

**CLARO INDIA LIMITED.
16TH ANNUAL REPORT
2000-2001**



BOARD OF DIRECTORS

SRI. A.K. KOTHARI – CHAIRMAN

SRI BHARAT MOHTA

SRI B.L. DAMANI

SRI B.G.LAHOTY – EXECUTIVE DIRECTOR

AUDITORS

MESSRS. RAMADOSS & CO

CHARTERED ACCOUNTANTS,

CHENNAI.

BANKERS

BHARAT OVERSEAS BANK LTD.,

REGISTERED OFFICE

B-7 SIPCOT INDUSTRIAL COMPLEX

GUMMIDIPOONDI 601 201

TAMIL NADU

ADMINISTRATIVE OFFICE

VI FLOOR

110 NELSON MANICKAM ROAD

AMINJIKARAI

CHENNAI 600 029

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CLARO INDIA LIMITED

Registered Office: B 7 SIPCOT INDUSTRIAL COMPLEX GUMMIDIPOONDI - 601 201

NOTICE CONVENING THE 16TH ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of the Shareholders of the Company shall be held on Monday, the 24th day of September 2001, at the Registered Office of the Company at 11.00 a.m. to transact the following business.

AS ORDINARY BUSINESS :

1. To consider, approve and adopt the Audited Balance Sheet of the Company as at 31st March 2001 and the Profit and Loss Account of the Company for the year ended that date together with the report of the Directors and Auditors thereon.
2. To appoint a director in the place of Mr. Bharat Mohta, who retires by rotation and being eligible, offers himself, for re-election.

AS SPECIAL BUSINESS :

1. To appoint new Auditor in the place of retiring Auditor M/s. Ramadoss & Co., Chartered Accountants, who have conveyed their intention not to seek the reappointment and hence the board has decided to appoint M/s. Srikanth & Shanthi Associates, as auditors of the Company to hold office until the conclusion of the next Annual General Meeting and fix their remuneration as may be decided by the Board of Directors from time to time.
2. Resolved that increase in remuneration sanctioned by the Board for Shri. B.G. Lahoty be and is hereby approved pursuant to Section 198,269,302,309 and any other applicable provisions of the Companies Act 1956 read with Schedule XIII of the said act as said out in the explanatory statement annexed herewith.

By the order of the Board
for CLARO INDIA LIMITED

PLACE : Chennai
DATE : 09.08.2001

B. L. Damani
Director

Notes:

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 Administrative Office of the Company at VI Floor, 110, Nelson Manickam Road, Aminjikarai, Chennai 600 029 atleast forty-eight hours before the time for the commencement of the Meeting.
2. The Register of Members and Share Transfer Register of the Company will remain closed from 17th Day of September 2001 to Monday, the 24th day of September 2001 (Both days are 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. Since the Company has not declared any dividend so far the question of remittance of unpaid dividend to Investor Protection and Education Fund doesnot arise.

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT 1956

1. M/s. Ramadoss & Co Chartered Accountants who are the Auditors of the Company till the conclusion of the Annual General Meeting has expressed their desire not to seek reappointment and hence the Board has decided to appoint M/s. Srikanth & Shanthi Associates as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting.
The Company has obtained declaration under section 224 1(B) of the Companies Act 1956.
2. Mr. Brij Gopal Lahoty appointed as Executive Director and was sanctioned with a remuneration of Rs.25,000/- as by the approval of the Annual General Meeting is revised by the Board by considering his valuable contribution to the Company and experience in the field of business of the company with effect from 01.04.2000 for a period of 2 years as said out below :
 1. **SALARY :**
Rs. 32,000/- per month subject to such periodical increment as may be decided by the Board from time to time.
 2. **PERQUISITES :**
Perquisites in Category "A" shall be restricted to Rs.1,00,000/- only per annum
 3. **CATEGORY "A"**
 - a. He will be paid a lump sum of Rs.6,000/- as Bonus
 - b. **Medical Reimbursement and Leave Travel Concession :** He will get reimbursement of Medical Expenses and Leave Travel Concession for himself and for his family subject to 10% of the Salary in accordance with the Rules framed by the Company
 - c. **Leave :**
He will get leave in accordance with the Rules of the Company.
 - d. **Club fees :**
He will be reimbursed fees of clubs subject to a maximum of two clubs. This will not include admission fees and/or life membership fees.
 - e. **Personal Accident Insurance :**
Premium not exceeding Rs.1,000/- per annum.
- CATEGORY "B"**
 - a. Contribution to Provident Fund will not included in computation of ceiling on perquisites to the extent it is not taxable under the Income Tax Act 1961.
 - b. Gratuity payable shall not exceed half a month's salary for each completed year of service subject to ceiling as prescribed in law.
- CATEGORY "C"**

