

**68th
ANNUAL REPORT
2012-2013**

Shreno Limited

SHRENO LIMITED

**BOARD OF
DIRECTORS**

: Mr. Chirayu R. Amin - Chairman
Mrs. Malika C. Amin
Ms. Yera R. Amin
Mr. Nitin V. Bhawe - Whole-time Director (w.e.f. 1st Oct., 2012)
Mr. Mayur Jadeja
Mr. C. R. Mukherjee
Mr. Rasesh Shah - Whole-time Director & Company Secretary
(upto 14th Sept., 2012)
Ms. Manisha Kathed - Company Secretary (w.e.f. 3rd Sept., 2013)

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 Eighth 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 **Friday the 27th December, 2013 at 11.30 A.M.** to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, Statement of Profit & Loss and Cash Flow Statement of the Company for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To consider and approve dividend paid on 5% Redeemable Non-Convertible Preference Shares.
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 a Director in place of Mr. Mayur Jadeja, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To Consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
“RESOLVED THAT Mr. Nitin Bhawe, who was appointed as an Additional Director of the Company w.e.f. 1st October, 2012 and who vacates his office at this annual general meeting and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received, proposing his candidature for appointment as Director, be and is hereby appointed as the Director of the Company not liable to retire by rotation.”
7. To Consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:
“RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force the approval of the shareholders be and is hereby accorded to the appointment of Mr. Nitin Bhawe as Whole-Time Director of the Company for a period of 3 years effective from 1st October, 2012 on remuneration and on such terms and conditions as set out hereinafter with liberty and authority to the Board of Directors to alter and vary the terms and conditions of said appointment from time to time subject to the provisions of the Companies Act, 1956 or any amendment thereto or any re-enactment thereof and as may be agreed to between the Board of Directors and Mr. Nitin Bhawe.

TERMS AND CONDITIONS OF APPOINTMENT :

1. **Term of Appointment:** 3 years from 1st October, 2012 to 30th September, 2015.
2. **Remuneration :**
 Subject to the ceiling prescribed by provisions of Companies Act, 1956 including any statutory modification or re-enactment thereof, the following remuneration shall be payable to Mr. Nitin Bhawe as Whole-Time Director:
 Basic Salary, Perquisites and other allowance/benefits up to maximum CTC of ₹ 125 Lacs per annum or such higher amount as may be decided by the Board of Directors of the Company, from time to time.
 Basic Salary: Maximum upto of ₹ 3,00,000/- per month.
 HRA and other allowances: Maximum upto ₹ 3,00,000/- per month.
 Contribution to Provident fund, Superannuation fund and payment of gratuity as per the rules of the Company.
 Reimbursement of Medical Expenses & LTC as per the rules of the Company.
RESOLVED FURTHER 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.”

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 and Transfer Books of the Company will remain closed from Friday, the 20th December, 2013 to Friday, the 27th December, 2013 (both days inclusive) for the purpose of Annual General Meeting.

4. All work related to share registry in terms of both – physical and electronic, is being 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). The Shareholders are requested to send their communication to the aforesaid address.

Registered Office:

Alembic Road,
Vadodara - 390 003

Dated: 30th November, 2013

By Order of the Board

Manisha Kathed
Company Secretary

Explanatory Statement as required under Section 102 of the Companies Act, 2013.

item No.6

The Board of Directors has appointed Mr. Nitin Bhawe as Additional Director w.e.f. 1st October, 2012 who will vacate his office as Director at the ensuing Annual General Meeting. The Company has received notice from a member along with deposits of ₹ 500/- proposing the candidature of Mr. Nitin Bhawe to be appointed as Director not liable to retire by rotation at ensuing Annual General Meeting.

Your Directors recommend the resolution for your approval.

None of the Directors and Key Managerial Personnel of the Company are in any way concerned or interested in the resolution except Mr. Nitin Bhawe himself.

Item No.7

The Board of Directors at its meeting held on 27th September, 2012 has on the basis of recommendation of Remuneration Committee, approved, subject to the approval of shareholders in General Meeting, appointment of Mr. Nitin Bhawe as Whole-Time Director of the Company w.e.f. 1st October, 2012.

Mr. Nitin Bhawe is a Post Graduate and has over two decades of vast experience in the fields of Purchase, Project Management, General Administration of various business including Software, Glass, Manufacturing, Engineering etc.

