

**65th**  
**ANNUAL REPORT**  
**2009-2010**

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**Shreno Limited**

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## SHRENO LIMITED

<b>BOARD OF DIRECTORS</b>	:	Mr. Chirayu R. Amin Mrs. Malika C. Amin Ms. Yera R. Amin Mr. Surendra J. Patel Dr. Gannath R. Dholakia Mr. Rasesh Shah	- Chairman     - Whole-time Director & Secretary
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<b>AUDITORS</b>	:	M/s. K. C. Mehta & Co., Chartered Accountants, 2nd Floor, Meghdhanush, Beside Landmark Building, Race Course Circle, Vadodara - 390 007.
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<b>BANKERS</b>	:	HDFC Bank Bank of Baroda
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<b>REGD. OFFICE</b>	:	Alembic Road, Vadodara-390 003.
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<b>REGISTRAR &amp; TRANSFER AGENTS</b>	:	M/s. Link Intime India Private Limited 308, 1st Floor, Jaldhara Complex, Opp. Manisha Society, Off. Old Padra Road, Vadodara - 390 015 Tel.: (0265) 2250241 / 3249857 Email: vadodara@linkintime.co.in
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**NOTICE**

NOTICE is hereby given that the Sixty-Fifth Annual General Meeting of **Shreno Limited** will be held at "Sanskriti", Alembic Corporate Conference Center, Alembic Colony, Vadodara-390 003, on **Tuesday the 17th August, 2010 at 4.00 p.m.** to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit & Loss Account of the Company for the year ended on that date, and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Chirayu R. Amin, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. J. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS:****To transact the following business as special business**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:  
"RESOLVED THAT pursuant to Section 314 and any other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company, be and is hereby accorded to the holding and continuing to hold an office or place of profit under the Company by Mrs. S. R. Mukherjee, relative of Mr. Chirayu R. Amin, Mrs. M. C. Amin and Ms. Y. R. Amin, Directors, who is appointed by the Board of Directors as a Management Consultant on consultancy fees of Rs. 50,000/- per month for a period of 3 years w.e.f. 1<sup>st</sup> May, 2010."

**NOTES:**

1. **ANY MEMBER ENTITLED TO ATTEND AND 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 Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting.
3. The Register of Members of the Company will remain close from Tuesday, the 10th August, 2010 to Tuesday, the 17th August, 2010 (both days inclusive).
4. The Explanatory Statement setting out all material facts concerning item as required under Section 173 of the Companies Act, 1956 is annexed hereto.
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. Link Intime India Private Limited, 308, First Floor, Jaldhara Complex, Opp. Manisha Society, Off. Old Padra Road, Vadodara – 390 015. [Tel: (0265) 2250241, 3249857, Fax: (0265) 2250246, Email: vadodara@linkintime.co.in] Shareholders are requested to send their communication to the aforesaid address.

Registered Office:  
Alembic Road,  
Vadodara-390 003  
Dated: 6<sup>th</sup> May, 2010

By Order of the Board

Rasesh Shah  
Company Secretary

**Explanatory Statement as required under Section 173 of the Companies Act, 1956****Item No. 5**

Mrs. S. R. Mukherjee is a graduate and has wide experience in business management. Taking into consideration her knowledge and vast experience, she was re-appointed as Management Consultant of the Company w.e.f. 1<sup>st</sup> May, 2007 for a period of three years at a retainership fees of Rs. 50,000/- (Rupees Fifty Thousand only) per month. Considering the valuable contribution made by Mrs. S. R. Mukherjee, the Board of Directors recommends the shareholders to accord their consent to Mrs. S. R. Mukherjee for her continuing to hold the office or place of profit under the Company as a management consultant at a retainership fees of Rs. 50,000/- (Rupees Fifty Thousand only) per month w.e.f. 1<sup>st</sup> May, 2010 for a period of three years.

Mr. Chirayu R. Amin, Mrs. M. C. Amin and Ms. Y. R. Amin are relatives of Mrs. S. R. Mukherjee and hence, Mrs. S. R. Mukherjee is deemed to hold an office or place of profit under Section 314 of the Companies Act, 1956. Therefore, approval of the members of the Company by Special Resolution is required.

