

**66th
ANNUAL REPORT
2010-2011**

Shreno Limited

SHRENO LIMITED

BOARD OF DIRECTORS : Mr. Chirayu R. Amin - Chairman
Mrs. Malika C. Amin
Ms. Yera R. Amin
Mr. Surendra J. Patel
Dr. Gannath R. Dholakia
Mr. Rasesh Shah - Whole-time Director & Secretary

AUDITORS : M/s. K. C. Mehta & Co.,
Chartered Accountants,
2nd Floor, Meghdhanush,
Beside Landmark Building,
Race Course Circle,
Vadodara - 390 007.

BANKERS : HDFC Bank
Bank of Baroda
ING Vysya Bank

REGD. OFFICE : Alembic Road, Vadodara-390 003.

REGISTRAR & TRANSFER AGENTS : M/s. Link Intime India Private Limited
B-102 & 103, Shangrila Complex,
First Floor, Near Radhakrishna Char Rasta,
Akota, Vadodara - 390020
Tel: (0265) 2356573, 2356794
Fax: (0265) 2356791
Email: vadodara@linkintime.co.in

NOTICE

NOTICE is hereby given that the Sixty-Sixth Annual General Meeting of **Shreno Limited** will be held at "Sanskriti", Alembic Corporate Conference Center, Opp. Pragati Sahakari Bank Limited, Alembic Colony, Vadodara-390 003, on **Tuesday, the 30th August, 2011 at 3.45 p.m.** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 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 Dr. G. R. Dholakia, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mrs. M. C. Amin, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

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 Friday, the 19th August, 2011 to Tuesday, the 30th August, 2011 (both days inclusive).
4. All documents referred to in the Notice 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.
5. All work related to share registry are conducted by the Company's R & T Agents, M/s. Link Intime India Pvt Ltd, B-102 & 103, Shangrila Complex, First Floor, Near Radhakrishna Char Rasta, Akota, Vadodara - 390020 [Tel: (0265) 2356573, 2356794 Fax: (0265) 2356791 Email: vadodara@linkintime.co.in] Shareholders are requested to send their communication to the aforesaid address.

Registered Office:
Alembic Road,
Vadodara-390 003
Dated: 27th July, 2011

By Order of the Board

Rasesh Shah
Company Secretary

SHRENO LIMITED

DIRECTORS' REPORT

To

The Members,

Your Directors submit their Sixty-Sixth Report with Annual Accounts for the period ended on 31st March, 2011.

1. FINANCIAL RESULTS:

(Rs. in lacs)

Particulars	Year ended on 31st March, 2011	Year ended on 31st March, 2010
Profit for the year before providing for Depreciation, Interest & Tax	812.20	3,618.97
<u>Deducting therefrom:</u>		
- Interest	490.88	416.72
- Depreciation	266.46	225.20
Profit Before Tax	54.86	2,977.05
Less:		
Provision for Current Tax	7.00	515.00
Provision for Wealth Tax	10.00	9.50
(Excess)/Short Provision of tax in respect of earlier year	275.63	(23.92)
Net Profit/(Loss) after Tax	(237.77)	2,476.47
Adding thereto:		
Balance brought forward from last year	(1,290.96)	(3,767.43)
Surplus / (Deficit) carried to Balance Sheet	(1528.73)	(1,290.96)

2. OPERATIONS:

The total income for the year ended on 31st March, 2011 was Rs. 117.28 crores as compared to Rs. 211.05 crores for the previous financial year ended on 31st March, 2010. The Profit before Depreciation, Interest & Tax was Rs. 8.12 crores for the year under review as compared to Profit of Rs. 36.19 crores for the previous year. The Net Loss after tax for the year was Rs. 2.38 crores as compared to the Net Profit of Rs. 24.76 crores during previous year.

The Company has launched a real estate project for residential use in Vadodara and accordingly a part of the land has been converted as stock in trade for the said business. The Company got a mega response from Vadodara homebuyers and total of 211 units have been booked upto 31st March, 2011. However, since the project expenses upto 31st March, 2011 was less than threshold limit, no revenue or profit has been recognised.

In view of carried forward losses, your Directors do not recommend dividend for the year ended on 31st March, 2011.

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:

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.

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 the Annexure - A to the Report.

7. PARTICULARS OF EMPLOYEES:

During the year under review, there is no employee in respect of whom information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is required to be given in the Directors' Report.

8. 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.

9. 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 - U' 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, 2011 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, 27th July, 2011

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. Furnace was partially repaired to avoid heat losses and to get better fuel efficiency.
2. Two more annealing lehrs are equipped with fuel efficient burners.
3. Modified compressed air system in order to utilize compressed air efficiently and minimizing power consumption.

