

# CLARO INDIA LIMITED

MD	✓		BKC	✓
CS	✓		DPT	✓
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SH	✓
YR	✓	✓		✓



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12TH ANNUAL REPORT  
1996 - 97

# CLARO INDIA LIMITED

Registered Office : B-7, SIPCOT Industrial Complex  
Gummidipoondi 601 201, Tamil Nadu

## NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of Claro India Limited, will be held at the Registered Office of the Company at B-7, SIPCOT Industrial Complex, Gummidipoondi 601 201, Tamil Nadu on Friday, the 26th September 1997 at 10.20 a.m. to transact the following business :

### ORDINARY BUSINESS :

1. To receive and consider the Profit and Loss Account for the year ended 31st March 1997, the Balance Sheet as at that date and the reports of the Directors and Auditors there on.
2. To elect a Director in place of Mrs. Saraswathi Achyuthan who retires by rotation and is eligible for re-election.
3. To elect a Director in place of Mr. M.K. Kumar who retires by rotation and is eligible for re-election.
4. To appoint Auditors and fix their remuneration. M/s. D L Mehta and Company, Chartered Accountants, Bombay are the retiring auditors and are eligible for reappointment.

### SPECIAL BUSINESS:

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

RESOLVED that pursuant to the provisions of Section 198, 269 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereto and other applicable provisions, if any, approval of the company be and is hereby accorded to the re-appointment of Shri. Surinder Wazir, as Chairman and Managing Director of the Company for a period of five years with effect from 01 - 05 - 1997, on the following terms and conditions:-

(A) SALARY Rs. 30,000 per month

(B) PERQUISITES:

Perquisites may be allowed in addition to salary. They shall be restricted to an amount equal to the annual salary or Rs. 4,50,000 per annum, whichever is less. Unless the context otherwise requires, perquisites are classified into three categories 'A' 'B' 'C' as follows:

#### CATAGORY 'A'

This will comprise house rent allowance, leave travel concession, medical reimbursement, fees to Club and personal accident insurance. These may be provided for as under:

- |                   |   |   |
|-------------------|---|---|
| (i) Housing I     | : | The expenditure by the Company on hiring furnished accommodation for Shri. Surinder Wazir will be subject to the ceiling of Sixty percent of his salary.        |
| (ii) HOUSING II   | : | In case the accommodation is owned by the Company, ten percent of the salary of Shri. Surinder Wazir shall be deducted by the Company.                          |
| (iii) HOUSING III | : | In case no accommodation is provided by the Company Shri. Surinder Wazir shall be entitled to House Rent Allowance subject to the ceiling laid down to housing. |

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of Shri. Surinder Wazir.

- (ii) MEDICAL REIMBURSEMENT : Expenses incurred for him and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- (iii) LEAVE TRAVEL CONCESSION : For self and family, once in a year, incurred in accordance with any rules specified by the Company.
- (iv) CLUB FEES : Fees to clubs subject to a maximum of two clubs. This does not include admission and life membership fees.
- (v) PERSONAL ACCIDENT INSURANCE : Premium not to exceed Rs. 4000/- per annum. "FAMILY" means the spouse, dependent children, dependent parents of Shri Surinder Wazir.

#### CATAGORY 'B'

- 1) The contribution to Provident Fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent that these shall singly or put together are not taxable under the Income Tax Act.
- 2) Gratuity not exceeding half a month's salary for each completed year of service.
- 3) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

#### CATAGORY 'C'

Provision of car for use on Company's business and telephone at residence will be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to him.

#### COMMISSION

Remuneration by way of commission may also be allowed in addition to salary or perquisites or both or in lieu thereof, the amount of it, based on net profits of the Company in a particular year, shall be subject to the overall ceilings laid down in Section 198 and Section 309 and other applicable provisions of The Company's Act.

In case of no profits or inadequate profits in any financial year, remuneration and perquisites shall be subject to overall limits as prescribed under Section II of Schedule XIII of the Companies Act, 1956. In such a case, perquisites mentioned under catagory 'A' and Leave Encashment at the end of the tenure shall only be included in the computation of the ceiling on remuneration and perquisites.

By order of the Board  
for CLARO INDIA LIMITED

Place : Chennai  
Date : 08 / 08 / 97

(S. Raghuraman)  
General Manager (Finance)  
Cum Company Secretary

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The proxy form duly stamped and executed should be deposited at the Registered Office of the Company atleast forty-eight hours before the time for the commencement of the Meeting.
2. The Registrar of Members of the Company will remain closed from 24th September 1997 to 26th September 1997 (both days inclusive).
3. Members are requested to communicate their change of address, if any, quoting the respective Folios.
4. The Members are requested to fill the enclosed attendance slip and deposit the same at the entrance of the Meeting hall.
5. We have, this year also, arranged a vehicle to pick up the share-holders attending the Annual General Meeting from Gummidipoondi Railway Station. The vehicle bearing our banner will leave the station at 10.00 a.m. sharp. The vehicle will drop them back at the station after the General Body Meeting.