Except Mr. Chirayu R. Amin, Mrs. M. C. Amin and Ms. Y. R. Amin, none of the other Directors is concerned or interested in the resolution.

Registered Office:  
Alembic Road,  
Vadodara-390 003  
Dated: 6<sup>th</sup> May, 2010

By Order of the Board

Rasesh Shah  
Company Secretary

# SHRENO LIMITED

## DIRECTORS' REPORT

To  
The Members,  
Your Directors submit their Sixty-Fifth Report with Annual Accounts for the year ended on 31<sup>st</sup> March, 2010.

### 1. FINANCIAL RESULTS:

Particulars	(Rs. in lacs)	
	Year ended on 31 <sup>st</sup> March, 2010	Year ended on 31 <sup>st</sup> March, 2009
Profit for the year before providing for Depreciation, Interest & Tax	3618.97	1535.05
<u>Deducting therefrom:</u>		
- Interest	416.72	1032.64
- Depreciation	225.20	239.20
Profit Before Tax	2977.05	263.21
Less:		
Provision for Current Tax	515.00	-
Provision for Fringe Benefit Tax	-	6.80
Provision for Wealth Tax	9.50	3.66
(Excess)/Short Provision of tax in respect of earlier year	(23.92)	9.18
Net Profit after Tax	2476.47	243.57
Adding thereto:		
Balance brought forward from last year	(3767.43)	(4011.00)
Surplus / (Deficit) carried to Balance Sheet	(1290.96)	(3767.43)

### 2. OPERATIONS:

The total income for the year ended on 31<sup>st</sup> March, 2010 was Rs. 212.17 crores as compared to Rs. 115.35 crores for the previous financial year ended on 31<sup>st</sup> March, 2009. The Profit before Depreciation, Interest, Tax & Non-recurring Item was Rs. 36.19 crores for the year under review as compared to Profit of Rs. 15.35 crores for the previous year. The Net Profit after tax for the year was Rs. 24.76 crores as compared to the Net Profit of Rs. 2.44 crores during previous year.

In view of carried forward losses, your Directors do not recommend dividend for the year ended on 31<sup>st</sup> March, 2010.

### 3. SUBSIDIARY COMPANY:

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

### 4. 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.

### 5. DIRECTORS:

Mr. Chirayu R. Amin and Mr. S. J. Patel 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.

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**6. AUDIT COMMITTEE:**

The Audit Committee consists of three non-executive directors, viz. Mr. S. J. Patel, Ms. Y. R. Amin and Dr. G. R. Dholakia. Mr. S. J. Patel is the chairman of the Audit Committee.

**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 31<sup>st</sup> March, 2010 and of the profit 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**

Vadodara, 6<sup>th</sup> May, 2010

**Chirayu R. Amin**  
Chairman

**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:**

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

1. Stopped the crushing plant, installed new magnetic separator and dust collecting system in batch house to save energy, reduce transportation, to obtain clean environment and improve safety.
2. Installed fuel-efficient burners on lehr annealing system.
3. Reduced Transformer losses and improve load sharing by stopping one H.T. Transformer.

**(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. Replacing 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 machines 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 measures taken at (a) & (b) above for reduction for energy consumption and consequent impact on the cost of production of goods:**

The beneficial impact of these measures is not fully achieved due to furnace wear and tear. However, due to the measures taken, despite the furnace wear and tear, electricity and gas consumption per metric ton has not increased substantially.

**(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**

- i) 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. 13 (c), (d), (e) & (f) of Schedule – R of the 'Notes on Accounts' for detail in this regard.

