



CLARO INDIA LIMITED

B -7, SIPCOT INDUSTRIAL COMPLEX,
GUMMIDIPOONDI-601 201.

CREATING SOLUTIONS TOGETHER



22nd Annual Report
2006-2007

CONTENTS	PAGE NO.
Notice	1
Directors Report	3
Management Discussion & Analysis Report	8
Report on Corporate Governance	9
Certificate on Corporate Governance	17
Declarations	18
Auditors' Report 2006-2007	19
Balance Sheet 2006-2007	22
Profit & Loss A/c for 2006-2007	23
Schedules	24
Notes on Accounts for 2006-2007	28
Balance Sheet Abstract	31
Cash Flow Statement	32

BOARD OF DIRECTORS

SHRI. A.K. KOTHARI - DIRECTOR
 SHRI. B.L. DAMANI - DIRECTOR
 SHRI. S.K. MATHUR - DIRECTOR
 SHRI. A.K. DAGA - DIRECTOR

AUDITORS

MESSRS. SRIKANTH & SHANTHI ASSOCIATES,
 CHARTERED ACCOUNTANTS,
 CHENNAI - 600 018.

BANKERS

IDBI BANK LTD, Chennai.
 AXIS BANK, Chennai.
 INDIAN OVERSEAS BANK LTD, Chennai.

REGISTERED OFFICE

B-7, SIPCOT INDUSTRIAL COMPLEX,
 GUMMIDIPOONDI - 601 201,
 TAMILNADU.

REGISTRAR AND SHARE TRANSFER AGENT

GNSA INVESTORS SERVICES (P) LTD.
 NEW NO. 11, SRINIVASA ROAD,
 PONDY BAZAR, T. NAGAR,
 CHENNAI - 600 017.

ADMINISTRATIVE OFFICE

VI FLOOR,
 37 NELSON MANICKAM ROAD,
 AMINJIKARAI,
 CHENNAI - 600 029.

CLARO INDIA LIMITED

Registered office: B 7 Sipcot Industrial Complex Gummidipoondi-601 201

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty Second Annual General Meeting of the shareholders of Claro India Limited will be held on Saturday, the 29th September 2007, at 11.00 A.M., at the Registered Office of the Company at B-7 Sipcot Industrial Complex, Gummidipoondi – 601 201, to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2007, the Profit and Loss Account for the year ended on that date and the report of the Board of Directors and the Auditors thereon.
2. To elect a Director in the place of Shri. A.K.Kothari, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint the Auditors and to fix their remuneration.

On behalf of the Board

Place: Chennai

Dated: 29.06.2007

B.L.DAMANI

DIRECTOR

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. (PROXY FORM IS ANNEXED HERewith). THE PROXY FORM DULY COMPLETED MUST BE SENT SO AS TO REACH THE COMPANY, NOT LESS THAN 48 HRS BEFORE THE COMMENCEMENT OF THE MEETING.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 27th September 2007 to Saturday, the 29th September 2007 (both days inclusive).
- Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other share related matters and /or change in address to Company's Registrars & share transfer agents at GNSA Investor Services Private Limited, UNIT : Claro India Limited, G R Mansion, No 11, Srinivasa Road, Pondy Bazar, T.Nagar, Chennai – 600 017.
- Members / Proxies are requested to hand over the enclosed Attendance Slip, duly filled in for attending the meeting.
- Corporate Members are requested to send a duly certified copy of the Board Resolution/ Power of Attorney authorizing their representatives to attend and vote at the Annual General Meeting
- The information as required to be provided under the Listing Agreements entered into by the company with the stock exchanges regarding Shri.A.K.Kothari who is proposed to be re-appointed is annexed hereto.
- Members desirous of making a nomination in respect of their shareholding in the company, as permitted under Section 109A of the Companies Act, 1956 are requested to write to the Company's Registrars for the prescribed form.

- For the security reasons, no article/baggage will be allowed at the venue of the meeting. The Members or attendees are strictly requested not to bring any article/baggage, etc at the venue of the meeting.
- Members having any questions on accounts are requested to send them ten days in advance to enable the Company to collect the relevant information.

ANNEXURE TO THE NOTICE

- A. As per requirements of Clause 49 of the Listing Agreement with Stock Exchanges, particulars of the Director seeking reappointment is given hereunder.

Item No.2

Shri. A.K.Kothari aged about 56 years has a long-term experience in Textiles, Engineering Pharmaceuticals and Tea Plantations

The details of his other directorship are as follows

Company	Position
Albert David Limited	Director
Bhaktawatsal Investments Limited	Director
Gillanders Plantations and Industries Limited	Director
Gis Limited	Director
Kothari Plantations and industries Limited	Director
Satkriti Investments & Properties Limited	Director
Visnuhari Investments & Properties Limited	Director
Bharat Fritz Werner Limited	Director
Indian Glass & Electricals Limited	Director
Shree Sitaram Development Co Private Limited	Director
Arvind Engineering Works Limited	Director

On behalf of the Board

Place: Chennai
Dated: 29.06.2007

Sd/-
B.L.DAMANI
DIRECTOR

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report together with the audited accounts for the financial year ended 31st March 2007.

