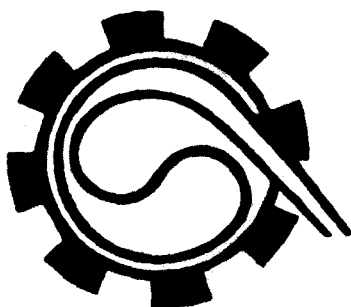


# 12th Annual Report 2004-2005

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# SHRENO LTD.

(Formerly known as Shreno Investment & Finance Limited)

## **SHRENO LIMITED**

(Formerly known as Shreno Investment & Finance Limited)

### **Board of Directors:-**

Shri R K Baheti

*Chairman*

Shri Pranav Amin

*From 07.06.2005*

Shri Nitin Bhawe

*From 27.09.2005*

Shri A M Kamdar

Shri N R Shah

*Up to 07.06.2005*

Shri Sitansh Magia

### **Secretary:-**

Miss Neha Shah

### **Statutory Auditors:-**

M/s Dalal & Shah

Chartered Accountants

712, ATMA House

Opp. Old Reserve Bank of India

Ashram Road

Ahmedabad 380 009

### **Bankers:-**

Bank of Baroda Vadodara

Union Bank of India Vadodara

### **Registered Office:-**

Alembic Road

Vadodara - 390 003

### **Factory:-**

3/23-24 Industrial Estate

Vadodara - 390 016

**SHRENO LIMITED****NOTICE**

The Twelfth Annual General Meeting of the Members of Shreno Limited will be held on Monday, the 28<sup>th</sup> day of November 2005, at 11.30 a.m. at "Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara- 390 003 to transact the following business:

**ORDINARY BUSINESS :**

1. To receive and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended on 31<sup>st</sup> March, 2005, and the Report of the Directors and Auditors thereon.
2. To appoint Director in place of Shri Sitansh Magia, who retires by rotation and is eligible for re-appointment.
3. To appoint M/s. Pravin Doshi & Co., Chartered Accountants, Vadodara as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting in place of retiring Auditors M/s. Dalal & Shah Chartered Accountants, Ahmedabad and to fix their remuneration. A notice under Section 225 of the Companies Act, 1956 has been received from a member of the Company in this regard.

**SPECIAL BUSINESS :**

4. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution :  
"RESOLVED THAT Shri Nitin Bhawe, who having been appointed as an additional director, vacates the office at this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."
5. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution :  
"RESOLVED THAT subject to the sanction of the Central Government under Section 269 and other applicable provisions, if any, of the Companies Act, 1956 and other rules and regulations applicable in this regard from time to time, the consent of the members be and is hereby accorded to the appointment of Shri Nitin Bhawe at present holding the position of Vice –President, as Whole time Director of the Company for a period of three years from 01.12.2005 on the remuneration and on the terms and conditions per the draft agreement placed before the meeting and initialed by the Chairman for identification or on such terms and conditions as the Central Government may approve.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to pay such remuneration to the Whole-time Director from time to time as may be approved by the Central Government.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

**Regd. Office :**  
Alembic Road,  
Vadodara 390 003  
Dated: 25.10.2005

On behalf of the Board of Directors,

**R K Baheti**  
Chairman

**NOTES :**

1. **ANY MEMBER ENTITLED TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The Board of Directors has fixed 28.11.2005 as date of Book Closure for the purpose of records.
3. Explanatory statement setting out all the material facts concerning Item No. 04 and 05 as required under Section 173 of the Companies Act, 1956 is annexed herewith.

**SHRENO LIMITED**


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**EXPLANATORY STATEMENT AS REQUIRED UNDER  
SECTION 173 OF THE COMPANIES ACT, 1956.**
**Item No. 04**

Shri Nitin Bhawe was appointed as additional director on 27.09.2005. As per Section 260 of the Companies Act, 1956 he will hold office up to the date of this Annual General Meeting. He is Post Graduate having more than 20 years' experience in the field of project management and of General Administration in various fields such as Software, Engineering, Purchase etc. He is eligible for appointment as Director and the Company has received a notice along with the deposit of Rs.500/- from a member of the Company signifying the intention to propose his name for the office of Director in terms of Section 257 of the Companies Act, 1956.