Provision of car for use of Company's business and telephone at residence will not considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company to wholetime Director designated as Executive Director.
- 3 In the event of loss or inadequacy of profit in any year, Sri. Brij Gopal Lahoty will get the same remuneration as minimum remuneration in any such year.
- 4 The Wholetime Director designated as Executive Director so long as he functions as such shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.
None of Directors other than Sri. Brij Gopal Lahoty is interested in the aforesaid resolution.
The Chairman further informed the Board that pursuant to Section 302 of the Companies Act, 1956 and other applicable provisions if any, an Abstract of the terms and conditions of Appointment of a Wholetime Director shall be sent to the Shareholders in this connection.
None of the Directors is interested in this resolution.
Your Directors recommend this resolution to be passed.

DIRECTORS REPORT

Your Directors have pleasure in presenting the 16th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2001.

FINANCIAL RESULTS

The Company has made a total sales of Rs.183.74 lacs during the year ended 31.03.2001 as against Rs.96.42 lacs for the year 1999-00. The Company has suffered Net Loss of Rs.110.99 lacs after writing off depreciation amounting to Rs.28.60 lacs as against the Net Loss of Rs. 75.64 lacs during the previous year, as per details given below:

	(Rupees in Lacs)	
	<u>2000-2001</u>	<u>1999-2000</u>
Sales	183.74	96.42
Gross Profit/(Loss) before depreciation and preliminary expenses written off	(74.14)	(38.84)
ADD/(LESS):		
Depreciation	28.60	28.56
Preliminary Expenses	8.24	8.24
Net Profit/(Loss)	(110.99)	(75.64)

DIVIDEND

Owing to loss for the year, your Directors do not recommend any dividend.

OPERATIONS

The Formaldehyde plant has performed satisfactorily during the year under review and efforts are being made to increase the capacity, utilization there of. Paraformaldehyde prices remind subdued during the year because of cheaper imports.

FUTURE PLANS

After the takeover of the Company by the new management, every effort is being made to revive the working by reducing cost wherever possible as well as by increasing the operational efficiency of the plant. Hence, a reasonably optimistic view can be taken with regard to the working of the current year.

FIXED DEPOSIT

The Company has not accepted/renewed any Fixed Deposits during the year. As on the date of the report, the Company has no Fixed Deposit.

DIRECTORATE

Shri. Bharat Mohta retires by rotation and being eligible offers himself for reappointment.

DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2001 the Directors' confirm that :

1. in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently, and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2001 and of the profit of the company for that period;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

AUDITORS

The retiring auditors M/s Ramadoss & Co., Chartered Accountants, expressed their unwillingness for reappointment. M/s. Srikanth & Shanthi Associates., Chartered Accountants, duly proposed by a shareholder has to be appointed as Auditors, subject to approval of shareholders. Your Board places on record their appreciation for the services rendered by M/s. Ramadoss & Co.

NOTES ON ACCOUNTS

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

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT,1956

Information in accordance with clause(e) of sub-section 217 of the Companies Act,1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988 and forming part of the Directors' Report for the financial year ended 31st March,2001 is given below:

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

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

In terms of sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules,1975, the Company has no employee drawing more than Rs.6,00,000/- Per annum or Rs. 50,000/- per month during the year under review.

ACKNOWLEDGEMENT

The Board wishes to place on record their gratitude for the co-operation and assistance received from the Government of Tamil Nadu and its agencies such as TNEB,Tamil Nadu Pollution Control Board etc.. Banks, Shareholders, 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
for CLARO INDIA LIMITED

PLACE : KOLKATA
DATE : 08.08.2001

A.K. KOTHARI
Chairman