



**spenta**

**SPENTA INTERNATIONAL LIMITED**

**17<sup>th</sup> ANNUAL REPORT**  
**2003 - 04**



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SPENTA INTERNATIONAL LIMITED

**DIRECTORS :**

MR. SANJAY S. GADODIA, (*Chairman*)  
MR. SANDEEP S. GADODIA  
MR. JAYANT G. FARSWANI  
MR. MILIND VINOD  
MR. RAJESH S. DESHPANDE  
MR. DANNY F. HANSOTIA (*Managing Director*)

**BANKERS :**

DENA BANK, SHARE BAZAR BRANCH,  
MUMBAI

**AUDITORS :**

A. R. PARIKH & CO., MUMBAI.

**REGISTERED OFFICE & FACTORY :**

PLOT NO. 15 & 16  
DEWAN INDUSTRIAL ESTATE  
VILLAGE NAVALI, PALGHAR.

**HEAD OFFICE :**

86 & 87, MAHENDRA CHAMBERS,  
2ND FLOOR, 134/136, D. N. ROAD,  
MUMBAI - 400 001.

**SHARE TRANSFER AGENT :**

INTIME SPECTRUM REGISTRY LTD.  
C-13, PANNALAL SILK - MILLS COMPOUND,  
L. B. S. MARG, BHANDUP (W),  
MUMBAI - 400 078.

**LISTING OF EQUITY SHARES (Listing Fees Paid)**

THE STOCK EXCHANGE, MUMBAI  
PHIROZE JEEJEEBHOY TOWERS, DALAL STREET,  
MUMBAI - 400 001.

**THE AHMEDABAD STOCK EXCHANGE**

KAMDHENU COMPLEX, PANGARPOLE,  
AHMEDABAD 380015.

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## NOTICE

NOTICE is hereby given that the 17<sup>th</sup> Annual General Meeting of the members of **SPENTA INTERNATIONAL LIMITED** will be held on **Thursday the 26<sup>th</sup> August, 2004** at 11.30 a.m. at the Registered Office of the Company situated at Plot No. 14, 15 & 16, Dewan Industrial Estate, Village Navali, Dist. Thane, Palghar to transact the following business:-

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### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R.S. Deshpande who retires by rotation & being eligible offers himself for re-appointment.
3. To appoint auditors of the Company to hold office from the conclusion on this Annual General meeting, untill the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board  
FOR SPENTA INTERNATIONAL LIMITED

DATE : 30/06/2004.  
PLACE : MUMBAI

**Sanjay S. Gadodia**  
CHAIRMAN



## NOTES

1. A member entitled to attend and vote at the meeting 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 proxies, in order to be effective should be deposited with the company not less than 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Register shall remain closed from the **19<sup>th</sup> August, 2004 to the 26<sup>th</sup> August, 2004 (both days inclusive)**.
4. As a measure of economy, copies of the Annual Reports and Accounts will not be distributed at the Meeting. Members are therefore requested to bring their own copy to the meeting.
5. Members are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
6. Members who are holding shares in identical order or names in more than one folio are requested to write to the company to enable the company to consolidation their holdings in one folio.



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SPENTA INTERNATIONAL LIMITED

## DIRECTORS REPORT

To,  
The Members,  
SPENTA INTERNATIONAL LIMITED

Your Directors have great pleasure in presenting 17th ANNUAL REPORT along with the Audited Balance Sheet and Profit And Loss Account, for the year ended 31<sup>st</sup> March, 2004

**1. FINANCIAL RESULTS :**

The financial Results are briefly indicated below :

	(Rs. In lacs)	
	<u>YEAR ENDED</u> <u>31.03.2004</u>	<u>YEAR ENDED</u> <u>31.03.2003</u>
Sales	577.32	471.72
Profit before Interest, Depreciation and Tax	144.79	134.84
Less : Interest & finance charges.	12.69	9.23
Profit after Interest but before Depreciation	132.10	125.61
Less : Depreciation	51.98	45.89
Profit Before Tax	80.12	79.71
Less : Provision for Taxation - Current	9.65	5.12
- Deferred	21.71	28.47
Profit After Tax	48.76	46.13
Balance Brought forward	112.35	66.23
Profit carried to Balance sheet	161.11	112.35

**2. FINANCIAL OPERATIONS :-**

During 2003-04 your company achieved turn over of Rs. 577.32 Lac., 22 % higher compared to Rs. 471.72 Lacs. in 2002-03. Your Co. has focused on introducing new and exciting range which are competitively priced and give VFM . The growth in sales in "SPENTA" brand is focused on a complete range in socks, accessing up-market through appointing distributors in major cities in India. The management is gearing up distribution network along with effective management information system to ensure that the right products are available at the right place at the right time and hereby focusing on improvement in market share in 2004-05.