A statement containing details as required by the Schedule XIII of the Companies Act, 1956 is provided as under:

General Information :

The Company operates in mainly four businesses viz. Glassware, Real Estate, Engineering works and Aviation business. For the F.Y. 2012-13, the Company has made a profit before interest, depreciation and taxes of ₹ 1979 Lacs and made a net profit of ₹ 697 Lacs. Total Foreign Exchange used equivalent of ₹ 239.08 Lacs and total foreign exchange earned was equivalent of ₹ 23.62 Lacs. There are no foreign investments or collaborators.

Information about the appointee :

The details of background, experience and remuneration of Mr. Nitin Bhawe has been provided elsewhere in the notice/explanatory statement. The remuneration proposed is comparative as per the industry trends.

Other Information :

The Company has presently four businesses viz. Glassware, Real Estate, Engineering works and Aviation business as the scheme of demerger of aviation undertaking of Quick Flight Limited and transfer the same to the Company has become effective. The Glassware business is facing stiff competition from domestic as well as international competitors and the Company is taking steps to improve margins and profitability. The Engineering business is on small scale as compared to the Glassware business and is generating profits. The Company has launched its maiden real estate project and has recognized revenues during the financial year 2012-13.

This may be treated as an abstract of terms and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend the resolution for your approval.

None of the Directors and Key Managerial Personnel of the Company are in any way concerned or interested in the resolution except Mr. Nitin Bhawe himself. Mr. Nitin Bhawe has financial interest to the extent of the amount of his remuneration.

Registered Office :

Alembic Road,
Vadodara - 390 003

Dated: 30th November, 2013

By Order of the Board

Manisha Kathed
Company Secretary

DIRECTORS' REPORT

To

The Members,

Your Directors present their Sixty Eighth Report on the working of the Company together with the Audited Accounts for the year ended on 31st March, 2013.

1. FINANCIAL RESULTS :

(₹ in lacs)

Particulars	Year ended on 31 st March, 2013	Year ended on 31 st March, 2012
Profit for the year before providing for Depreciation, Interest & Tax	1979.02	573.19
<u>Deducting therefrom:</u>		
- Interest	532.87	605.50
- Depreciation	623.88	395.74
Profit Before Tax	822.27	(428.05)
Less:		
Provision for Current Tax	115.00	-
Provision for Wealth Tax	2.25	-
(Excess)/Short Provision of tax in respect of earlier years	7.95	(7.88)
Net Profit after Tax	697.07	(420.17)
Adding thereto :		
Balance brought forward from last year	(1948.90)	(1,528.73)
Less :		
Dividend on Preferences Shares redeemed	245.00	-
Dividend Distribution Tax	41.64	-
Surplus / (Deficit) carried to Balance Sheet	(1,538.47)	(1,948.90)

2. DEMERGER OF AVIATION UNDERTAKING OF QUICK FLIGHT LTD. :

The aviation undertaking of Quick Flight Ltd. has been demerged and the same is transferred to the company w.e.f. appointed date i.e. 1st October, 2012. The Hon'ble high court of Gujarat has sanctioned the composite scheme of arrangement vide order dated 20th November, 2013.

3. DIVIDEND :

5% Redeemable Non-Convertible Preference Shares of the company have been redeemed on due date i.e. 16th April, 2013. The company has paid outstanding dividend on those Preference Share at the time of their redemption. However, in view of carried forward losses, your directors do not recommend dividend on Equity Shares for the year ended on 31st March, 2013.

4. OPERATIONS :

The total income for the year ended on 31st March, 2013 was ₹ 19,062.18 Lacs as compared to ₹ 13,069.05 Lacs for the previous financial year ended on 31st March, 2012. The Profit before Depreciation, Interest & Tax was ₹ 1,979.02 Lacs for the year under review as compared to Profit of ₹ 573.19 Lacs for the previous year. The Net Profit after tax for the year was ₹ 697.07 Lacs as compared to the Net Loss of ₹ 420.07 Lacs during previous year.

5. BONUS ISSUE OF EQUITY SHARES :

During the year, the company has allotted 30,02,768 equity shares of ₹ 100/- each fully paid up to the equity share holders in the ratio of 2:1. Consequently, the paid up equity share capital has been increased from ₹ 1,501.38 Lacs to ₹ 4,504.15 Lacs.

6. SUBSIDIARY COMPANY :

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

7. 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.

8. DIRECTORS:

Mrs M. C. Amin and Mr. Mayur Jadeja retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their re-appointment at the ensuing Annual General Meeting. During the year, the Board has appointed Mr. Nitin Bhawe as Additional Director and Whole-time Director of the Company w.e.f. 1st October, 2012. As per Section 161 of the Companies Act, 2013 (Corresponding Section 260 of the Companies Act, 1956), he holds office of Additional Director upto the ensuing Annual General Meeting of the Company. The Company has received a notice u/s. 257 of the Companies Act, 1956 from the shareholders of the Company proposing the candidature of Mr. Nitin Bhawe as Director not liable to retire by rotation.