**Item No. 05**

Shri Nitin Bhawe was working with the Shreno Limited as Vice-President since 01.03.2004. During the year, Shreno Limited was merged with Shreno Investment & Finance Limited and subsequently, the name was changed to Shreno Limited w.e.f. 19.09.2005. The Company continues to operate as an Engineering Company post-merger and hence is proposed to appoint/redesignate Shri Nitin Bhawe as Whole-time Director of the Company subject to approval of Central Government and the members in the General meeting. Accordingly, the Board of Directors of the Company in their meeting held on 25.10.2005 decided to appoint Shri Nitin Bhawe as Whole-time Director of the Company subject to approval of Central Government and the members in the General meeting, for a period of three years with effect from 1.12.2005.

The Company will make an application to the Central Government in due course of time.

The terms and conditions contained in the agreement proposed to be made between the Company and Shri Nitin Bhawe, upon his aforesaid appointment, inter alia, includes the following:

1. **Period of Agreement** : 3 years from 1st December, 2005 to 30th November, 2008.
2. **Salary** : Up to Rs.125000/- per month.
3. **Perquisites and Allowances** : In addition to salary, perquisites in respect of the following will be allowed to an amount not exceeding the annual salary.
  4. **CATEGORY 'A'**
    - (i) House Rent Allowance: Up to Rs. 15000/- per month.
    - (ii) Medical Reimbursement :  
Reimbursement of expenses for self and family actually incurred, the total cost of which to the Company shall not exceed Rs. 6000/- per month.
    - (iii) Leave Travel Concession:  
Up to Rs. 72000/- per annum for self and family once in a year in accordance with the Rules of the Company.
  - CATEGORY 'B'**
    - (i) Contribution to Provident Fund Up to @ 12% of salary not exceeding Rs. 8000 /- per month, Superannuation Fund Up to @ 15% of salary not exceeding Rs. 10000/- per month.
    - (ii) Gratuity payable shall not exceed half a month's salary for each completed year of service.
  - CATEGORY 'C'**
    - (i) Telephone :  
Use of Company's telephone at residence. Personal long distance calls on telephone shall be billed by the Company.  
These facilities shall not be considered as perquisites.
4. **Leave :**  
Privilege leave on full pay and allowance as per the rules of the Company, but not more than 18 days 'for every completed eleven months' service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

**SHRENO LIMITED**

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**5. Minimum Remuneration :**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Shri Nitin Bhave, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, subject to the restrictions set out in Section II of Part II of Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

The Whole-time Director, so long as he functions as such, shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof and shall not be liable to retire by rotation.

This may be treated as an abstract of the terms of appointment under Section 302 of the Companies Act, 1956.

The draft agreement between the Company and Shri Nitin Bhave is available for inspection by any member of the Company at the Registered Office of the Company between 10.00 a.m. to 12.00 noon on any working day of the Company.

Except Shri Nitin Bhave, the Director of the Company, no other director is concerned or interested in the said resolution as it relates to his terms of appointment and remuneration.

**Regd. Office :**  
Alembic Road,  
Vadodara 390 003  
Dated: 25.10.2005

On behalf of the Board of Directors,

**R K Baheti**  
Chairman



**SHRENO LIMITED****DIRECTORS' REPORT**

To

The Members,

Your Directors present the 12<sup>th</sup> Annual Report and Audited Accounts for the year ended on March 31, 2005.**1. Performance:**

The Company's performance during the year 2004-2005 was as under :-

Particulars	Year ended on 31.03.2005 (Rs.)	Year ended on 31.03.2004 (Rs.)
Profit/(Loss ) before depreciation and tax	1,26,091	(70,63,559)
Less/(Add) Depreciation	23,38,769	(14,284)
Less/Add provision for taxation	(7,58,512)	-
Loss for the year	14,54,166	70,77,843

**2. Dividend:**

Your Directors do not recommend any dividend for the year.

