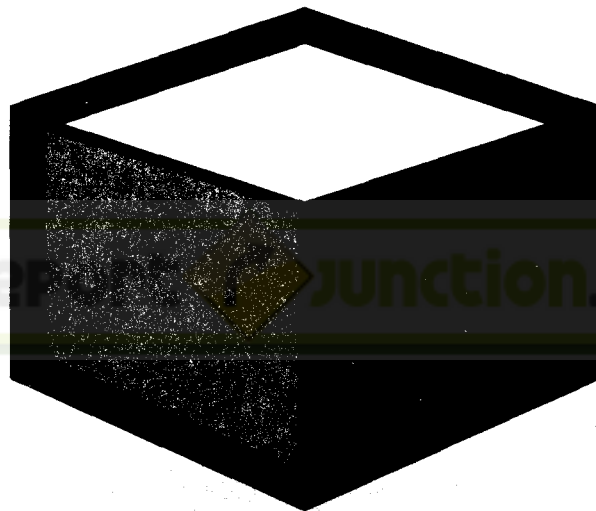


# 23 RD

## ANNUAL REPORT

2006 - 2007



EMBALLAGE

**CORE EMBALLAGE LIMITED**

**CORE EMBALLAGE LIMITED**

**CHAIRMAN** : SHRI (JUSTICE) BIPINCHANDRA J. DIVAN

**MANAGING DIRECTOR** : SHRI SUNIL HANDA

**EXECUTIVE DIRECTOR & CEO** : SHRI RAJIV MEHTA

**DIRECTORS** : SHRI BALDEV RAJ HANDA  
SMT. DIVYA DEEPTI HANDA  
SHRI (DR.) BIMAL PATEL

**VICE PRESIDENT & CFO** : SHRI ASIT DESAI

**AUDITORS** : M/S. C. R. SHAREDALAL & CO.  
Chartered Accountants  
Ahmedabad

**BANKERS** : DENA BANK  
BANK OF BARODA

**REGISTERED OFFICE** : "CORE HOUSE"  
Off C. G. Road  
Near Parimal Garden  
Ellisbridge  
Ahmedabad - 380 006  
Gujarat

**FACTORY** : Village :- Radhu  
Taluka :- Matar  
District :- Kheda  
Gujarat

**Notice**

**NOTICE** is hereby given that the Twentythird Annual General Meeting of the Members of **CORE EMBALLAGE LIMITED** will be held on Monday, the 30th day of July, 2007 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, 2007, 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) Bipinchandra 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 subject to the provision of section 198,269,309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and subject to the approval of Central Government, if required, Mr. Rajiv Mehta be and is hereby re-appointed as the Executive Director of the Company for further period of 3 (three) years with effect from 1st October, 2006 on terms and conditions as defined below:

**Salary :**

Rs. 1,00,000/- per month.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to increase, enlarge, vary and modify the remuneration payable to him, including salary, dearness allowances, perquisites, commission and other allowances etc. up-to the limits prescribed in this behalf under Schedule XIII of the Companies Act, 1956 or any further statutory revision, modification, clarifications or re-enactment thereof from time to time in force and/or the guideline 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."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to do all such acts, deeds, things matters as may be considered necessary, desirable or expedient 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.

**CORE EMBALLAGE LIMITED**

2. The Register of Members and Share Transfer Books shall remain closed from Friday, the 27th day of July, 2007 to Monday, the 30th day of July, 2007 (both days inclusive).
3. Members are advised to avail Nomination facility as well as Dematerialisation facility.
4. With effect from 08-08-2006, the company has appointed M/s. Intime Spectrum Registry Limited, 211, Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad - 380 009 (in place of M/s. MCS Limited) as Registrar and Transfer (R & T) Agent for carry out work relating to transfer and dematerialisation of shares. The members/ investors, having any query in this regards be communicated to this agency.
5. The company, for the purpose of redressal of investor grievances has created an Email ID "investorcomplaints@gmail.com". This will facilitate to the investors to communicate any grievances to the company directly.
6. The explanatory statement as required pursuant to section 173 (2) of the Companies Act, 1956 for item No. 5 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 & CEO

Place : Ahmedabad

Date : 30th April, 2007

**CORE EMBALLAGE LIMITED****Annexure to the Notice**

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

**Item No. 5**

At the Board Meeting held on 31/10/2006, Mr. Rajiv Mehta was re-appointed as Executive Director for further period of 3 (three) years with effect from 01/10/2006. The present term of his appointment expired on 30/09/2006.

Mr. Rajiv Mehta is associated with the company since many years and has played major role in turning around the company. He is the Chief Executive Officer (CEO) and is also working as Director in this company since last 10 years. Mr. Mehta is M.Com, LLB., M.E.P. (IIM-A) and having corporate experience of around 22 years. He has acquired immense experience in the field of Finance, Accounts, Legal, Administration, Personnel, Marketing. Considering his qualification and experience, the Board of Directors has decided to reappoint him as Executive Director of the Company for further period of three years on the terms and conditions mentioned in the resolution to this notice.

Mr. Mehta is also holding directorship in Chrysalis Finance Limited and Chrysalis Industries Limited. He does not hold membership in any other committee. He holds 5,054 equity shares in the company.

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 Mr. Rajiv Mehta as the Executive Director of the company.

None of the directors except Mr. Rajiv Mehta is concerned or interested in the resolution.

