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## **ANNUAL REPORT**

### **2001 - 2002**



**CORE EMBALLAGE LIMITED**

**CORE EMBALLAGE LIMITED**

<b>DIRECTORS</b>	:	SHRI (JUSTICE) BIPINCHANDRA J. DIVAN SHRI BALDEV RAJ HANDA SMT. DIVYA DEEPTI HANDA
<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 THE SOUTH INDIAN BANK LIMITED
<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

**Notice**

**NOTICE** is hereby given that the Eighteenth Annual General Meeting of the Members of **CORE EMBALLAGE LIMITED** will be held on Monday, the 10th day of March, 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 30th September, 2002 and Profit & 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 Smt. Divya Deepti Handa, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration.

**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 Saturday, the 1st day of March, 2003 to Tuesday the 4th day of March, 2003 (both days inclusive).
3. Members are advised to avail nomination facility as well as Dematerialisation facility with the Company.
4. Dividend for the year 1995-96 is to be transferred to "Investor Education and Protection Fund" on the Completion of 7 (Seven) years from the date of such declaration. The members, who have so far not claimed are requested to send a request letter to claim the said dividend.

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: 16th December, 2002

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

To,

The Members of the Company,

Your directors have pleasure in presenting the Eighteenth Annual Report of your company together with the audited accounts for the year ended on 30th September, 2002.

**FINANCIAL RESULTS**

	Year ended on 30-09-2002	(Rs. in lacs) Period ended on 30-09-2001 (18 Months)
Total Income	2421	3907
Gross Profit/(Loss)	(006)	0289
Profit/(Loss) after interest	(1446)	(2192)
Profit/(Loss) after depreciation	(1613)	(2980)

**DIVIDEND**

In the absence of profit, your company is skipping dividend for the year ended on 30/09/2002.

**OPERATIONS**

The Company recorded a sales growth of 8 to 10% in comparison to corresponding period.

Your Directors wish to mention that despite the continuous recession, a bad monsoon and lower industrial growth, the performance of the company is encouraging.

The company's philosophy of customer education and consistent quality products has worked and the company has been able to include more prestigious multinational companies in their client list during the year under review. Your company has continued the trend of being superior quality supplier by winning prestigious "India Star Award" yet again which is given by the Indian Institute of Packaging. Your company has made good amount of Deemed Exports, out of this USD 57,000 has been received in foreign Currency. By this the company has contributed in earning foreign exchange for the country. Your company has also got ISI Certificate to make Boxes to pack Explosives.

ECO division has diversified into design and marketing point of purchase displays (POP) and has been able to tie-up with well-known multinationals for their product launches and scheme advertising.

There was a steep increase in the price of paper during the year under review and that has put lot of pressure on the margins of your company. However, later on the prices stabilised and through certain re-set in the selling prices, your company is hopeful of getting better margins in future.

Due to heavy financial charges, profitability of the company has been adversely affected. The company is working on restructuring/OTS with all term lenders. Your Directors are pleased to mention that during the year the company settled account of UTI Bank Limited through one time settlement discharging the entire liability to the lender. There was no hearing in Board for Industrial and Financial Reconstruction during the year under review. The company is discussing and exploring various areas of reducing financial cost with all its term lenders.



## **DEMATERIALISATION 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**.

## **DIRECTORS**

Smt. Divya Deepti Handa retires by rotation and being eligible, offer herself for reappointment during the year under review.

During the year under review, ICICI Bank Nominee Shri Ajay Chaudhry resigned as Director of the company. Your Directors appreciate the valuable services rendered by him during his tenure as director.

## **FIXED DEPOSITS**

During the year company has not accepted or renewed any deposit. As on the date of this report, there is no unclaimed or overdue fixed deposit.

## **AUDITORS**

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

## **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 had been followed alongwith proper explanation relating to material departures except for diminution in the 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 30th September, 2002 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 and indigenous stores. Hither to finished goods were valued at cost or at net realisable value whichever was less. Now the company has started valuing finished goods at market price (Invoice Value), as market price is lower than the cost.
- 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;

**CORE EMBALLAGE LIMITED**

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 is 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 year; your company has not absorbed any new technology.

