

**63rd
ANNUAL REPORT
2007-2008**

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Shreno Limited

SHRENO LIMITED

5. All documents referred to in the Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on any working day up to the date of the Annual General Meeting.
6. All work related to share registry are conducted by the Company's R & T Agents, M/s. Intime Spectrum Registry Limited, 308, First Floor, Jaldhara Complex, Opp. Manisha Society, Off. Old Padra Road, Vadodara – 390 015. [Tel: (0265) 2250241, 3249857 Fax: (0265) 2250246 Email: yadodara@intimespectrum.com.] Shareholders are requested to send their communication to the aforesaid address.

Registered Office:
Alembic Road,
Vadodara-390 003.
Dated: 30th June, 2008

By Order of the Board

Rasesh Shah
Company Secretary

Explanatory Statement as required under Section 173 of the Companies Act, 1956

Item No. 5

The Company has been prudently investing its funds in various instruments, bonds, shares and securities including by way of loans to or deposits with various bodies corporate. According to Section 372A of the Companies Act, 1956 ("The Act"), giving of any loan, making of investments or providing of guarantee/security in connection with any loan in excess of 60 per cent of the paid-up share capital and free reserves, or 100 per cent of the free reserves, whichever is more, requires prior approval of the shareholders. The Company had obtained approval from the members by way of a Special Resolution passed by way of Postal Ballot for extending the limit to Rs. 35 crores, the result of which was declared at the Annual General Meeting of the Company held on 28th September, 2005.

Since the Company's aggregate loans / investments / guarantee / security may exceed the limit of Rs. 35 Crores during the financial year, this resolution is proposed for approval of the shareholders. The Board shall ensure prudent judgement and ensure that adequate safeguards are taken while advancing such loans, deposits, guarantee, security, making investments, etc. so as to protect the interests of the Company and its shareholders.

The Company has currently given loans/inter-corporate deposits and made investments in various shares & securities to the extent of Rs. 34.50 Crores.

Details of investments that are proposed to be made are given below:

Nature of investment	Objective	Sources of funds	Limit	Terms
1	2	3	4	5
Making of loans / inter-corporate deposits, Investments in call / inter-corporate loans/ debentures, bonds, commercial papers, money market instruments, units, shares and other securities etc., and providing of guarantee/ security of/to various companies viz. Alembic Limited, Paushak Limited, Sierra Investments Ltd., Nirayu Pvt. Ltd., Whitefield Chemtech Pvt. Ltd., AGI Developers Ltd., Quick Flight Ltd. and various banks, financial institutions or mutual funds floated by them or such other private mutual funds.	O p t i m a l utilisation of funds	Internal accruals / Existing bank deposits / disinvestment of existing holding of securities/better liquidity management.	Not exceeding Rs. 150 Crores	Investments be made on terms most beneficial to the C o m p a n y i n t h e circumstances from time to time, read with the provisions of Section 372A of the Act, as outlined herein above.

SHRENO LIMITED

In accordance with the provisions of Section 372A of the Companies Act, 1956, approval of members by way of a Special Resolution is required for enhancing such limits. Hence, the Board of Directors recommends approval to the Resolution by the shareholders.

The Directors of the Company are deemed to be interested in case if the loans /investments/guarantee/securities etc., are likely to be made in the companies in which they are directors and/or shareholders.

Item No. 6

Ms. Y. R. Amin is director of the Company since last 14 years. She holds MBA degree from Boston University, USA. She has rich experience in business administration for three decades.

Ms. Y. R. Amin had been originally appointed as Marketing Advisor of the Company with effect from 1st October, 2003 for a period of five years at a remuneration of Rs. 50,000/- (Rupees Fifty Thousand only) per month. She has been guiding the marketing team in the preparation and implementation of marketing plans and sales strategies for achieving better performance. Taking into consideration the knowledge, vast experience and contributions of Ms. Y. R. Amin, the Board of Directors of the Company have at their meeting held on 31st July, 2008 proposed to re-appoint her as Marketing Advisor of the Company with effect from 1st October, 2008 for a further period of five years.

As a Marketing Advisor, she will be drawing retainerhip fees of Rs. 50,000/- (Rupees Fifty Thousands only) per month plus reimbursement of travelling and conveyance expenses, if any, incurred by her, on actual basis, for the purpose of company's work and the period of retainer ship will be for five years i.e. from 1st October, 2008 to 30th September, 2013 which may be extended further on mutual terms and conditions subject to compliance of Section 314 of the Companies Act, 1956. She will also be entitled to the sitting fees payable for attending Board Meetings and Committee Meetings of the Company by virtue of being director of the Company.