FINANCIAL RESULTS

Particulars	2006 - 07 (Rs. in Lakhs)	2006 - 07 (Rs. in Lakhs)
Turnover	457.22	631.62
Gross Profit / (Loss) depreciation and preliminary expenses written off	(165.68)	35.93
Add / Less : Depreciation	34.51	34.28
Net Profit / (Loss)	(131.17)	1.65
Accumulated Losses Brought forward	(703.73)	(705.38)
Accumulated Losses Carried forward	(834. 90)	(703.73)

DIVIDEND

Even though the Company has earned net profit for the financial year, due to accumulated losses, your directors are unable to recommend any dividend.

BUSINESS OPERATIONS

The Company has concentrated on specialized grades of Phenolic Powder Resins and improved on the same due to better conditions for business, compared to liquid resins in the previous year. The Products are sold to Highly Quality Conscious Customers and the growth in this sector will be progressive. The Company has been awarded ISO 9001-2000 Certification by Messrs. TUV NORD which will also improve the Company's image with the specialty customers and better performance could be expected in the coming years. Incidence of high interest costs, with long credit terms in the trade together with high fluctuation in the prices of raw materials and escalation in the operating costs have affected the margins. Due to various reasons, trading activities could not be pursued in this year resulting in lesser turnover. Paraformaldehyde production and sales continued to be restricted to regular loyal customers due to severe competition in prices from imports with reduced customs duty. Research and Development efforts are being constantly made to develop new products and reduce the costs of inputs. The Company has provided proper storage facilities for storing finished products and raw materials and is constantly improving the infrastructural requirements. The Company has appointed Consignment Selling Agents at strategic locations to face the competition from local suppliers with VAT advantages and to improve the sales realization. With various thrusts given, the Directors hope to improve the performance of the Company in the coming years barring unforeseen circumstances.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report is attached and forms part of the Annual Report.

DIRECTORS

Shri. A K Kothari, Director of the Company retires by rotation at the forth coming Annual General Meeting and being eligible offers himself for re-election

Shri. Lok Nath Sharma has resigned from the Board with effect from 6th June 2006. The Company places its appreciation for his invaluable services rendered during his tenure as Director of the Company.

Shri. B. T. Vajawat has resigned from the Board with effect from 26th June 2006. The Company places its appreciation for his invaluable services rendered during his tenure as Director of the Company.

COMPOSITION OF AUDIT COMMITTEE

Adhering to the Corporate Governance Norms as well as in compliance with Section 292A of the Companies Act, 1956 the Company has constituted an Audit Committee chaired by a Non – Executive Independent Director.

AUDITOR

M/s. Srikanth & Shanthi Associates, Chartered Accountants, Chennai, the Company's statutory auditors, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re- election. A Certificate pursuant to Section 224(1-B) of the Companies Act 1956 has been obtained from them, stating that their appointment, if made would be within the limits laid down in the said section.

AUDITOR'S REPORT

The Auditors have stated that the accounts have been prepared in compliance with the Accounting Standards issued by ICAI referred to in section 211(3C) of the Companies Act, 1956 to the extent applicable

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the listing agreement, a Report on Corporate Governance forms part of this Annual Report.

A Certificate from Mr.R.Sridharan, M/s.R.Sridharan & Associates, Company Secretaries, Chennai regarding compliance of the conditions of Corporate Governance for the year ended 31st March 2007 as stipulated under Clause 49 of the listing agreement is attached to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief.

- a) in the preparation of the Profit & Loss Account for the financial year ended March 31, 2007 and the Balance sheet as at that date ("financial statement"), applicable accounting standards have been followed;
- b) appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the Profit of the company for that period
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions for the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. To ensure this, the company has established internal control systems, consistent with its size and nature of operations. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems. The Audit committee meets at regular intervals to review the internal audit function.
- d) the financial statements have been prepared on a going concern basis.

DISCLOSURE AS PER SECTION 217(2A) OF COMPANIES ACT 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

There was no employee in receipt of remuneration in excess of the limits as stipulated under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the financial year ended 31st March 2007.

HUMAN RESOURCES

The company maintained all its industrial relations cordially. The company has a very good team of personnel. The company has always been focused on the improvement of the quality of its human capital, good training and development programmes to achieve this.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The Particulars required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed separately as Annexure 'A', which forms part of this report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has appointed M/s. Guha & Motilal, Chartered Accountants, Kolkatta as Company's Internal Auditors.

a) Internal Audit and Inspection

Your company has a comprehensive system of Internal Inspection and Audit to serve as a check on internal control systems. The scope and coverage of the audit is reviewed from time to time to make it more focused and effective. The management has formulated policies for approval of control of expenditure.

b) Compliance

The company has utmost commitment of compliance with the internal control and internal audit to ensure timely adherence to the submissions of various returns and data/information as and when required by the statutory authorities. The company has an internal audit department, which conducts the audit to verify and administer suitable internal control system and adherence of the same.

c) Vigilance

The Audit Committee reviews the report of Internal Audit periodically and expresses the ways and means to overcome the lapses pointed out in the report.