**3. FUTURE PROSPECTS :**

During the year 2003-04, The company has successfully implemented its expansion project of 24 machines. There was a delay in starting trial production due to delay in Technical support for erection of the machines. The company has embarked on a further expansion programme by adding 12 new Lonati make Italian socks Knitting Machines . As of date the machines have arrived on site and installation is complete. This expansion will cater to the increase in demand from our Institutional Buyers & Exports.

**4. DIVIDEND :**

The directors, do not recommend any dividend for the year in order to utilise the accruals for funding the expansion project of the company.

**5. FIXED DEPOSITS :**

The company has accepted fixed deposits within the meaning of section 58-A of the Companies Act, 1956 and rules framed there under are complied with. There are no deposits which have not been claimed by depositors or paid by the company after the date on which the deposit became due for repayment or renewal, as the case may be, according to the contract with the depositors & there are no total amounts due to the depositors & remaining unclaimed or unpaid.

**6. SUBSIDIARIES :**

The Company has no subsidiaries, within the meaning of section 212 of the Companies Act, 1956.

**spenta****SPENTA INTERNATIONAL LIMITED****7. DIRECTORS:**

During the year MR. R. Deshpande , Director, who is retiring by rotation but being eligible offer himself for re-appointment.

**8. DIRECTORS RESPONSIBILITY STATEMENT:**

The Board of Directors hereby confirm :

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the Profit of the Company for that period;
- (iii) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Company Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That they have prepared the Annual accounts on a going concern basis.

**9. CORPORATE GOVERNANCE CODE:**

The Board had implemented Corporate Governance Code in pursuance of clause 49 of Listing Agreement during the year. The report on Corporate Governance is annexed hereto forming part of this report. The requisite certificate from the Statutory auditors of the company on implementation of requirements of the Corporate Governance is also annexed herewith forming part of this report.

**10. STOCK EXCHANGE REQUIREMENT:**

Being listed at Mumbai & Ahmedabad Stock Exchanges , your company has paid listing fees till March, 2005.

**11. AUDITORS**

M/s A. R. PARIKH & CO., Chartered Accountants, Mumbai statutory Auditors of your company holds office until the conclusion of the forthcoming Annual General Meeting. He has signified his willingness to accept reappointment and has further confirmed his eligibility under Section 224 (1B) of the Companies Act, 1956.

**12. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

Statement giving the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is as follows :

**Form A : Disclosure of Particulars with respect to Conservation of Energy.**

	31/3/2004	31/3/2003
<b>A. POWER AND FUEL CONSUMPTION :</b>		
1. Electricity		
a) Purchased		
Units (in lakhs) (in Kwh)	5.00	4.65
Amount in Rupees (in lakhs)	18.23	18.33
Rate per Unit (in Rupees)	3.64	3.94
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Knitted Cotton Socks	0.85	1.04

**Form B : Disclosure of Particulars with respect of Technology Absorption.**

- I. Research and Development (R & D)  
- Expenditure on R & D

Nil

Nil

- II. A. TECHNOLOGY ABSORPTION & ADOPTION

Our manufacturing process is based on knowhow from Lonati, Spa, Italy. The plant is being operated at the optimum level. Continuous coordination is being maintained with LONATI to avail the benefits of further development in technology.



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**B. FOREIGN EXCHANGE EARNINGS & OUTGO**

The details of Foreign Exchange Earning & outgoing are as follow :

		(Rs. in Lacs)	
		31.03.2004	31.02.2003
1.	<b>Foreign Exchange Earnings</b>		
-	FOB value of Exports	4.27	15.15
2.	<b>Foreign Exchange outgo:</b>		
-	C.I.F. Value of Capital Goods	54.59	77.12
-	C.I.F. Value of Spares & consumables	4.18	1.92
-	Travelling Expenses	3.04	3.68

**13. PARTICULARS OF EMPLOYEES**

In accordance with the provision of Section 217 of the companies Act, 1956 and the Companies (Particular of Employees) Rules 1999, as amended up to date, there were no employees during the whole or part of the year who were in receipt of remuneration in excess of limits as mentioned in the section and hence no details are given as such.