**3. Registration with RBI:**

The Company has been registered with the Reserve Bank of India as an Investment Company as per Section 45IA of the Reserve Bank of India Act, 1934 under the Registration No. **B.01.00468**. The Company is in process of cancellation of its registration with the Reserve Bank of India as an Investment Company in view of merger of Shreno Limited – a manufacturing Company with itself.

**4. Amalgamation of Shreno Limited with the Company :**

The Scheme of amalgamation of Shreno Limited with the Company has been approved by the Hon'ble High Court, Gujarat. The Scheme has become effective w.e.f. 21.02.2005. The Company has made the allotment of Equity Shares and Preference Shares to the respective Shareholders of Shreno Limited on 01.03.2005 as per approval of the Scheme of amalgamation. The name of the Company has been changed to Shreno Limited w.e.f. 19.09.2005 and the Registrar of Companies, Gujarat has issued fresh Certificate as per the Scheme. The Annual Accounts for the year ended on 31.03.2005 have been prepared after merger of Shreno Limited with the Company and hence the Accounts of the current year are not comparable with Annual Accounts of the previous year.

**5. Operations :**

The Company has made total income of Rs. 1311.23 lacs as compared to Rs. 43.10 lacs during the previous year. The Loss stood at Rs. 14.54 lacs as against Rs. 70.78 lacs for the previous year.

**6. Energy, Technology and Foreign Exchange:**

Information pursuant to 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 given in Annexure – A to this Report.

**7. Fixed Deposits :**

The Fixed deposits including those from Shareholders of the Company as on 31st March, 2005 amounting to Rs.3204000/-. Out of these, deposits aggregating to Rs.475000/- from 42 depositors have not been claimed on due dates. Deposits of Rs.313000 /- has since been repaid of 30 depositors and for balance of Rs.162000 /- from 12 depositors, no instruction have been received so far.

The Company has not accepted any Public Deposits during the year. However, the deposits of the Shreno Limited (Transferor Company) will be repaid on due dates.

**8. Particulars of employees:**

As the Company has no employee in the category specified under Section 217 (2A) of the Companies Act, 1956, the information under the said Section has not been given.

**9. Directors:**

During the year, Shri N R Shah resigned as the Director of the Company. The Company places on record its appreciation of valuable services and guidance rendered by Shri N R Shah to the Company. Shri Pranav Amin, has been appointed as Director of the Company in place of Shri N R Shah. Shri Pranav Amin completed B.Sc. in

**SHRENO LIMITED**

Economics / Industrial Management at Carnegie Mellon University, Pittsburg, P.A., USA and M.B.A in International management from Thunderbird, The American Graduate School of International Management. He has worked as Jr. Financial Analyst at Dendrite Inc. He is Managing Director of M/s. Nirayu Private Ltd and Director of Whitefield Agrotech Pvt. Ltd.

Shri Nitin Bhawe was appointed as additional director on 27.09.2005. As per Section 260 of the Companies Act, 1956 he will hold office up to the date of this Annual General Meeting. The Company has received a notice from a member of the Company in terms of Section 257 of the Companies Act, 1956 signifying the intention to propose his name for the office of Director..Shri Nitin Bhawe was working with the Shreno Limited as Vice-President since 01.03.2004 and the Board of Directors of the Company in their meeting held on 25.10.2005 decided to appoint Shri Nitin Bhawe as Whole-time Director of the Company subject to approval of Central Government and the members in the General meeting, for a period of three years with effect from 1.12. 2005. Shri Sitansh Magia, the Director of the Company, retires by rotation and is eligible for re-appointment.

**10. Directors' Responsibility Statement:**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors confirm the following:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the Directors had prepared the annual accounts on a going concern basis.

**11. Information on the observations of the Auditors :**

With reference to the observations of the auditors related to the Authorised Capital of the Company, the Note No.7(x) in the Notes on Accounts is self explanatory.

**12. Auditors:**

The Company has received a Special Notice from a member of the Company for appointment of M/s Pravin Doshi & Co. Chartered Accountants, Vadodara as Statutory Auditors of the Company in place of retiring Auditors M/s Dalal & Shah, Chartered Accountants, Ahmedabad.