HEALTH, SAFETY AND ENVIRONMENT PROTECTION

The Company has substantially complied with the applicable Environmental Laws and Labour Laws. It has expended substantial resources, both financial and managerial, in complying with the relevant laws and has taken all reasonable measures to protect the environment, to ensure safety and healthy of the workers.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public.

LISTING OF SECURITIES

Company's Shares are Listed at Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

ACKNOWLEDGEMENT

The Company wishes to thank the Government of Tamil Nadu, its agencies viz., SIPCOT, TNEB, Tamil Nadu Pollution Control Board etc for the co-operation and assistance received. The Board also wishes to place on record its appreciation for its customers, shareholders, suppliers, government departments, banks and the other stakeholders for their continued unstinted support, encouragement and the confidence reposed in the management.

The Directors record their sincere appreciation to all employees at all levels for their continued contribution and dedication made for the performance of the company.
On behalf of the Board

Place: Chennai

Date: 29.06.2007

Sd/-	Sd/-
S.K.MATHUR	B.L.DAMANI
DIRECTOR	DIRECTOR

Report  junction.com

Annexure 'A'

Conservation of energy, technology absorption and foreign exchange earnings and outgo.

The Company is taking continuous steps in evolving energy conservation by analyzing consumption data of various process equipments Continuous efforts are being made to improve the energy utilization. We are upgrading the technology employed by making continuous interactions with the technicians of the Company.

Energy conservation measures are implemented and constantly monitored for reduction of energy consumption.

Form A as per Rule 2 of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is as follows

A. POWER AND FUEL CONSUMPTION**1. Electricity Consumed:**

S. No	Particulars	2006 - 2007	2005 - 2006
(a)	Purchased		
	Normal Units (KWH)	2,86,556	3,83,678
	Peak Hr units (KWH)	69,428	91,950
	Amount paid for units consumed (in Rs)	17,74,030	13,60,348
	Normal Rate per unit (Average)	3.5	3.50
	Peak hr Rate per unit (Average)	0.7	0.7
	Demand Charges (Amount in Rs)	6,48,000	6,49,980
	Electricity Tax (Amount in Rs)	69,823	94,107
	Meter Rent (Amount in Rs)	24,000	24,000

2. Diesel

S. No.	Particulars	2006 - 2007	2005 - 2006
(a)	Quantity (K Ltrs)	840	19,155
	Total Amount (in Rs.)	29334	5,70,395
	Average Rate (in Rs.)	34.92	34.61

3. Fire wood

S. No.	Particulars	2006 - 2007	2005 - 2006
(a)	Quantity (M tons)	109.180	534.155
	Total Amount (in Rs.)	171658	718722
	Average Rate (in Rs.)	Rs 1572/-	Rs. 1345/-

4. Furnace Oil

S. No.	Particulars	2006 - 2007	2005 - 2006
(a)	Quantity (M tons)	53.119	-
	Total Amount (in Rs.)	953174	-
	Average Rate (in Rs.)	17.94	-

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Regular production and sales of PF Resins liquid and powder have been established. However, due to various reasons including disadvantages of VAT benefits and higher Freight costs, our sales volumes have been affected in the all India market. The prices of inputs this year has steadily gone up and corresponding increase in the prices of finished products were not readily possible from the customers. However, there has been steady progress in the development of bringing in new customers for the Resins.

Competition from Import with much lesser customs duty has affected sales volume of Paraformaldehyde. However, regular customers continued to take the product.

2. OPPORTUNITIES AND THREATS

Presently, there is a good boom for Automobile Sector and Foundries in turn are also showing good progress. The demand for our products suitable for Foundries, Brake Linings, Abrasives etc, would very much improve in the future. Due to locational disadvantages and tax benefit constraints, prices of products had suffered in the competition.

3. PRODUCT WISE PERFORMANCE

After establishing the products, namely Phenolic, liquid and powder resins, concentration was given to choosing proper customer profiles and this would affect comparative performance. However this strategy would benefit in the future.

4. OUTLOOK

Outlook for phenolic resin is bright. It may also require increasing the production capacity to meet the demand as expected, in view of the bright future for automobile sector.

5. RISK & CONCERNS

The high fluctuations in the input prices, different tax rates of sales tax, locational disadvantageous for raw materials and finished products, long approval times for validation of products and highly credit oriented market are risk factors to be considered.

6. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The company follows a systematic and adequate system of internal control in all areas of its operation. The company also has appointed the Internal auditors, a firm of chartered accountants, with periodic audit systems with regular reports, corrective measures etc. The Company has obtained ISO 9001-2000 Certificate from Messrs. TUVNORD.

7. MATERIAL DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Employee relations remained very satisfactory through out the year. Various steps are being taken for training the employees to improve their levels in all respect.

8. CAUTIONARY STATEMENT

Statements in this Management discussion and analysis, describing the company's objectives, projections, estimates and expectations may constitute forward looking statements within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

On behalf of the Board of Directors

Place : Chennai
Date : 29.06.2007

Sd/- S.K. MATHUR Director	Sd/- B.L.DAMANI Director
---------------------------------	--------------------------------