Since, Ms. Y. R. Amin, a Director of the Company, has been appointed as Marketing Advisor, she is deemed to hold an Office or Place of Profit under the Company under Section 314 of the Companies Act, 1956 and therefore, approval of the Company by Special Resolution is required under Section 314 of the Companies Act, 1956. The Board of Directors recommends the shareholders to accord their consent to Ms. Y. R. Amin for her continuing to hold the office or place of profit under the Company as Marketing Advisor.

Ms. Y. R. Amin is concerned or interested in the said resolution as it relates to her appointment as Marketing Advisor. Mr. Chirayu R. Amin and Mrs. M. C. Amin, being relative of Ms. Y. R. Amin, are deemed to be concerned or interested in the resolution. None of the other Directors is concerned or interested in the resolution.

Registered Office:
Alembic Road,
Vadodara-390 003.
Dated: 30th June, 2008

By Order of the Board

Rasesh Shah
Company Secretary

SHRENOLIMITED**DIRECTORS' REPORT**

To
The Members,

Your Directors submit their Sixty-Third Report with Annual Accounts for the period ended on 31st March, 2008.

1. FINANCIAL RESULTS :

Particulars	Period ended on 31 st March 2008	(Rs. in lacs) Period ended on 30 th Sept., 2007
	6 Months	18 Months
Profit / (Loss) for the year before providing for Depreciation, Interest, Tax & Non-recurring item	326.91	1,659.14
Deducting therefrom:		
- Interest	381.11	874.15
- Depreciation	113.29	397.39
Profit/(Loss) Before Non-Recurring Item	(167.49)	387.60
Less: Interest payable to ONGC	-	3,731.86
Profit/(Loss) Before Deferred Tax	(167.49)	(3,344.26)
Less: Provision for Deferred Tax	-	355.95
Profit/(Loss) Before Tax	(167.49)	(3,700.21)
Less:		
Provision for Wealth Tax	3.72	2.87
Provision for Current Tax/Fringe Benefit Tax	4.25	6.00
Excess/Short Provision of tax in respect of earlier year	4.97	24.95
Net Profit/(Loss) after Tax and Non-recurring item	(170.49)	(3,684.13)
Adding thereto:		
Balance brought forward from last year	(3,840.51)	(338.95)
Balance of P & L A/c transferred from erstwhile Shreno Limited	-	182.57
Surplus/(Deficit) carried to Balance Sheet	(4,011.00)	(3,840.51)

The figures for the period ended on 31st March, 2008 are not comparable with the figures for the period ended on 30th September, 2007. The Current financial year is for a period of six months, commencing from 1st October, 2007 to 31st March, 2008.

2. OPERATIONS:

The total income for the period ended on 31st March, 2008 were Rs. 4,455.12 crores as compared to Rs. 10,504.64 crores for the previous financial year (18 months period) ended on 30th September, 2007. The Profit before Depreciation, Interest, Tax & Non-recurring Item was Rs. 3.26 crores for the period under review as compared to Profit of Rs. 16.59 crores for the previous year. The Net Loss after tax for the period was Rs. 1.70 crores as compared to the Net Loss of Rs. 36.84 crores during previous year.

Your Company has commenced real estate business and a part of the land has been converted as stock in trade for the said business. The Company is exploring various options for development of this land.

In view of losses, your Directors do not recommend dividend for the period ended on 31st March, 2008.

3. SUBSIDIARY COMPANY:

The information of the subsidiary companies, as required under section 212 of the Companies Act, 1956, are annexed hereto.

4. FINANCIAL YEAR:

The Board of Directors of the Company have adopted the current financial year for a period of six months i.e. from 1st October, 2007 to 31st March, 2008. The previous financial year of the Company was for a period of eighteen months, ending on 30th September, 2007. Your Directors considered the convenience of having 31st March as the financial year-end, and hence, it was decided to adopt the current financial year for a period of six months i.e. from 1st October, 2007 to 31st March, 2008. The subsequent financial years are adopted to be commencing from 1st April and ending on 31st March of the next calendar year.

SHRENO LIMITED**5. FIXED DEPOSITS:**

During the year under review, the Company has not accepted/renewed any Fixed Deposits in terms of Section 58A of the Companies Act, 1956. During the year, no amount was required to be transferred to the 'Investors Education & Protection Fund' as provided under Section 205C of the Companies Act, 1956.

6. DIRECTORS:

Dr. G. R. Dholakia and Mrs. M. C. Amin retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their re-appointment in the ensuing Annual General Meeting.

7. 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 the Annexure - A to the Report.

8. PARTICULARS OF EMPLOYEES:

The information required under section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, forms part of this report as Annexure – B. However, as permitted by Section 219(1)(b)(iv) of the Companies Act, 1956, this Annual Report will be sent to shareholders excluding this Annexure. Any shareholder interested in obtaining the particulars may obtain it by writing to the Company Secretary of the Company.

