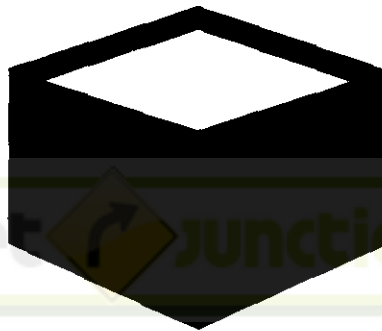


15TH ANNUAL REPORT



1998–99





CORE EMBALLAGE LIMITED

DIRECTORS : JUSTICE BIPINCHANDRA J. DIWAN
SHRI BALDEV RAJ HANDA
SHRI SUSHIL KUMAR HANDA
SHRI AJAY CHAUDHRY
(Nominee by ICICI)
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 LTD.

REGISTERED OFFICE : "CORE HOUSE"
Off C.G. Road
Near Parimal Garden
Ellisbridge
Ahmedabad 380006

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



CORE EMBALLAGE LIMITED

Notice

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of **CORE EMBALLAGE LTD.** will be held on Monday, the 22nd day of November, 1999 at 10.30 a.m. at the Conference Room, Ahmedabad Textile Mills Association (ATMA), Opp. National Chamber, Ashram Road, Ahmedabad - 380 009 to transact the following business.

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit and Loss Account for the year ended on that date and the report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Sushil Kumar Handa, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri (Justice) B. J. Diwan, 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 a **SPECIAL RESOLUTION** :

"RESOLVED THAT the Authorised Capital of the company be and is hereby increased from Rs. 60,00,00,000 (Rupees Sixty Crores) to Rs. 1,00,00,00,000/- (Rupees one hundred crores) divided into 6,00,00,000 (Six Crores) Equity Shares of Rs. 10/- (Rupees Ten only) each and 4,00,00,000 (Four Crores) Redeemable Preference Shares of Rs. 10/- (Rupees ten only) each".

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

"RESOLVED that Clause V (a) of Memorandum of Association be altered by substituting the words;

"The Authorised share capital of the company is Rs. 1,00,00,00,000/- (Rupees One hundred Crores only) divided into:

- 6,00,00,000 (Six crores) Equity Shares of Rs. 10/- (Rupees ten only) each and

- 4,00,00,000 (Four crores) Redeemable Preference Shares of Rs. 10 /- (Rupees ten only) each.

in place the present words " The Authorised Share Capital of the Company is Rs. 60,00,00,000/- (Rupees sixty Crores only) divided into 6,00,00,000 (Six Crores) Equity Shares of Rs. 10/- (Rupees ten each)."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION** :

"RESOLVED that pursuant to the provisions of sections 80, 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to change in Memorandum and Articles of Association of the Company and also subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereafter referred to as the " Board" which expression shall also include a committee thereof), as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the company be and is hereby accorded to the Board to issue and offer such number of Redeemable Preference Shares of Rs. 10 each of an aggregate nominal value not exceeding Rs. 20 crores (hereinafter referred to as the "preference shares") for cash at par, in one or more tranches, on such terms and conditions as to rate of dividend, period of redemption, put/call options, as may be decided by the Board in its absolute discretion, to such persons, Bodies Corporate, Financial Institutions, Banks, Foreign Investors, Mutual Funds, Trusts, and/or other entities, whether shareholders of the Company or not, as the Board may deem fit, by public issue, private placement/ preferential allotment or any combination thereof"



CORE EMBALLAGE LIMITED

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the Board be and is hereby authorised to determine as to when the preference shares are to be issued, the types and classes of investors to whom the preference shares are to be offered, the number and value of the preference shares to be issued in each tranche, utilisation of the issue proceeds, the terms and conditions on which the preference shares are to be issued (including combination of terms for preference shares issued at various points of time) including but not limited to the number of Preference Shares to be issued, the rate of dividend, period of redemption or premature / early redemption at the option of the company and/or the investor, terms for cumulation or otherwise of dividends including disposal of the unsubscribed portion of the preference shares and all such terms as are provided in offering of a like nature"

