



# CLARO INDIA LIMITED

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



24<sup>th</sup> Annual Report  
2008-2009

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## BOARD OF DIRECTORS

SRI. A.K. KOTHARI	- DIRECTOR
SRI. R.L.BIYANI	- DIRECTOR (from 2nd March 2009)
SRI. N. MAHADEVAN	- DIRECTOR (from 2nd March 2009)
SRI. A.K. DAGA	- DIRECTOR
SRI. B.L.DAMANI	- DIRECTOR (upto 2nd March 2009)
SRI. S.K.MATHUR	- DIRECTOR (upto 2nd March 2009)

## 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 INFOTECH PRIVATE LIMITED  
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

**NOTICE** is hereby given that the Twenty Fourth Annual General Meeting of the shareholders of Claro India Limited will be held on Saturday the 26<sup>th</sup> September 2009, 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 31<sup>st</sup> March 2009, the Profit and Loss Account together with the cash flow statement for the financial year ended as on that date and the report of the Board of Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. A.K. Kothari, who retires by rotation and, being eligible, offer himself for re-appointment.
3. To re-appoint the Auditor and to fix their remuneration and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Messrs. Srikanth & Shanthi Associates, Chartered Accountants, Chennai, be and are hereby re-appointed as Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General meeting on such terms & remuneration as may be fixed by the Board of Directors."

#### SPECIAL BUSINESS :

4. To consider and if deemed fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution,

#### ORDINARY RESOLUTION

**"RESOLVED THAT** Mr. R. L. Biyani who was appointed by the Board as Additional Director and holds office upto the date of 24th Annual General Meeting, being eligible for appointment and in respect of whom the company has received a notice in writing from a member pursuant to Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. To consider and if deemed fit, to pass with or without modification(s), the following resolution as an ordinary resolution.

#### ORDINARY RESOLUTION

**"RESOLVED THAT** Mr. N. Mahadevan who was appointed by the Board as Additional Director and holds office upto the date of 24th Annual General Meeting, being eligible for appointment and in respect of whom the company has received a notice in writing from a member pursuant to section 257 of the companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."

On behalf of the Board  
For Claro India Ltd

Place : Chennai  
Date : 30.06.2009.

Sd/-  
R.L.BIYANI  
Director

**NOTES:**

- **A member entitled to attend and vote at the Annual General Meeting (the meeting) is entitled to appoint a proxy to attend and vote instead of him/her self and the proxy need not be a member of the company. The instrument appointing a proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.**
- The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Meeting is annexed herewith.
- The relevant details pertaining to the Directors appointed / reappointed pursuant to clause 49 of the Listing Agreement executed with Stock Exchanges are annexed hereto.
- The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 23<sup>rd</sup> Day of September 2009 to Saturday, the 26<sup>th</sup> Day of September 2009 (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 M/s. GNSA Infotech Private Limited, Unit : Claro India Limited, G R Mansion, No.11, Srinivasa Road, Pondy Bazar, T.Nagar, Chennai-600 017.
- In case of joint holders attending the meeting, only such joint holder who is higher in the order of the members will be entitled to vote.
- 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 their 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**

**B. EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

The following Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 sets out all material facts relating to items 4 and 5, mentioned in the accompanying Notice dated 30<sup>th</sup> June 2009.

Mr. R.L.Biyani and Mr. N. Mahadevan were appointed as Additional Directors with effect from 2nd March, 2009 by the Board of Directors under Section 260 of the Companies Act, 1956 and Article 117 of the Article of Association of the Company. They hold their office upto the date of the ensuing Annual General Meeting and are eligible for appointment as Directors.

The company has received notice along with a deposit of Rs.500/- from two of the members of the company under section 257 of the companies Act, 1956 proposing the appointment of Mr. R. L.Biyani and Mr. N. Mahadevan as Directors of the company.

Accordingly, an ordinary resolution as set out under Item No.4 & 5 of the notice is submitted for the approval of the members.

**Interest of Directors**

None of the Directors other than Mr. R.L. Biyani and Mr. N.Mahadevan are deemed to be interested or concerned in this resolution relating to their re-appointment.

The Board recommends these resolutions for approval of the members.

On behalf of the Board  
For Claro India Ltd

Sd/-  
R.L.BIYANI  
Director

Place : Chennai  
Date : 30.06.2009.

**ADDITIONAL INFORMATION AS PER CLASUE 49 OF THE LISTING AGREEMENT**

Brief Resume of Directors recommended for appointment / reappointment at the Annual General Meeting are given below:

**MR. A.K.KOTHARI**

Mr. A. Kothari has a rich experience in Textile, Engineering, Pharmaceuticals and Tea Industry.

The details of his directoship in other Companies and membership of Committees as on 31.03.2009 are as follows.

Company	Position
Albert David Limited	Chairman
Bhaktawatsal Investments Limited	Director
Gillanders Arbuthnot & Co. Ltd	Chairman
Kothari Phytochemicals and Industries Limited	Chairman
Bharat Fritz Werner Limited	Chairman
Indian Glass & Electrical Limited	Director
Shree Sitaram Development Co Private Limited	Director
Arvind Engineering Works Limited	Director
Vishnuhari Investments & Properties Limited	Director

**MR. R.L.BIYANI**

Shri R L Biyani aged about 64 years has a long term experience in paper Industry.