**14. ACKNOWLEDGEMENT**

Your Directors take this opportunity to place on record, gratitude for the corporation and support received from their Bankers, various departments and agencies of Central and state Government and dedication and commitment to the staff at all levels without which the all-round growth and prosperity of the Company would not have been possible. Your Directors also appreciate the support provided by the several overseas and local customers to the Company's marketing efforts and to the esteemed shareholders who have maintained confidence in the company.

By order of the Board  
For SPENTA INTERNATIONAL LIMITED

Place : Mumbai  
Date : 30/06/2004

Sanjay S. Gadodia  
(Chairman)

**ADDENDUM TO DIRECTORS REPORT :**

**FORFEITURE OF SHARES :**

Your Directors forfeited 8,100 Equity Shares for non payment of allotment money after duly complying the necessary formalities.

By order of the Board  
For SPENTA INTERNATIONAL LIMITED

Place : Mumbai  
Date : 30/07/2004

Sanjay S. Gadodia  
(Chairman)

**spenta****SPENTA INTERNATIONAL LIMITED****CORPORATE GOVERNANCE REPORT**

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below :

**1. Company Philosophy :**

The Corporate Governance code as introduced by Security and Exchange Board of India (SEBI) in pursuance of clause 49 of Listing Agreement was to be made applicable to the company by March, 2003. The same has been Implemented by the company.

The company believes in maximum utilization of resources at minimum cost and attaining maximum long term shareholders value. The company has also consistently followed good Corporate policy and enhanced its value in the eyes of shareholders, Bankers, Customers and Employees.

**2. Board of Directors :**

The Board of the Company comprises of Six Directors out of which Chairman is a Whole Time Director while other two Directors are Managing Director and Whole Time Director respectively. The other three Directors are Independent Directors. There are no nominee or Institutional Directors in the Company.

As at 31st March 2004, None of the Directors had pecuniary or Business relationship with the Company. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he is Director.

Seven Board meeting were held during the year ended 31st March 2004, i.e. on 30th April, 2003, 29th May, 2003, 17th June, 2003, 29th July, 2003, 28th October, 2003, 22nd January, 2004 and 31st March, 2004. The time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes.

Sr. No.	Name of Director	Category	No. of Board meetings Attended	Attendance at last AGM	No. of outside directorship held *	No. of Membership in other Board Committees	Executive/ Non-Executive/ Independent
1.	Mr. Sanjay S. Gadodia	Chairman & Whole Time Director	7	Yes	1	Nil	Executive
2.	Mr. Danny Hansotia	Managing Director	7	Yes	1	Nil	Executive
3.	Mr. Sandeep Gadodia	Whole Time Director	7	Yes	Nil	Nil	Executive
4.	Mr. Jayant Farswani	Director	6	Yes	Nil	Nil	Non-Executive & Independent
5.	Mr. Rajesh Deshpande	Director	4	No	Nil	Nil	Non-Executive & Independent
6.	Mr. Milind Vinod	Director	2	No	Nil	Nil	Non-Executive & Independent

\*Directorship in Companies registered under the Companies Act, 1956, excluding directorship in Private Companies & alternate Directorship.

**3. Committees of the Board :**

- a. **Audit Committee :** Pursuant to the provisions of section 292(A) of The Companies Act, 1956 & clause 49 of Listing Agreement, an Audit Committee comprising of 3 Non Executive Directors was formed on 31st March, 2004. Following are the members of the Committee.

1. Mr. R. S. Deshpande - Chairman
2. Mr. J. G. Farswani - Member
3. Mr. Milind Vinod - Member.

Mr. R. S. Deshpande, The Chairman of the Committee is a member of Institution of Chartered Accountant & a Management Graduate having expertise in the field of I.T. Development & Finance. The Audit Committee was constituted on 31st March, 2004 and one meeting of the committee was held during the year. The said meeting was attended by all the Committee members and Mr. Ameet Parikh, Statutory Auditors of the Company except Mr. Milind Vinod.


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**Board terms of reference of the Audit Committee are as per following :**

- Approving and implementing the Audit procedures and techniques.
- Reviewing audit reports of both statutory and internal auditors with auditors and management.
- Reviewing financial reporting systems, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.

**b. Remuneration Committee :**

The Remuneration committee decides the remuneration for the Whole Time Director. The Stock Exchange Listing Agreement stipulates that the Remuneration Committee should comprise of at least three Non Executive / Independent Directors. Accordingly the company constituted the committee on 31st March, 2004. The members of the committee are Non Executive & Independent Directors. Viz, Mr. Jayant Farswani, Mr. Rajesh Deshpande & Mr. Milind Vinod. During the year, the remuneration, committee held one meeting where all the members attended.

