



CLARO INDIA LIMITED

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

CREATING SOLUTIONS TOGETHER



**23rd Annual Report
2007-2008**

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BOARD OF DIRECTORS

SRI. A.K. KOTHARI - DIRECTOR
 SRI. B.L. DAMANI - DIRECTOR
 SRI. S.K. MATHUR - DIRECTOR
 SRI. 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

GNST INFOTECH PRIVATE LTD.,
 NEW NO. 11, SRINIVASA ROAD,
 PONDY BAZAR, T. NAGAR,
 CHENNAI - 600 017.

ADMINISTRATIVE OFFICE

VIFLOOR,
 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 THIRD ANNUAL GENERAL MEETING of the shareholders of Claro India Limited will be held on Tuesday, the 2nd September 2008, 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 2008, 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. B L Damani**, 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: 30.06.2008

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 Friday, the 29th August 2008 to Tuesday, the 2nd September 2008 (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 and Share Transfer Agents at **GNSA Infotech Private Limited**, Unit: Claro India Limited, G R Mansion, No.11, Srinivasa Road, Pondy Bazar, T.Nagar, Chennai - 600 017.
- 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.
- Members / Proxies are requested to hand over the enclosed Attendance Slip, duly filled in for attending the meeting.
- Members are requested to bring their copies of the Annual Report to the meeting. Copies of the Annual Report will not be distributed at the annual general meeting.

- Members having any questions on accounts are requested to send them ten days in advance to enable the Company to readdress the relevant information.

ANNEXURE TO THE NOTICE

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

Item No.2

Shri. B.L.Damani, aged about 70 years has a long-term experience in Electricals, Paper Industry, Chemical & Engineering Industries, Salt and Medicinal Herbs, etc.

The details of his directorship in other Companies and membership of Committees as on 31.03.2008 are as follows

Company	Position	Committee Membership
G. Das & Co Pvt Limited	Director	Nil

On behalf of the Board

Place: Chennai
Dated: 30.06.2008

Sd/-
B.L.DAMANI
DIRECTOR

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report together with the audited accounts for the financial year ended 31st March 2008.

FINANCIAL RESULTS

Particulars	2007-08 (Rs. Lakhs)	2006-2007 (Rs. Lakhs)
Turnover	570.80	457.22
Gross Profit / (Loss) before depreciation and preliminary expenses written off	(225.75)	(165.68)
ADD / (Less) : Depreciation	36.13	34.51
Net Profit / (Loss)	(189.62)	(131.17)
Accumulated Losses Brought forward	(834.90)	(703.73)
Accumulated Losses Carried forward	(1024.52)	(834.90)

DIVIDEND

In view of the loss suffered by the Company during the year under review, 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.

Due to various reasons, trading activities could not be pursued in this year resulting in lesser turnover. Incidence of high interest costs, high fluctuation in the raw materials costs together with escalation in the operating costs have affected the margins.

Research and Development efforts are being constantly made to develop new products and reduce the costs of inputs to face the competition better. The Company has provided proper storage facilities for storing finished products & raw materials and is also being constantly improving the infrastructural development.

Paraformaldehyde production and sales continues to be restricted to regular customers due to severe competition in prices from imports with reduced customs duty. The Company has also appointed Consignment Selling Agents at strategic location to face the competition from local suppliers with VAT advantages.

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.

GOVERNANCE

Directors

Shri. B L Damani, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

There was no change in the Constitution of Board of Directors during the Financial Year ended 31st March 2008.

AUDITORS

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 reappointment.

The Board, on the recommendation of Audit Committee, has proposed that M/s. Srikanth & Shanthi Associates, Chartered Accountants, Chennai be re-appointed as the Statutory Auditors of the Company and to hold office till the conclusion of the next Annual General Meeting of the Company. M/s. Srikanth & Shanthi Associates, Chartered Accountants have forwarded their Certificate to the Company, stating that their re-appointment if made, will be within the limit specified in that behalf in Sub-section (1B) of Section 224 of the Companies Act, 1956.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has appointed Messrs. Guha & Motilal, Chartered Accountants, Kolkata 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 management systems. The Scope and coverage of the audit is reviewed from time to time to make it more focused and effective.

b). Compliance

The Company has commitment of compliance with the internal audit towards the submissions of various returns and data information as duly required by the statutory authorities. The Company has internal audit department, which verifies and administers suitable internal control system.

c). Vigilance

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

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report, Corporate Governance Report and a Certificate from Mr.R.Sridharan, M/s. R.Sridharan & Associates, Company Secretaries, Chennai regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

Mr B L Damani, Director of the Company has given a certificate to the Board as contemplated under Clause 49 of the Listing Agreement.

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.

1. In the preparation of the Profit & Loss Account for the financial year ended March 31, 2008 and the Balance sheet as at that date ("financial statement"), applicable accounting standards have been followed;
2. 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 and loss 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. 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.

4. The financial statements have been prepared on a going concern basis.

The financial statements have been audited by M/s. Srikanth & Shanthi Associates, Chartered Accountants, the Statutory Auditors and their report is appended thereto.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public.