No. of Shares - 40

He is not a director of any other company.

**MR. N. MAHADEVAN**

Shri. N.Mahadevan is a graduate in Marketing Management having more than 48 years experience in Marketing Industry.

No. of Shares - NIL

He is not a director of any other company.

## DIRECTORS' REPORT

Your Directors have pleasure in presenting their Report together with the audited accounts for the financial year ended 31<sup>st</sup> March 2009.

### FINANCIAL RESULTS

Particulars	2008-09 (Rs. Lakhs)	2007-2008 (Rs. Lakhs)
Turnover	703.58	570.80
Net Profit / (Loss)	(132.10)	(189.62)
ADD / LESS : Depreciation	(36.98)	(36.13)
Gross Profit / (Loss) depreciation and preliminary expenses written off	(169.08)	(225.75)
Accumulated Losses Brought forward	(1024.52)	(834.90)
Accumulated Losses Carried forward	(1156.63)	(1024.52)

### DIVIDEND

The Company had made loss during the year, due to the accumulated losses of the company, your Directors are unable to recommend any dividend for this year.

### BUSINESS OPERATIONS

The Company has concentrated on specialised grades of Paraformaldehyde Powder, especially for Exports due to stiff competition for regular grades from imports and reduced Custom Duties.

Due to better conditions of PF Powder Resin Business compared to Liquid Resins in the Previous year, the same trend was continued this year also and products are being sold to highly quality conscious customers and the growth in this sector would be progressive.

The Company continued to maintain the ISO 2000 Certification of M/s. TUV Nord which has gained recognition and improved the company's image with special customers.

Trading activities especially on Paper were continued which contributed to the total sales turn over.

Performance of the year was affected in the later half due to unexpected recession and poor offtakes by regular customers, specially those serving the Foundries & Automotive Industries. But for the same the over all results of the operation would have been still better. Also huge fluctuations in the costs of major raw material inputs especially Phenol, Formaldehyde and Furnace Oil etc., increased the operating costs and affected the sales revenue and margins considerably.

The Company continued to focus the attention of sales on outstation parties also with the appointed Consignment Sales Agents taking advantage of the VAT benefits to face the local competition better.

Continuous efforts are being taken in the R & D to develop new products and reduce the costs of production and improve the processes.

Company has made provisions for special A/C storage yards for storing specific grades of Resins to over come the problems of deterioration in quality especially during peak summer months.

With various thrusts given as above, the company hopes to improve the performance in the coming years barring unforeseen circumstances.

Details of Directors seeking re-appointment are provided in the Corporate Governance Report forming part of this Report, as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

### **RESIGNATION**

Mr. B.L.Damani and Mr. S.K. Mathur resigned from the office of Directors with effect from 02.03.2009

### **APPOINTMENT**

At the meeting of the Board of Directors of the Company held on 02.03.2009, the Board appointed Mr. R.L. Biyani and Mr. N. Mahadevan as Additional Directors under section 260 of the Act and holds office up to the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Act, from members proposing candidature of Mr. R.L.Biyani and Mr. N. Mahadevan for the office of Directorship.

### **SECRETARIAL COMPLIANCE CERTIFICATE**

Pursuant to Section 383A of the Companies Act, 1956 read with the Companies (Compliance Certificate) Rules 2001, a certificate issued by Mr. R. Sridharan, Messrs. R. Sridharan & Associates, Company Secretaries, is attached hereto.

### **CORPORATE GOVERNANCE**

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

### **PUBLIC DEPOSITS**

The Company has not accepted any deposits from the public.

### **DIRECTOR'S 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, 2009 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 / LOSS) of the company for the 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 statement 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.

### **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.

This 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

### **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 2009.

### **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 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

Place : Chennai  
Date : 30.06.2009.

Sd/-	Sd/-
R.L.BIYANI	N. MAHADEVAN
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	2008-2009	2007-2008
	Normal Units (KWH)	2,36,098	3,21,088
	Peak Hr units (KWH)	49,086	76,234
	Amount paid for units consumed (in Rs.)	1,42,715	1,900,109
	Normal Rate per unit (Average)	3.5	3.5
	Peak hr Rate per Unit (Average)	0.7	0.7
	Demand Charges (Amount in Rs.)	4,76,973	648,000
	Electricity Tax (Amount in Rs.)	56,475	74,409
	Meter Rent (Amount in Rs.)	24,000	24,000

**2. DIESEL :**

S. No.	Particulars	2008-2009	2007-2008
(a)	Quantity (K.Ltrs)	721	750
	Total Amount (in Rs.)	26,324	25,115
	Average Rate (in Rs.)	36.51	33.48

**3. FIRE WOOD :**

S. No.	Particulars	2008-2009	2007-2008
(a)	Quantity (M.Tons)	-	120.970
	Total Amount (in Rs.)	-	240,885
	Average Rate (in Rs.)	-	1991/-

**4. FURNANCE OIL:**

S. No.	Particulars	2008-2009	2007-2008
(a)	Quantity (M.Tons)	51733	750
	Total Amount (in Rs.)	1,422,554	25115
	Average Rate (in Rs.)	27.49	33.48

**5. THERMINAL NOSS**

S. No.	Particulars	2008-2009	2007-2008
(a)	Quantity (M.Tons)	416	0
	Total Amount (in Rs.)	41,960	0
	Average Rate (in Rs.)	10,080	0