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 & CEO

Place : Ahmedabad

Date : 30th April, 2007

**CORE EMBALLAGE LIMITED****Directors' Report**

To,

The Members of the Company,

Your directors have pleasure in presenting the Twentythird Annual Report of your Company together with the audited accounts for the year ended on 31st March, 2007.

**FINANCIAL RESULTS**

	Year ended on 31-03-2007	(Rs. in lacs) Year ended on 31-03-2006
Gross Sales	3010	2792
Gross Profit/(Loss)	82	88
Profit/(Loss) after interest	25	12
Profit/(Loss) after depreciation	(499)	(496)

**DIVIDEND**

In absence of profit, your company is skipping dividend for the year ended on 31/03/2007.

**OPERATIONS**

Your directors are pleased to inform that after coming out from BIFR, your company is attaining stability and has also started achieving improvement in sales and profit (PBDT).

Your company is continuously reducing its secured loans and during the year it has repaid more than Rs. 112 lacs towards Working Capital Term Loan (WCTL). The reduction of loans has helped the company to reduce the interest burden and will also ensure that the effect of increasing interest rate will not be very heavy.

Your company has got power connection from Uttar Gujarat Vij Company Limited (UGVCL) during the year. This will result into substantial saving in the power cost for the coming years. The company is also working on installation of Solid Fuel Fired Boiler because running the existing Furness Oil fired Boiler is very expensive and the change of fuel will result into substantial savings for the company.

Your company has added one more franchisee in its endeavors to provide better service and good quality at the customer's doorsteps. Your company has maintained the quality and design leadership in Corrugated Packaging Industry and has been awarded two more "India Star" Awards by Indian Institute of Packaging.

The first installment of repayment of Preference Shares during the year was due but your company has not paid the installment by taking consent from the Preference Shareholder.

As stated earlier your company is no longer a sick industrial company, however as the accumulated losses of the company are more than half of its net-worth, the company is a potential sick industrial company.

**DEMATERIALISATION OF SHARES**

As on 31-03-2007, 45,72,649 Equity Shares have been Dematerialised, out of which 38,75,514 Equity Shares dematerialised with National Securities Depository Limited (NSDL) and 6,97,135 Equity Shares with Central Depository Services (India) Limited (CDSL). It means 33.56% of total shares have been Dematerialised. International Security Identification Number (ISIN) of the company's equity shares is **INE218C01016**.

**DIRECTORS**

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

**CORE EMBALLAGE LIMITED**

The remuneration Committee meeting held on 31-10-2006 has recommended the term of re-appointment and payment of remuneration to Mr. Rajiv Mehta as Executive Director. On the same day Board has also approved reappointment of Mr. Rajiv Mehta subject to your approval.

You are therefore requested to accord your consent.

**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.

The office of Registrar of Companies, Ahmedabad had lodged a complaint before Addl. Chief Metropolitan Magistrate under section 58A (1) of the Companies Act read with Rule 3 (2) (i) of the Companies (Acceptance of Deposits) Rules 1975 for accepting excess deposits than the prescribed limit. The company has made necessary representation to the Honourable court and also approached to Ministry of Company Affairs, New Delhi for obtaining exemption.

**AUDITORS**

The auditors, M/s. C. R. Shredalal & Company, Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have also consented to act as Auditors of the Company.

**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 Role, Power of the committee 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 that;

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along-with proper explanation relating to material departures except accounting standard No.:- 15 & 28.
- ii) Directors had selected such accounting policies and applied them consistently and made judgments 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 31st March, 2007 and of the profit or loss of the Company for that year.
- iii) 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) 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, the 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 annual remuneration of Rs. 24.00 lacs p.a. or Rs. 2.00 lacs per month, a limit 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 for.

**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 into conserve the energy at all levels.
- b) Additional investments and products, if any, being implemented for reduction of consumption of energy:- The Company is using 10 ton Furness Oil Fired Boiler. The calculation and the actual data indicates that 5 to 7 ton Boiler can workout. Company is considering to implement that which save lot of energy.
- 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: - The working on installation of Solid Fuel Fired Boiler because running the existing Furness Oil Fired Boiler is very expensive and the change of fuel will result into substantial savings for the company.
- d) Total energy consumption and energy consumption per unit of production:- Not Applicable.

## 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, Total Diagnostic Study and Solutions and Corrugated Pallets.
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 it separately is not possible



**Technology absorption, adaptation and innovation :**

1.	Efforts, in brief, made towards technology absorption, adaptation and innovation.	Indiginisation of raw materials and components.
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 competitive rates.
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	N.A.
	(b) Year of import	N.A.
	(c) Has technology been fully absorbed	N.A.
	(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 not done direct exports (Previous year Rs. Nil). Company has spent Rs. 15,491/- on spares and Rs. 51,000/- on director foreign travelling (Previous year Rs. 17,600/-).

**ACKNOWLEDGEMENTS**

The Directors also thank the banks i.e. Dena Bank and Bank of Baroda for providing Working Capital and Term Loan 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 : 30th April, 2007

**Sunil Handa**  
Managing Director

**Rajiv Mehta**  
Executive Director & CEO

## Management Discussion and Analysis Report

### (A) INDUSTRY STRUCTURE AND DEVELOPMENT :

Corrugated Boxes and Carton Industry in India is mainly controlled by unorganised 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, better 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 machines require smooth surface and dimension accuracy.

#### (2) Threats

- Competition from local and un-organised sector.
- Demand for packaging material is dependent on the growth of other industries.
- Customers ask for 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.