(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. Installed fuel efficient latest combustion system of furnace and fore hearth.
2. Separate mould cooling blower for individual machines for higher production and for energy saving.

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

The benefit is not visible because of heat losses and very high cooling was required for furnace. Moreover, power and natural gas was utilized without any production at the time of draining of the furnace and after repairing of the same for the initial heating up.

(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 export markets for products and services.
2. Total Foreign Exchange used and earned:

The total foreign exchange used during the year was Rs. 541.07 lacs (Previous Year Rs. 944.01 lacs).

The total foreign exchange earned during the year was Rs. 103.02 lacs (Previous Year Rs. 376.59 lacs.)

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

	2010-11	2009-10
1. Electricity		
(a) Purchased units in lacs:	71.90	87.80
Total amount (Rs. in lacs)	269.63	329.28
Average Rate (Rs. per Unit)	3.75	3.75
(b) Own generation:		
(i) Through diesel generator:		
Units (KWH) in lacs	0.221	0.169
Unit per liter of diesel oil	3.36	3.19
Cost (Rs. / unit)	12.54	12.52
(ii) Through Gas Generator:		
Units (KWH) in lacs	0.053	6.16
Unit per m3 of Natural Gas	1.40	2.64
Cost (Rs./ Unit)	5.57	3.04
(iii) Through steam generator:		
Unit	NIL	NIL
Cost	NIL	NIL
2. Coal	NIL	NIL
3. Furnace	NIL	NIL
4. Others / Internal generation:		
Natural gas (m3 in lacs)	172.58	181.49
Total Amount (Rs. Lacs)	1331.70	1001.24
Rate / Unit	7.71	5.52
Consumption per unit of production:		
(For Glass Division Only)		
Electricity unit per Metric ton	461.39	397.44
Gas cubic meters per Metric ton	464.87	477.86

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) Efforts to reduce iron in glass cullets by modifying cullet handling system in machine hot & cold end.
 - ii) Change in glass composition for quick setting of the glass in accordance with international standards.
- (b) Specific areas in which R & D carried out by Engineering Division:

During the year the Company has developed and implemented:

 - i) Individual Section machine for glass manufacturing.
2. (a) Benefits derived as a result of the above R & D by Glass Division:
 - i) Iron content in glass maintained within narrow range of 260-280 ppm.
 - ii) Increase in luster due to low iron content & decolouriser reduction.
 - iii) Improved luster of glass articles due to change in composition.
 - iv) Reduction in Batch Cost.
- (b) Benefits derived as a result of the above R & D by Engineering Division:
 - i) Productivity Enhancement and improvement in operational efficiency.

3. Future plan of action:

The Glass Division has plans for 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:

	2010-2011 (Rs. In Lacs)	2009-2010 (Rs. In Lacs)
i) Capital	0.00	3.00
ii) Recurring	3.50	1.50
Total	3.50	4.50
Total R & D expenditure as a Percentage of total turnover	0.03%	Negligible

(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 automatic batching system installed in place of manual system.
- ii) SOP's made & implemented for all departmental activities in Batch House, Furnace & Laboratory.
- iii) Manual controlling of Oxygen & Gas ratio in flue gas from furnace for efficient Combustion & lower gas consumption in Furnace.

2. Benefits derived as a result of this efforts:

Glass Division

- i) Improved homogeneity of glass.
- ii) Improved glass quality & less rejection rate for glass defects.
- iii) Saving in energy inputs (Gas, Electricity and Oils).

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

AUDITORS' REPORT

To,
The Members of
SHRENO LIMITED

1. We have audited the attached Balance Sheet of **Shreno Limited** as at 31st March 2011, 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, 2011 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, 2011;
 - ii. in the case of Profit and Loss account, of the Loss for the year ended on that date and;
 - 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, 27th July, 2011

(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 year. According to the information and explanations give to us, no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of its fixed assets during the year and therefore, do not affect the going concern assumption.
- ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (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 granted unsecured loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 3644 lacs and the year end balance was Rs. 1975 lacs.
- (b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- (c) The terms and conditions of the loan granted do not involve repayment of principal and interest and hence provisions of clause (iii), (b), (c) and (d) of the Order are not applicable to the Company.
- (d) In our opinion and according to the information and explanation given to us, the loans granted by the Company are repayable on demand and therefore the question of overdue amount does not arise.
- (e) The Company has taken unsecured loans from a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 2856 lacs and the year end balance of loans taken was Rs. 320 lacs.
- (f) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- (g) The terms and conditions of the loan 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 lac in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits during the year from the public within the meaning of provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under and therefore, the provisions of clause (vi) of the Order are not applicable to the Company.
- 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,