PARTICULARS OF EMPLOYEES

Under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees Rules, 1975) as amended, there were no employees in the company drawing more than Rs. 2 Lakhs per month or Rs. 24 Lakhs per annum during the financial year ended 31st March 2008.

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.

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 health of the workers.

LISTING OF SECURITIES

Company's shares are listed at Bombay Stock Exchange Limited and Madras Stock Exchange Limited.

ACKNOWLEDGEMENT

The Directors wish to thank the Government of Tamil Nadu and its agencies such as SIPCOT, TNEB, Tamil Nadu Pollution Control Board etc for the co-operation and assistance received. The Board also wishes to thank the Bankers, financial institutions and Customers for their continued support to your company's growth.

The Directors record their sincere appreciation to all employees for their dedication and for their efforts made to enable the company to perform and maintain steady progress during this difficult period.

The Directors also thank the shareholders for their continued support, encouragement and the confidence reposed in the management.

On behalf of the Board of Directors

Place : Chennai
Date : 30.06.2008.

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

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	2007-2008	2006-2007
(a)	Purchased		
	Normal Units (KWH)	321,088	285,556
	Peak Hr units (KWH)	76,234	69,428
	Amount paid for units consumed (in Rs.)	1,900,109	1,774,030
	Normal Rate per unit (Average)	3.5	3.5
	Peak hr Rate per Unit (Average)	0.7	0.7
	Demand Charges (Amount in Rs.)	648,000	648,000
	Electricity Tax (Amount in Rs.)	74,409	69,823
	Meter Rent (Amount in Rs.)	24,000	24,000

2. DIESEL :

S. No.	Particulars	2007-2008	2006-2007
(a)	Quantity (K.Ltrs)	750	840
	Total Amount (in Rs.)	25,115	29,334
	Average Rate (in Rs.)	33.48	34.92

3. FIRE WOOD :

S. No.	Particulars	2007-2008	2006-2007
(a)	Quantity (M.Tons)	120.970	109.180
	Total Amount (in Rs.)	240,885	171,658
	Average Rate (in Rs.)	1991/-	1572/-

4. FURNACE OIL

S. No.	Particulars	2007-2008	2006-2007
(a)	Quantity (M.Tons)	61,133	53,119
	Total Amount (in Rs.)	1,238,734	953,174
	Average Rate (in Rs.)	20.26	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, Refractories, 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 is under the process of obtaining ISO 9001 – 2000 Certificate for all its manufacturing and selling activities, confirming its systematic way of working.

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 : 30.06.2008

Sd/-
S.K. MATHUR
Director

Sd/-
B.L.DAMANI
Director

REPORT ON CORPORATE GOVERNANCE

Your Directors hereby present Corporate Governance Report.

As required by Clause 49 of the Listing Agreement entered into with the Stock Exchange, a report on Corporate Governance in accordance with the prescribed format given in the listing agreement is furnished below

1. Company Philosophy

CLARO's philosophy on Corporate Governance endeavors to achieve higher levels of transparency, integrity and equity, in all its operations and in its dealings with all its stakeholders, employees, the government and lenders.

2. Board of Directors

Composition and Category of Directors

The Board functions efficiently and effectively through its rich experience in the world of business. The Board meets at regular intervals to decide on the various strategic financial and business issues.

The Board has four members and consists of professionals drawn from diverse fields and half of the Board composition comprises of Non Executive Independent Directors.

i. Name, Category, other directorship, other committee membership / chairmanship, details are as follows :-

Sl.No.	Name of Director	Category	Number of Other Directorships	Number of Membership on other Board Committees*
1.	Mr. Arun Kumar Kothari	Non Executive Director	9	NIL
2.	Mr. Bhanwarlal Damani	Non Executive Director	1	NIL
3.	Mr. Shival Mathur	Non Executive Independent Director	2	NIL
4.	Mr. Arun Kumar Daga	Non Executive Independent Director	NIL	NIL

*Excludes Private Companies, Foreign Companies and Section 25 Companies.

Only Membership in Audit Committee, Share transfer Committee and remuneration Committee are considered for this purpose.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committee as specified in Clause 49 of the Listing Agreement, across all Companies in which they are Directors.

Details of Directors seeking appointment/re-appointment

Mr. B L Damani retires by rotation at the ensuing annual general meeting and being eligible, offer himself for re-appointment

Relevant details relating to the above re-appointment is furnished in the Notice convening the Annual General Meeting to be held on 2nd September 2008, sent along with the Annual Report.

ii. Board Meetings and Attendance at Board Meetings and Annual General Meeting

Six Board Meetings were held during the year 2007 - 2008 as against the minimum requirement of four meetings. The dates on which the meetings were held are given below:

29th May 2007, 29th June 2007, 30th July 2007, 31st October 2007, 25th January 2008 and 21st February 2008.

The attendance of each Director of these meetings and at the last Annual General Meeting are as follows:

Sl.No.	Name	No of Board Meetings attended	Attendance at the last AGM
1.	Mr. Bhanwarlal Damani	6	Yes
2.	Mr. Shival Mathur	6	Yes
3.	Mr. Arun Kumar Kothari	NIL	No
4.	Mr. Arun Kumar Daga	6	Yes