The Board has received a confirmation from M/s. Pravin Doshi & Co., Chartered Accountants, Vadodara, intimating the Company that their appointment, if made at the ensuing Annual General Meeting will be in accordance with the limit under Section 224 (1B ) of the Companies Act, 1956.

Date : 25.10.2005  
Place : Vadodara

For and on behalf of the Board of Directors  
(R K Baheti)  
Chairman

**SHRENO LIMITED****ANNEXURE – A TO THE DIRECTORS' REPORT****A. Conservation of Energy**

The Company continues to give priority for conservation of energy by efficient utilisation of machines and equipments by proper and regular maintenance and minimising avoidable losses in the operations.

Total energy consumption and energy consumption per unit of production :

**Form 'A'****B. Technology Absorption :**

Efforts in the technology absorption : From 'B' enclosed.

C. Foreign exchange earnings and Outgo from 'C' enclosed.

**Form 'A'**

Form for disclosure of particulars with respect to conservation of energy.

**A. Power and Fuel consumption.**

	2004-05	2003-04
1. Electricity		
(a) Purchased Units (in lacs)	5.63	4.83
Total amount (Rs. in lacs)	32.56	32.53
Average rate per unit Rs.	5.65	6.71
(b) Own generation through Diesel generator :		
Unit / (kwh)	4,696	7,774
Unit per litre of diesel oil	2.30	2.39
Cost / unit Rs.	19.72	11.00
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Other / internal Generation	Nil	Nil

**B. Consumption per unit of production**

In view of the company's activity of fabrication and manufacturing various machinery and equipments as per specifications of the customers, it is not feasible to furnish information of consumption of fuel per unit production.

**Form 'B'**

Form for disclosure of particulars with respect to technology absorption:

**a. Research & Development (R & D) :**

1. Specific areas in which R & D carried out by the Company.

During the year Company has Developed and implemented.

- a. Gob Distributor for 8-section machine
- b. Multi-motor Drive
- c. Double-sided TIG welding procedure
1. Benefits derived as a result of the above R & D
- a. An expanded, value-adding product range.
- b. Increase in glassware output from I.S. machines.
- c. Reduction in time and cost of welding.
1. Further plan of action :
- a. Development of Gob Distributor for 6-section machine.
- b. Development of Shear Blades for Feeder.
- c. Implementation of MIG welding procedures.
- b. Technology Absorption, Adaption and innovation :
1. Shopfloor information system was implemented to reduce lead time.
2. Kanban implementations were commenced for some consumables.
3. CNC programs were optimized for enhanced cutting speeds.



**SHRENO LIMITED****Form 'C'**

Form for disclosure of particulars with respect to foreign exchange and out go :

1. Activities relating to exports : initiative taken to increase exports, by development of new export markets for products and services and export plans.
2. Total foreign exchange used and earned :

A	Foreign Exchange used	(Rs. in lacs)
	(i) Raw materials	59.48
	(ii) Components and spare parts	-
	(iii) Capital Goods	-
	(iv) Others	3.70
B.	Foreign exchange earned	-

**SHRENO LIMITED****REPORT OF THE AUDITORS TO THE MEMBERS**

We have audited the attached Balance Sheet of **SHRENO LIMITED** (formerly known as Shreno Investment and Finance Ltd.) as at 31<sup>st</sup> March, 2005 and also the annexed Profit & Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. 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 of the Company;
3. The Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the Books of Account of the Company;
4. In our opinion, the Profit and Loss Account and the Balance Sheet comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
5. On the basis of the written representations received from the Directors, as on 31<sup>st</sup> March, 2005 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2005 from being appointed as a Director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required;

**We invite reference to**

**Note No. 7(x) relating to Authorised share Capital - The Authorised Share Capital disclosed in attached Balance Sheet in schedule-1 Share Capital which is not in accordance with the Authorised Share Capital clause of the Memorandum of Association of the Company.**

**Subject to foregoing**

the Accounts presents true and fair view in conformity with the accounting principles generally accepted in India.

(a) in the case of Balance Sheet, of the state of the affairs of the Company as at 31<sup>st</sup> March, 2005 and

(b) in the case of Profit & Loss Account, of the Loss for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate, we further state that:

- i (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.