**FORM 'A'**- Form for disclosure of particulars with respect to conservation of energy.**Power and Fuel Consumption**

	2009-10	2008-09
<b>1. Electricity</b>		
(a) Purchased units in lacs:	<b>87.80</b>	89.80
Total amount (Rs. in lacs)	<b>329.28</b>	314.32
Average Rate (Rs. per Unit)	<b>3.75</b>	3.50
(b) Own generation:		
(i) Through diesel generator:		
Units (KWH) in lacs	<b>0.169</b>	0.047
Unit per liter of diesel oil	<b>3.19</b>	2.44
Cost (Rs. / Unit)	<b>12.52</b>	15.11
(ii) Through Gas Generator:		
Units (KWH) in lacs	<b>6.16</b>	3.31
Unit per m <sup>3</sup> of Natural Gas	<b>2.64</b>	2.04
Cost (Rs. / Unit)	<b>3.04</b>	3.00
(iii) Through steam generator:		
Unit	<b>NIL</b>	NIL
Cost	<b>NIL</b>	NIL
<b>2. Coal</b>	<b>NIL</b>	NIL
<b>3. Furnace</b>	<b>NIL</b>	NIL
<b>4. Others / internal generation:</b>	<b>NIL</b>	NIL
Natural gas (M <sup>3</sup> in lacs)	<b>181.49</b>	169.79
Total Amount (Rs. Lacs)	<b>1,001.24</b>	949.85
Rate / Unit	<b>5.52</b>	5.59
<b>Consumption per unit of production:</b>		
(For Glass Division Only)		
Electricity unit per Metric ton	<b>397.44</b>	373.67
Gas cubic meters per Metric ton	<b>477.86</b>	417.70

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.

**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) Laboratory trial for reduction in iron content in quartz & proposal of new magnetic separator.
  - ii) Benchmarking of YERA glass quality against international brands. Project given to Glass Technology Services (U.K) as per defined objectives.
- (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) Reduction in Glass Iron content from 300 ppm to 260 ppm & variation in Glass colour. Increase in Luster due to low iron content & decolouriser reduction.
  - ii) Reduction in air pollution & improved work area in batch house.
- (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. The project is already approved & underway currently.
- ii) Development of glass colour monitoring & controlling system in laboratory by UV visible spectrophotometer.

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

**4. Expenditure on R & D:**

	<b><u>2009-2010</u></b>	<b><u>2008-2009</u></b>
	<b>(Rs. in Lacs)</b>	<b>(Rs. in Lacs)</b>
i) Capital	<b>3.00</b>	1.50
ii) Recurring	<b><u>1.50</u></b>	<b><u>1.00</u></b>
<b>Total</b>	<b>4.50</b>	2.50
Total R & D expenditure as a Percentage of total turnover	<b>Negligible</b>	0.02%

**(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) Established norms for regular checking & control of major process parameters.
- iii) Manual controlling of batch & cullet feeding ratio with help of Automatic Glass level control system in Furnace.

The Engineering division has installed & commissioned following machines as part of technology upgradation.

- i) Sefop CNC Lathe.
- ii) ELGA Mill
- iii) VTL – Machining centre

**2. Benefits derived as a result of this efforts:**

Glass Division

- i) Saving in energy inputs (Gas, Electricity and Oils).
- ii) Longer life of moulds and better finish of final products.

Engineering Division

We are able to process bigger jobs with higher accuracy.

**3. Information regarding technology imported in last 5 years: Not applicable**

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**AUDITORS' REPORT**

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To,

The Members of

**SHRENO LIMITED**

1. We have audited the attached Balance Sheet of **Shreno Limited** as at 31st March 2010, the Profit and Loss Account, and the Cash Flow Statement of the Company for the year 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, we report that:
  - 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, 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, the Balance Sheet, 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, 2010 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, 2010;
    - ii. in the case of Profit and Loss account, of the Profit for the year ended on that date.
    - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on the date.

**For K. C. Mehta & Co.**  
Chartered Accountants  
Firm's Registration No. 106237W

**Vishal P. Doshi**  
Partner  
Membership No. 101533

Vadodara, 11th May, 2010

**AUDITORS' REPORT**

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To,

The Members of

**SHRENO LIMITED**

1. We have audited the attached Balance Sheet of **Shreno Limited** as at 31st March 2010, the Profit and Loss Account; and the Cash Flow Statement of the Company for the year 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, we report that:
  - 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, 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, the Balance Sheet, 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, 2010 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, 2010;
    - ii. in the case of Profit and Loss account, of the Profit for the year ended on that date.
    - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on the date.

**For K. C. Mehta & Co.**

Chartered Accountants

Firm's Registration No. 106237W

**Vishal P. Doshi**

Partner

Membership No. 101533

Vadodara, 11th May, 2010