#### EXPLANATORY NOTE UNDER SECTION 173

##### Item No. 5

Shri. Surinder Wazir was appointed as Chairman and Managing Director of the Company upto 30.04.1997. The members, in their meeting, held on 27th September, 1996 accorded their consent for increase of his remuneration. Shri. Surinder Wazir was instrumental in putting up both the plants viz. Paraformaldehyde and Formaldehyde as there was no Collaboration with any other Country as the technology belongs to him. He had got more than 20 years experience in this line of business. The Board of Directors in their meeting held on 14th February, 1997 accorded approval for the reappointment of him for a further period of five years from

01 - 05 - 1997 subject to the approval of the Shareholders in the next Annual General Meeting. Accordingly, an ordinary resolution is placed before the Shareholders for their approval under item no. 5 of the notice.

None of the Directors other than Shri. Surinder Wazir is interested in this resolution

#### DIRECTORS REPORT

Your Directors have pleasure in presenting the 12<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 1997.

##### FINANCIAL RESULTS

The Company had commenced commercial production of Formaldehyde in July 1996 and during this year we had made a total sales of Rs.288.31 lacs as against Rs.493.81 lacs for the year 1995/96. The Company had suffered net loss of Rs.146.29 lacs after depreciation of Rs.39.55 lacs against Net Profit of Rs.46.48 Lacs for the previous year as per details given below :-

	(Rs. in lacs)	
	<u>1996 - 97</u>	<u>1995 - 96</u>
Sales	288.31	493.80
Gross Profit/Loss before depreciation and Preliminary Expenses Written off	( 98.50 )	23.50
LESS / ADD :		
Depreciation	39.55	15.26
Preliminary Expenses	8.24	7.72
Net Profit / (Loss)	(146.29 )	46.48

**DIVIDEND :**

Owing to inadequacy of profits, the Directors do not recommend any dividend.

**OPERATIONS :**

Paraformaldehyde, being an import substitute, was available in India at reduced rate and with liberal credit terms due to the changed import policy of the Government. Our Formaldehyde plant was operational from this year. After using Formaldehyde for Captive consumption, we have started selling the same. As the market for Formaldehyde was better, we are confident that the Company should do better this year.

**FUTURE PLANS :**

We are also putting up Distillation Unit to reduce the cost of production. After examining the working of the plant, we will plan for putting up a plant for manufacture of Hexamine. The Hexamine Project will have the added advantage that required quantity of Formaldehyde will be available in our own plant.

**FIXED DEPOSITS :**

As on the date of the report the Company has no deposits which are matured but unclaimed.

**DIRECTORS :**

Mr. M. K. Kumar and Mrs. Saraswathi Achyuthan, Directors are retiring by rotation in the Annual General Meeting and, being eligible, offer themselves for reappointment.

**AUDITORS :**

Messrs. D.L. Mehta & Company, Chartered Accountants, Bombay, auditors of the Company retire at the conclusion of the Annual General Meeting and are eligible to be re-appointed. A certificate pursuant to Section 224 1(B) of the Companies Act, 1956 has been received from them.

**NOTES ON ACCOUNTS :**

The Auditors observation and the relevant Notice on Accounts are self-explanatory and therefore do not call for any further comments.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The Company is taking continuous steps in evolving energy conservation analyzing consumption data of the various process equipments. Continuous efforts are being made to improve the energy utilization.

We are upgrading the technology employed with continuous interaction with the technicians of the Company.

**PARTICULARS OF EMPLOYEES :**

The provisions of Section 217 2(a) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 relating to statement of particulars of employees are not applicable to the Company this year.

**ACKNOWLEDGEMENT :**

The Board wishes to place on record their gratitude for the co-operation and assistance received from the Govt. of Tamil Nadu and its Agencies such as TIIC, SIPCOT, TNEB, Tamil Nadu Pollution Control Board, etc., Banks, Shareholders, Depositors and Customers and thank them for their continued support.

The relationship between the management and the employees of the Company was very cordial and your directors wish to place on record their appreciation of the sincere services rendered by the employees.

On behalf of the Board of Directors  
of CLARO INDIA LIMITED

Surinder Wazir  
Chairman & Managing Director

CHENNAI  
Date : 08.08.1997

**D. L. Mehta & Co.**

CHARTERED ACCOUNTANTS

12, SURTEE CHAMBERS, 2ND FLOOR,  
2ND DHABI TALAO LANE,  
MUMBAI - 400 002.

PHONE: OFF. 200 38 20

200 76 82

FAX 209 62 50

**Auditors' Report**TO  
THE MEMBERS OF  
CLARO INDIA LIMITED

We have audited the attached Balance Sheet of CLARO INDIA LIMITED as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date, annexed thereto, and report that :

1. As required by the manufacturing and Other Companies (Auditor's report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in Annexure a statement on the matters, specified in paragraph 4 of the said Order.
2. Further to our comments in Annexure referred to in paragraph 1 above :
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - d. In our opinion and to the best of our information and according to explanations given to us, the accounts read together with the accounting policies and other notes given in Schedule 'R' give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:
    - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1997
    - ii) In the case of Profit and Loss Account of the Loss of the Company for the year ended on that date

for **D L MEHTA & CO**  
CHARTERED ACCOUNTANTSCAMP : MADRAS  
DATE : August 8, 1997✓ **DINESH MEHTA**  
PARTNER