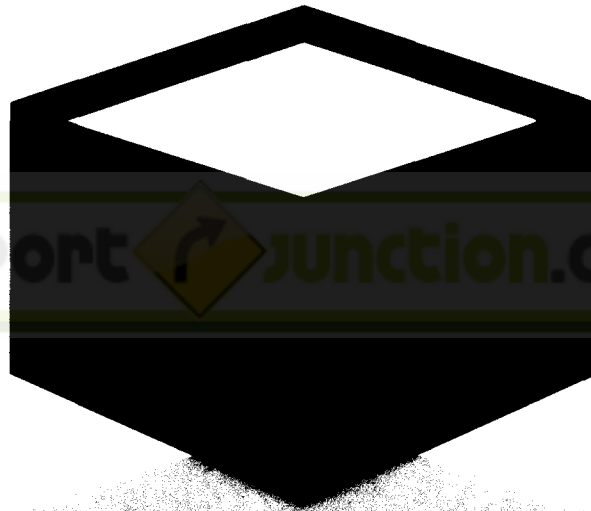


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ANNUAL REPORT

2003 - 2004



EMBALLAGE

CORE EMBALLAGE LIMITED

CERTIFIED TRUE COPY

For Core Emballage Limited

[Signature]
Authorised Signatory

**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

CERTIFIED TRUE COPY
For Core Emballage Limited

Authorised Signatory

**CORE EMBALLAGE LIMITED**

Notice

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of **CORE EMBALLAGE LIMITED** will be held on Monday, the 20th day of September, 2004 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, 2004 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 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 Smt. Divya Deepti Handa, who retires by rotation and being eligible, offers herself for re-appointment.
4. 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 Thursday, the 26th day of August, 2004 to Saturday the 28th day of August, 2004 (both days inclusive).
3. 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 : 29th April, 2004

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

To,

The Members of the Company,

Your directors have pleasure in presenting the Twentieth Annual Report of your Company together with the audited accounts for the year ended on 31st March, 2004.

FINANCIAL RESULTS

| | Year ended 31-03-2004 | (Rs. in lacs) Period ended on 31-03-2003 (6 Months) |
|----------------------------------|--------------------------|--|
| Total Income | 2938 | 1339 |
| Gross Profit/(Loss) | (008) | 0026 |
| Profit/(Loss) after interest | (211) | (409) |
| Profit/(Loss) after depreciation | (741) | (686) |

DIVIDEND

In the absence of profit, your company is skipping dividend for the year ended on 31/03/2004.

OPERATIONS

Your Directors are pleased to mention that the sales growth of the company for the third consecutive year is more than 10% on annualized basis.

Your company has continued developing innovative solutions for packaging, product display and advertising. This has broadened the customer base of the company.

Your company has won many quality and design awards in past. Even during the year 2003 the company has won the International Award for best corrugated graphics.

Looking to the great potential in the field of offset printed packaging, the company has started working on offset packaging also and this has been done through outsourcing contracts. Your Directors are hopeful of gaining good amount of business as well as margins through this new avenue.

As you would be aware your company has already paid back the One Time Settlement (OTS) amount to UTI Bank Ltd. Your company had arrived at One Time Settlement with the major term lender ICICI Bank Ltd. and now during the financial year the company has arrived at an agreement of One Time Settlement (OTS) with their last term lender, The South Indian Bank Ltd. The company has been paying their settlement amount regularly as per due dates and therefore the turnaround process of the company is quite smooth.

DEMATERIALISATION OF SHARES

So Far, as on 31-03-2004, 35,21,038 No. of Equity Shares have been Dematerialised, out of which 34,66,673 Equity Shares with National Securities Depository Limited (NSDL) and 54,365 Equity Shares with Central Depository Services (India) Limited (CDSL). It means 25.85% of shares have been Dematerialised. International Security Identification Number (ISIN) of the company's equity shares is **INE218C01016**.

DELISTING OF SECURITIES

During the year under review, the company's shares have been delisted from Ahmedabad Stock Exchange (ASE) and The Delhi Stock Exchange Ass. Limited (DSE). However the shares are still listed at

**CORE EMBALLAGE LIMITED**

The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Limited (NSE) which has got extensive networking terminal systems.

DIRECTORS

Shri (Justice) B. J. Divan and Smt. Divya Deepti Handa retires by rotation and being eligible, offer themselves for reappointment during the year under review.

You are therefore requested to accord your consent for their reappointment as Directors.

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. Shreedalal & 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 has been followed along with proper explanation relating to material departures except for 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 year on 31st March, 2004 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 has 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.

**CORE EMBALLAGE LIMITED****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.

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 is hazardous in nature. |
| 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 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 and employees and other agencies associated with the company.

For and on behalf of the Board of Directors

Place: Ahmedabad
Date: 29th April, 2004

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

- 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.

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% during the third consecutive Financial Year. The company has also started working on offset packaging through outsources contracts. One Time Settlement (OTS) with the major term lender ICICI Bank Limited was arrived at and now during the current financial year an arrangement of settlement of dues with the last term lender The South Indian Bank Limited is also reached. The company has been paying settlement amount regularly as per due dates.

(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 year.

(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.



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 | 11 | NIL | NIL | 4.09 | 1823.74 |
| 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 | 0.11 | 14.70 |
| 5. | Smt. Divya Deepti Handa | Non Executive Director / Independent Director | 10 | NIL | NIL | 0.015 | 173.70 |

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

No. of Board Meeting held during 01-04-2003 to 31-03-2004 :

During the financial year, Board of Directors met 5 (Five) times. The dates of Board Meeting are :

(1) 07-04-2003 (2) 23-06-2003 (3) 14-07-2003 (4) 20-10-2003 (5) 19-01-2004

Attendance of Directors :

| Director | Attended | Last Annual General Meeting Attended |
|--------------------------------------|----------|--------------------------------------|
| Shri (Justice) Bipinchandra J. Divan | 05 | YES |
| Shri Sunil Handa | 05 | YES |
| Shri Rajiv Mehta | 05 | YES |
| Shri Baldev Raj Handa | 03 | YES |
| Smt. Divya Deepti Handa | 05 | YES |