9. 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.

10. 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.

11. AUDIT COMMITTEE:

The Audit Committee consists of Mr. Mayur Jadeja, Ms. Yera Amin and Mr. C. R. Mukherjee. Mr. Mayur Jadeja is Chairman of the Audit Committee. All the Directors in Audit Committee are Non-Executive Directors.

12. 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 authorise the Board of Directors to fix their remuneration.

13. COST AUDITORS :

M/s. Kailash Sanklecha & Associates, Cost Accountants were appointed as cost auditors for Glass Division and Mr. H. R. Kapadia, Cost Accountant were appointed as cost auditor for Engineering Division of the Company for the year 2012-13.

14. 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 'Note – Z' 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, 2013 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.

Registered Office:

Alembic Road,
Vadodara - 390 003
Dated: 30th November, 2013

By Order of the Board

C. 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. Installed captive oxygen plant with capacity of 30 cubic meter per hour. Use of oxygen in fire polishing burner leads to improve fuel efficiency and better rim finish quality of glassware.
2. One more annealing lehrs was equipped with automatic fuel efficient burners which in turn save at least 10% fuel consumption and better process control of annealing the glassware.
3. Use of blower air for mould well as glassware cooling instead of compressed air in glass forming process leads to minimize the power consumption.
4. The Company continues its programme of optimizing fuel consumption. The Company has followed a policy of maintaining proper programme of aircraft and engine maintenance. Fuel consumption is monitored and improvements in procedures, practices and aircraft modifications are done on a continuous basis.

(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. Planning to build new glass melting furnace with partial adaptation of fuel efficient design concept from German furnace Design consultant.

(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 considering the aging of 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 taken to increase exports, are not successful so far because of our cost competitiveness.
2. Total Foreign Exchange used and earned:

The total foreign exchange used during the year was ₹ 571.29 lacs (Previous Year ₹ 663.14 lacs). The total foreign exchange earned during the year was ₹ 23.62 lacs (Previous Year ₹ 31.78 lacs).

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

	2012-13	2011-12
	(12 Months)	(12 Months)
1. Electricity		
(a) Purchased units in lacs:	64.50	69.69
Total amount (₹ in lacs)	306.41	331.05
Average Rate (₹ per Unit)	4.75	4.75
(b) Own generation:		
(i) Through diesel generator:		
Units (KWH) in lacs	0.0714	0.1389
Unit per liter of diesel oil	3.14	3.16
Cost (₹ / unit)	15.87	15.88
2. Others / internal generation:		
Natural gas (M ³ in lacs)	86.55	81.04
Total Amount (₹ Lacs)	823.48	658.99
Rate / Unit (₹ Per M ³)	9.514	8.13
Consumption per unit of production:		
(For Glass Division Only)		
Electricity unit per Metric ton	434.15	485.18
Gas cubic meters per Metric ton	581.26	565.48

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 to Technology Absorption:****(a) Research and Development (R & D):**

1. (a) Specific areas in which R & D carried out by Glass Division:
 - i) Replacing all hot cullet transferring channel with high grade stainless steel material to reduce iron in glass cullets and to improve the glass colour.
 - ii) Change in glass composition with reduction in soda ash to make short glass i.e. quick setting of the glass in accordance with international standards.
- (b) Specific areas in which R & D carried out by Engineering Division:
 - i) Development work for a higher capacity feeder base on EMHART design was undertaken.
 - ii) Developmental activities have also been undertaken for IS Machine Conversion Kits. (Mechanical to Electronics)
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 180 to 220 ppm.
 - ii) Glass Quality has improved with better luster and finish with low iron contamination in finish glass.
 - iii) Reduction in batch cost by use of more % cullet without affecting the glass quality with improved cullet handling system.
- (b) Benefits derived as a result of the above R & D by Engineering Division:
 - i) Higher glass draw, increasing a speed of machine and resultant productivity on enhancement and operational efficiency improvement.

3. Future plan of action:

The Glass Division has plans to install new cullet washing plant and scapper conveyor as a part of upgrading the hot and cold handling system.

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

4. Expenditure on R & D :

(₹ In Lacs)

	2012-2013	2011-2012
i) Capital	0.00	0.00
ii) Recurring	2.82	1.72
Total	2.82	1.72
Total R & D expenditure as a Percentage of total turnover	0.02 %	0.01 %

(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

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Shreno Limited

Reports on the Financial Statements

We have audited the accompanying financial statements of **Shreno Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 2. As required by section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
-