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the board be and is hereby authorised to do all such acts, deeds, matters and things including allotments and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary as desirable, and pay any fees and commission and incur expenses in relation 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. Register of Members and Share Transfer Books shall remain closed on Monday, the 15th November, 1999.
3. As per the Companies (Amendment) Ordinance, 1999, any money transferred to the unpaid dividend account of a company as per section 205A, which remains unpaid or unclaimed for a period of seven years from date of such transfer shall be transferred by the company to the Investor Education and Protection Fund.
4. The explanatory statement as required under section 173 (2) of the Companies Act, 1956 for items No. 5 , 6 & 7 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 : 24th July, 1999



CORE EMBALLAGE LIMITED

ANNEXURE TO NOTICE

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

ITEM NOS. 5, 6 & 7:

Present provisions of Memorandum and Articles of Association of the company do not allow the company to issue preference shares. To enable the issue of the preference shares, it need to increase the authorised share capital of the company from Rs. 60 crores to 100 crores. Present clause V (a) of the Memorandum of Association only relates to Equity share capital.

Adverse market conditions have affected to the company, hence it is necessary to procure long terms fund with less cost. The issue of preference shares therefore is the best way to get funds in. Further as per the amended provision of the Income Tax Act, 1961, the dividend received is exempted from the Income Tax.

As per the provision of Section 81 of the Companies Act 1956, when the company propose to issue a shares, the preference is always being given to the present shareholders as per the manner laid down in the said section unless the shareholders in general meeting decide otherwise. Therefore shareholders are requested to authorise the Board of Directors of the company to issue Preference Shares aggregating to Rs. 20 crores in a manner set out in the resolution no. 7 of the notice.

The resolution at item no. 5 & 6 of the accompanying notice are for alternation of clause V (a) of the company's Memorandum of Association.

The resolutions at item no. 5, 6 and 7 are being proposed as a Special Resolution.

The directors of the company may be deemed to be concerned or interested in the resolution at item no. 7 to the extent of the shares that may be subscribed to by them or by companies in which they are directors or members.

A copy of the Memorandum and Articles of Association of the company together with the proposed alteration will be available for inspection by the members at the registered office of the company during office hours on any working day.

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 : 24th July, 1999.



CORE EMBALLAGE LIMITED

Directors' Report

To

The Members of the Company,

Your directors have pleasure in presenting the Fifteenth Annual Report of your company together with the audited accounts for the year ended on 31st March, 1999.

FINANCIAL RESULTS

	Year ended on 31.03.1999	(Rs. In lacs) Year ended on 31.03.1998
Total Income	3503	2522
Gross Profit/ (Loss)	488	359
Profit /(Loss) after interest	(1173)	(969)
Profit /(Loss) after depreciation	(1806)	(1418)

DIVIDEND

In the absence of profit, your company is skipping dividend for the year 1998-99.

OPERATIONS

Despite recession in the industrial sector throughout the year, your company has made a sales growth of around 40% during the current financial year. Your company has retained old customers and also added many new prestigious clients including multinationals and exporters from India. However, due to the difficult market conditions in the paperboard sector and heavy interest and finance charges the profitability of the company was adversely affected.

Your company has established its reputation as a good quality supplier among the customers and in the market. The quality of the product has also been recognised by various Indian and International institutions/agencies. Your company has been awarded two Awards by the Indian Institute of Packaging in packaging design and graphic design. The print quality of your company was recognised by international companies and the product was included in the International World Excellence in Corrugated Graphics published by International Paper Board Industry, England. Your company has continued R & D activity and its pioneering grass-root work of increasing awareness for packaging material. The periodic publications of "Corrugated Education Series" and "Did You Know" series have become very popular amongst packaging industry professionals. Your company has continued educating their customers through visits to the Chrysalis design studio, the museum and the factory which have also been appreciated a lot by customers and others.

The newly started ECO Division is also doing well. A number of new product designs have been developed and successfully launched in the market. ECO launched corrugated pallets for exporters which are replacing wooden and plastic pallets. It is well accepted by many companies in many countries because it is a recyclable and eco-friendly material. ECO has established a good brand image and got orders from customers like Compaq, Infosys, Channel-V, CRY, Amul, NID, NIFT and MICA. The products are also getting good results in retail markets. A 1995 statistics shows that, because of many reasons, every year almost Rs.35,000 crores worth of agricultural produce of India is never eaten. One of the main reason is poor packaging. As a comparison, the loss in western Europe (which has the benefit of superior packaging) is less than 2%.