9. AUDITORS:

M/s. K. C. Mehta & Co., the Company's Auditors, will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment as Auditors. Members are requested to re-appoint them and fix their remuneration.

10. DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the Companies Act, 1956, the Directors state that:

- i) in the preparation of the annual accounts for the year, the applicable accounting standards have been followed.
- ii) accounting policies as listed in the 'Schedule-R' to the financial statements have been selected and consistently applied and reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2008 and of the loss for the year ended on that date.
- iii) proper and sufficient care for maintenance of adequate accounting records has been taken in accordance with the provisions of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- iv) the annual accounts have been prepared on a "going concern" basis.

On behalf of the Board of Directors

Chirayu R. Amin
Chairman

Vadodara, 30th June, 2008

SHRENO LIMITED**ANNEXURE – 'A' TO DIRECTORS' REPORT**

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY**(a) The energy conservation measures taken:****Glass Division :**

The company's ongoing study to identify and implement energy saving systems, resulted into following measures:

1. Installed exclusively separate small unit of compressor at Batch house in order to overcome line losses and reduce pressure fluctuation in compressed air.
2. Automization of mould cooling blowers' air flow systems to save energy thereby.
3. Achieve a good energy saving in soft water pump by increasing pump efficiency and controlling water pressure as well as flow.
4. Replace transparent roof sheets in place of cement / GI sheets in godowns, packing areas and other departments for getting natural sun light.
5. Modified NYT Furnace combustion blower duct line for optimizing its utilization and getting power saving thereby.

Engineering Division :

Energy conservation is a priority area for the company and focus is on identifying and controlling the losses in the manufacturing process. Preventive maintenance and optimal utilization of machines are being practised.

(b) Additional investment and proposals if any, being implemented for reduction in consumption of energy.

The company has several plans for investment in energy saving devices and Automation of energy system such as high efficient equipment like:

1. High pressure screw compressor in place of reciprocating compressors to fulfill future plant requirements and for energy saving.
2. Separate Mould cooling blower for individual machine for higher production and for energy saving.
3. High efficient oil ring vacuum pump in place of water ring vacuum pump for energy saving.

(c) Impact of major taken at (a) & (b) above for reduction for energy conservation and consequent impact on the cost of production of goods:

Electricity and gas consumption per metric ton is decreased.

(d) Total energy consumption and energy consumption per unit of production: Form 'A' enclosed.**B. TECHNOLOGY ABSORPTION**

Efforts made in Technology absorption: **Form 'B' enclosed.**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports: initiatives are taken to increase exports, by developing new export markets for products and services and export plans.
2. Total Foreign Exchange used and earned:
Please refer Note No. 14 of Schedule-R of the 'Notes on Accounts' for detail in this regard.

SHRENO LIMITED

FORM 'A' - Form for disclosure of particulars with respect to conservation of energy.

A. POWER AND FUEL CONSUMPTION

	2007-08 (6 months)	2006-07 (18 months)
1. Electricity		
(a) Unit Purchased (units in lacs)	33.76	111.38
Total amounts (Rs. in lacs)	118.17	402.70
Average Rate (Rs. / Unit)	3.50	3.62
(b) Own generation:		
(i) Through diesel generator:		
Units (KWH) in lacs	0.36	0.19
Unit per liter of diesel oil	2.38	2.43
Cost (Rs. / unit)	17.19	14.30
(ii) Through Gas Generator:		
Units (KWH) in lacs	0.35	16.40
Unit per m ³ of Natural Gas	2.48	2.74
Cost (Rs. / Unit)	3.90	3.31
(iii) Through steam generator:		
Unit	NIL	NIL
Cost	NIL	NIL
2. Coal	NIL	NIL
3. Furnace	NIL	NIL
4. Others / internal generation:		
Natural gas (cubic meters in lacs)	87.39	228.24
Total amount (in lacs)	449.76	1,163.11
Average rate (Rs. per 1000 Cubic - Meters)	5,146.10	5,095.87
Consumption per unit of production:		
(For Glass Division Only)		
Electricity (unit - per metric ton of production)	309.60	360.06
Gas (cubic meters - per metric ton of production)	431.57	453.37

In view of the nature of the business carried on by engineering division i.e. fabrication and manufacturing of machinery and equipments as per customers' specifications, it is not feasible to furnish information on consumption of fuel per unit of production.