The details of remuneration paid to Executive Directors for the year ended 31st March, 2004, are as follows :

Rs. in Lacs.				
Name	Salary	Commission	perquist	Other Allowances
Mr. Danny Hansotia (Managing Director)	5,22,000/-	Nil	1,35,000/-	Nil
Mr. Sanjay Gadodia (Whole Time Director)	5,22,000/-	Nil	135,000/-	Nil
Mr. Sandeep Gadodia (Whole Time Director)	1,20,000/-	Nil	Nil	Nil

The Non-Executive Directors were not paid any sitting fees during the year.

**c. Shareholders / Investors Grievance Committee :**

The Shareholders / Investors Grievance Committee was formed on 31st March, 2004. The committee consists of three Non Executive & Independent Directors & Compliance Officer. The Committee is chaired by Mr. Milind Vinod who has vast Experience in Secretarial matters. The committee looks into the shareholder and investors grievances that are not settled at the level of Compliance Officer and helps to expedite the share transfers and related matters.

The company received 5 complaints from the shareholders during the year. No complaint remained pending at the end of the year. Normally all complaints/queries are disposed off, within two weeks of receipt of the same. The company had no transfers pending at the close of the financial year.

The Committee met once during the year ended 31st March, 2004.

**4. General Body Meetings :**

Details of last three Annual General Meetings are given below :

Financial year	Date	Time	Venue	Special Resolutions (S)
2000-01	30th August, 2001	11.00 a.m.	Regd. Office	1. Appointment of Mr. Sandeep Gadodia as a Whole Time Director. 2. Amendment in Article of Association incorporating Clauses of Dematerialization of Shares.
2001-02	26th September, 2002	11.30 a.m.	Regd. Office	N.A.
2002-03	24th September, 2003	11.30 a.m.	Regd. Office	N.A.

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No special resolutions were put through postal ballot as all the above special resolutions were voted unanimously by show of hands.

**5. Disclosures :**

During the year under review, besides the transactions reported elsewhere, there were no other related party transactions of material nature with the promoters, Directors, the management or their subsidiaries or relatives during the year that may have potential conflict with the interest of the company at large.

There were no instances of Non-compliance on any matter related to the capital market during the past three years and that no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI.

**6. Means of Communication :**

Since the company's registered office is situated at Palghar the Quarterly / yearly results are normally published in the local News Paper. The said results will also be posted on the Web Site of the Company once the same is ready.

No presentation was made during the year to either Institutional Investors or to the analysts.

Management discussion & Analysis Report is attached herewith forming part of this Report.

**7. General Shareholders Information:**

i. The 17th Annual General Meeting is scheduled to be held on Wednesday the 26th August, 2004 at 11.30 a.m. at Regd. Office of the Company.

ii. The Financial year of the company is from April to March. The financial calendar is as per following.

First quarter results (30th June)	End of July
Mailing of Annual Reports	Last Week July
Annual General Meeting	26th August, 2004
Payment of Dividend	N.A.
Second quarter results (30th September)	End of October
Third quarter results (31st December)	End of January
Fourth quarter / Annual Results	End of June

iii. Book Closure dates are from Thursday the 19th August, 2004 to Thursday 26th August, 2004 (both days inclusive).

iv. The company's shares are listed at Mumbai & Ahmedabad, Stock Exchange out of which Mumbai is a Regional Stock Exchange. The Listing Fees for the year 2004-05 for both these Stock Exchanges have been paid.

v. Stock Code : BSE : 526161; ASE : 56470  
Demat - ISIN Number of NSDL & CDSL : INE 175C01018

vi. Share Transfer System : After consideration by the Shareholders'/Investors' Grievance Committee, the Share Transfers in physical form are registered and returned within a period of 30 days from the date of receipt in case the documents are complete in all respects. The particulars of movement of shares in the dematerialised mode are also placed before the Shareholders'/Investors' Grievance Committee.

Registrar and Transfer Agents and Address for correspondence : Intime Spectrum Registry Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai - 400 078. Tel. No. 25923837. Fax No. 25672693. Shareholders can also contact at the administration office of the company at 86 & 87, Mahendra Chambers, D. N. Road, Mumbai - 400 001. Tel. No. 22076396 ; Fax No. : 22074378.

vii. Dematerialization of Shareholding : 25.36% of the paid-up share capital has been dematerialised.

viii. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments : Not Issued.

ix. Plant Location : The Company's plant is located at Plot 14, 15 & 16, Dewan Indl. estate, Village Navali, Palghar (W).