## **FOREIGN EXCHANGE EARNING AND OUTGO :**

Company has made deemed export and earned foreign exchange of Rs. 27.66 Lacs (Previous year Rs. Nil). Company has imported raw material worth of Rs. Nil (Previous year Rs. 5.61 Lacs).

## **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: 16-12-2002

**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 their 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 year, 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 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.

## 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 Director 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 othr Committee		Share Holding (%)	Amount of Deposit (Rs. in Lacs)
				Chairman	Member		
1.	Shri Sunil Kumar Handa	Executive Director	13	NIL	NIL		
2.	Shri Rajiv Mehta	Executive Director	02	NIL	NIL		
3.	Shri (Justice) B. J. Divan	Non Executive Director / Independent Director	00	NIL	NIL		
4.	Shri B. R. Handa	Non Executive Director / Independent Director	02	NIL	NIL	0.11	14.95
5.	Smt. Divya Deepti Handa	Non Executive Director / Independent Director	12	NIL	NIL	0.015	80.20

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

#### No. of Board Meeting held during 2001-2002 :

During the year Board of Director met 4 (Four) times the date of Board Meeting are :

30-11-2001      25-01-2002      18-04-2002      24-07-2002

#### Attendance of Directors :

Director	Attended	Last Annual General Meeting Attended
Shri(Justice) B. J. Divan	04	YES
Shri Sunilkumar Handa	04	YES
Shri Rajiv Mehta	04	YES
Shri B. R. Handa	04	YES
Smt. Divya Deepti Handa	04	YES
Shri Ajay Chaudhry*	NIL	NO

\* Resigned from the directorship with effect from 25-01-2002.

### 3. AUDIT COMMITTEE

The Audit Committee as on 30-09-2002 comprised of three directors viz.:-

- Shri (Justice) B. J. Divan
- Shri B. R. Handa
- Smt. Divya Deepti Handa

Shri (Justice) B. J. Divan is a Chairman of the Committee.

#### Terms of Reference :

The terms of reference of this committee cover the matters specified for Audit Committee under clause-49 of the Listing Agreement as well as in section 292A of the Companies Act, 1956.

#### Composition :

Composition and other details :

The Audit Committee of the Company was constituted with three members. In the year, the audit committee met 3 (Three) times i.e. 29-11-2001, 17-04-2002 and 24-07-2002. All the three members were present and attended these meetings.

### 4. REMUNERATION COMMITTEE

As per the requirements of Listing Agreement, the Board of Directors of the Company at its meeting held on 28-04-2001 constituted Remuneration Committee. Remuneration Committee comprising of Shri (Justice) B. J. Divan, Shri B. R. Handa and Smt. Divya Deepti Handa. The Committee did not meet during the year.

Shri B. R. Handa is chairman of the Committee.

#### Remuneration of Directors :

The details of Remuneration paid to Shri Sunilkumar Handa and Shri Rajiv Mehta during 2001-02 are as follows.

Particular	Shri Sunilkumar Handa (Rs.)	Shri Rajiv Mehta (Rs.)
Remuneration including P.F. and other Perquisite	14,55,484	7,48,917

The Company is paying sitting fees to all Non Executive Directors for attending Board Meeting. No commission or other benefits are given to Non Executive Directors. The details of sitting fees paid are :

Name of Directors	Sitting fees in Rs.
Shri(Justice) B. J. Divan	4,000/-
Shri B. R. Handa	4,000/-
Smt. Divya Deepti Handa	4,000/-

Rs. 1000 per Board Meeting is paid as sitting fees to each Non Executive Director.

### 5. INVESTORS' GRIEVANCE COMMITTEE

As per the requirements of Listing Agreement the Board of Directors at its meeting held on 28th April, 2001 constituted Investor Grievance Committee comprising of Shri (Justice) B. J. Divan, Shri B. R. Handa and Smt. Divya Deepti Handa.