CORE EMBALLAGE LIMITED

This being a national wastage, it has been an area of concern for the government and other agencies. Recently, the Centre of Management in Agriculture of IIM, Ahmedabad and your company successfully completed developments of packing tomatoes in corrugated boxes called "Vastrapur Cartons" which reduce the spoilage and damage during transportation. Core and IIM-A are going to make a presentation to APEDA, State Agricultural Board, APMC etc. for the commercial launch of the same.

Your company has started a process of restructuring to give a major thrust to marketing and profitability. Your company has extended its marketing activity by appointing experienced and qualified personnel and also having representation in various regions. Your company has also initiated procedures for restructuring the debt and reduction in interest rates with various financial institutions/banks.

During the year under review, the security of your company was suspended for a period of 5 days from the Mumbai Stock Exchange due to the Book closure notice given to the stock exchange was for 39 days instead of 42 days as required under provision of clause 15/16 of listing agreement.

You are well aware that during the financial year 1997-98, your company has changed the basis of depreciation calculations from three shift working basis to double/triple shift proportionate to the normal number of working days. This change was done for financial year 1997-98 but to give the correct effect, the changes have also to be made in the depreciation calculations for the financial year 1996-97. For this the accounts for the Financial Year 1996-97 & 1997-98 were reopened and the necessary effect has been given.

DIRECTORS

Shri Sushilkumar Handa and Shri (Justice) B.J. Diwan retire by rotation and being eligible, offer themselves for reappointment during the year under review. Mr. Ajay Chaudhry has been appointed in place of Shri Suresh Vishwanath as a nominee of ICICI Ltd.

FIXED DEPOSITS

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

AUDITORS

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

Y2K COMPLIANCE

Your company has made preparations to enable its systems to operate normally.

PERSONNEL

Particulars required in accordance with the section 217 (2A) of the Companies Act read with Companies (Particulars of Employees) Rule, 1975 forming part of this Directors' Report are attached with the Annual Report.

The Directors record their appreciation of the efforts of all the members of the staff during the year.

MATTER REQUIRED TO BE REPORTED AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

A) CONSERVATION OF ENERGY :

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



CORE EMBALLAGE LIMITED

B) TECHNOLOGY ABSORPTION :

Necessary efforts are being made for indigenisation of spares, consumables and tool for all imported machineries.

Technology imported during the last five years

Sr. No.	Technology imported	Country of Origin	Year of Import	Status
01	Corrugator Machine	Germany	1996-97	Technology absorbed
02	Covertng Machines	France	1996-97	Technology absorbed
03	Flexo Printing Machine	Switzerland	1996-97	Technology absorbed
04	Fiat-bed Die Cutters	Switzerland	1996-97	Technology absorbed
05	Folder Gluer	Switzerland	1996-97	Technology absorbed
06	Waste Handling System	Holland	1996-97	Technology absorbed
07	Glue Kitchen	Holland	1996-97	Technology absorbed
08	Strapping Machines	Germany	1996-97	Technology absorbed
09	Material Handling Equipments	Germany	1996-97	Technology absorbed
10	Flexo Plate Making Machine	USA	1996-97	Under Erection
11	Steam Condensate Recovery System	Germany	1995-96	Technology absorbed

C) FOREIGN EXCHANGE EARNING AND OUTGO :

Company has not made direct export and hence not earned any foreign exchange. Company has imported raw material worth Rs. 327.98 lacs (previous year Rs. 785.16 lacs).

Your company makes worldclass qualities corrugated boxes and among 50% of its production is ultimately exported by its clients.

INSURANCE

Your company has taken adequate insurance of Building, Plant and Machinery, Stocks etc.

ACKNOWLEDGEMENTS

Your directors wish to place on record continued support of The ICICI Ltd., The South Indian Bank Limited and The 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 : 24th July, 1999

Sunil Handa
Managing Director

Rajiv Mehta
Executive Director