SHRENOLIMITED**FORM 'B' - Form for disclosure of particulars with respect of Technology Absorption.****(a) Research and Development (R & D):**

1. (a) Specific areas in which R & D carried out by Glass Division:
 - i) Development of ceramic colour for Tumblers & Jars designing as per plant requirement.
 - ii) Use of alternate raw material to improve lusture of glass.
 - iii) Installation of High power magnets at different locations for iron reduction in glass.
 - iv) Use of different combinations of decolourisers for improvement in glass colour.
- (b) Specific areas in which R & D carried out by Engineering Division:
During the year the Company has developed and implemented:
 - i) Fire polisher with loader / unloader.
 - ii) Hydraulic System for Agitator.
2. (a) Benefits derived as a result of the above R & D by Glass Division:
 - i) Improvement in overall glass lusture & colour.
 - ii) Increase in Plant efficiency.
 - iii) Reduction in loss due to lower glass defects.
 - iv) Increased customer satisfaction by reduction in complaint for glass quality.
- (b) Benefits derived as a result of the above R & D by Engineering Division:
 - i) Productivity Enhancement.
 - ii) Improvement in operational efficiency.
3. Future plan of action:
The Glass Division has the following plans:
 - i) Changing from Manual to Automatic process control in Batch House for improving Glass quality & efficiency.
 - ii) Reduction in Batch & Process cost and maintaining same quality level.
 - iii) Increase in Production capacity of Furnace.
 - iv) Development of new products as per company's future plan.

The Engineering Division has taken up jobs for development of electronic control mechanism for I.S. Machines.

4. Expenditure on R & D :

	<u>2007-2008</u> (Rs. In Lacs)	<u>2006-2007</u> (Rs. In Lacs)
i) Capital	8.00	6.50
ii) Recurring	2.50	22.00
Total	<u>10.50</u>	<u>28.50</u>
Total R & D expenditure as a		
Percentage of total turnover	0.21 %	0.30%

(b) Technology Absorption, Adaptation and Innovation:

1. Efforts in brief made towards technology absorption, adaptation and innovation:
The Glass division has taken the following efforts;
 - i) Improved methodology for Batch Preparation. New systems development for raw material iron reduction.
 - ii) Installation of Automatic Glass level control system in Furnace.
 - iii) Application of Stainless steel moulds for better surface finish of glass.
 - iv) Overhauling of H-28 machine to improve efficiency.
 - v) Planning of increased production by Electrical Boosting in the Furnace.

The Engineering division has made efforts towards technology absorption, adaption and innovation.
2. Benefits derived as a result of this efforts:
Glass Division
 - i) Saving in energy inputs.
 - ii) Longer life of moulds and better finish of final products.

Engineering Division
There is improvement in productivity and import substitution leading to savings in exchange.
3. Information regarding technology imported in last 5 years: Not applicable

SHRENO LIMITED**AUDITOR'S REPORT**

To the members of,
Shreno Limited

1. We have audited the attached Balance Sheet of **Shreno Limited** as at 31st March 2008 and also the Profit and Loss Account, and the Cash Flow Statement of the Company for the period ended on that date annexed thereto. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above,
 - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. in our opinion, proper books of accounts as required by the law have been kept by the company so far as appears from our examination of the books;
 - c. the Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - d. in our opinion, Balance Sheet, the Profit & Loss account and Cash Flow Statement dealt with by this report are in compliance with Accounting Standard referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable;
 - e. on the basis of the written representations received from the directors of the Company, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. in our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - i. in the case of Balance Sheet, the state of affairs of the company as at 31st March, 2008;
 - ii. in the case of Profit and Loss account, of the Loss for the period ended on that date.
 - iii. in the case of Cash Flow Statement, of the cash flow for the period ended on the date.

For K. C. Mehta & Co.
Chartered Accountants

Vishal P. Doshi
Partner
Membership No. 101533

Vadodara, 30th June, 2008.

SHRENOLIMITED**(ANNEXURE TO THE AUDITORS' REPORT)**

(referred to in paragraph (3) thereof)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However item wise value in respect of assets other than land, buildings and vehicles acquired prior to 1968 are not available.
- (b) The Company has a regular program of physical verification of fixed assets which, in our opinion is reasonable. The assets which were to be covered as per the said program have been physically verified by the management during the period. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off its fixed assets during the period and therefore, do not affect the going concern assumption.
- ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the period.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- iii. (a) According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and therefore, the provisions of clause (iii) (a), (b), (c) and (d) of the order are not applicable to the company.
- (b) The company had taken unsecured loans from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the period was Rs. 445 Lakh and the year end balance of loan taken was Rs. 445 Lakh.
- (c) In our opinion and according to the information and explanation given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- (d) The terms and conditions of the loans taken do not involve repayment schedule of principal. The payment of interest is regular.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of inventories and fixed assets and sale of goods and services. Further on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system.
- v. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5 Lakh in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanation given to us, the Company has complied with the provision of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the products of the Company and therefore, the provisions of clause (viii) of the order are not applicable to the company.
- ix. (a) The Company has been regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, investor education protection fund, employee's state insurance, income-tax, sales-tax wealth tax, service tax, custom duty and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, custom duty, and excise duty were in arrears, as at 31st March 2008 for a period of more than six months from the date they become payable.