



# **SPENTA INTERNATIONAL LIMITED**

**20th Year Annual Report  
2006 - 2007**

**spenta®****SPENTA INTERNATIONAL LIMITED****BOARD OF DIRECTORS****MR. SANJAY S. GADODIA***(Chairman)***MR. SANDEEP S. GADODIA***(Whole Time Director)***MR. MILIND VINOD***(Independent Non-Ex. Director)***MRS. MEENA SEHRA***(Independent Non Ex. Director)***MR. CHETAN RATHOD***(Independent Non-Ex. Director)***MR. DANNY F. HANSOTIA***(Managing Director)***BANKERS:**

DENA BANK,  
SHARE BAZAR BRANCH, MUMBAI.

**AUDITORS:**

A. R. PARIKH & CO., Mumbai.

**SHARE TRANSFER AGENT:**

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

**LISTING OF EQUITY SHARES:**

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

THE AHMEDABAD STOCK EXCHANGE,  
KAMDHENU COMPLEX, PANGARPOLE,  
AHMEDABAD - 380 015.

**REGISTERED OFFICE & FACTORY :**

PLOT NOS.13, 14, 15 & 16,  
DEWAN INDUSTRIAL ESTATE,  
VILLAGE NAVALI, PALGHAR (W) - 401 404.

**ADMINISTRATIVE OFFICE**

86 & 87, EMPIRE BUILDING,  
2ND FLOOR, 134/136, D. N. ROAD,  
FORT, MUMBAI - 400 001.

**CONTENTS**

	<b>Page</b>
Notice	2
Director's Report	3
Corporate Governance Report	6
Auditor's Report	16
Balance Sheet	19
Profit & Loss Account	20
Schedule forming part of Accounts	21
Cash Flow Statement	34
Entrance Pass, Proxy Form & ECS Mandates	36

**spenta®****SPENTA INTERNATIONAL LIMITED****NOTICE**

Notice is hereby given that the **20th Annual General Meeting** of the Members of **SPENTA INTERNATIONAL LIMITED** will be held on Thursday, the **30th August, 2007** at 11.30 a.m. at the registered office of the company situated at plot nos. 13, 14, 15 & 16, Dewan Industrial Estate, Village Navali, Dist. Thane, Palghar, to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited accounts for the year ended 31st March 2007 along with notes and schedules thereon as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Meena Sehra, who retires by rotation & being eligible offers herself for re-appointment.
3. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to fix their remuneration.

BY ORDER OF THE BOARD  
FOR SPENTA INTERNATIONAL LIMITED

DATE: 30TH JUNE, 2007.  
PLACE: Mumbai

**SANJAY GADODIA**  
(CHAIRMAN)

Report Junction.com

**NOTES:**

1. A Member Entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend & vote on a poll instead of himself and the proxy need not be a member of the company. The proxy form, in order to be effective must be, deposited at the registered office of the company, not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Register shall remain closed from Thursday, the 23rd August, 2007 to Thursday, the 30th August, 2007 (both days inclusive).
3. 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.
4. Members are requested to produce the attendance slip duly signed, sent along with the Annual Report and Accounts, for admission to the meeting hall.
5. Any member requiring further information on accounts at the meeting is requested to send their queries in writing to the Managing Director of the Company before, 15th August, 2007.



spenta®

SPENTA INTERNATIONAL LIMITED

**DIRECTORS' REPORT**

To,  
The Members,  
**SPENTA INTERNATIONAL LIMITED.**

Your Directors have great pleasure in presenting the 20th ANNUAL REPORT along with the Audited Balance Sheet and Profit And Loss Account, for the year ended 31st March, 2007.

**1. FINANCIAL RESULTS:**


The financial Results are briefly indicated below:

	YEAR ENDED	YEAR ENDED
	31st March 2007	31st March 2006
Sales	1499.37	979.75
Profit before Interest and Depreciation	342.22	273.58
Less: Interest & Finance charges	47.37	44.23
Profit after interest but before Depreciation	294.85	229.35
Less: Depreciation & Amortization	108.16	74.46
Extra Ordinary items	99.41	---
Profit before tax	286.10	154.89
Less: Provision for Taxation - Current	45.50	21.50
- Deferred	38.53	31.51
- Fringe Benefit	1.03	1.09
Profit after tax	201.04	100.78
Balance Brought forward	318.51	217.73
Profit carried to Balance Sheet	519.55	318.51

**2. FINANCIAL OPERATIONS:**

Your Company has almost managed to achieve the target of 150 million with a sales turnover of Rs. 1499.37 lacs, **53%** higher compared to Rs. 979.75 lacs in 2005-2006. Your Company has posted a net profit of Rs. 201.04 lacs (Inclusive of Extra Ordinary Items) **99%** higher compared to Rs. 100.78 lacs in 2005 - 2006.

**3. FUTURE PROSPECTS:**

During the year under review your company has increased its machinery from 63 Nos. to 88 Nos. resulting in a increase production of 17 lacs pairs per annum. During the current year your company has already installed another 12 machines taking the No. of total machine to 100 machines. The long term aim of spenta is to increase the No. of machines from 100 to 500 over a period of 5 years. This increased production would be mainly utilised to cater to large format stores & market under your company's own brand  **spenta®** which has been accepted very well in the major markets.

**4. DIVIDEND:**

The Directors, do not recommend any dividend for the year in order to utilize 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.

**7. DIRECTORS:**

During the year Mrs. Meena Sehra, Director, who is retiring by rotation but being eligible offer herself for re-appointment.



spenta®

SPENTA INTERNATIONAL LIMITED

**8. DIRECTOR'S RESPONSIBILITY STATEMENT:**

As required under section 217 (2AA) of the Companies Act, 1956 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 the Directors have selected such accounting policies and applied them consistently and made judgements 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 or Loss of the Company for that period.
- iii. That the Directors have taken proper and sufficient care for the maintenances of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors 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 M/s. HS Associates, Company Secretaries on implementation of requirements of the Corporate Governance is also annexed herewith forming part of this report.

**10. STOCK EXCHANGE REQUIREMENTS:**

Being listed at Mumbai & Ahmedabad Stock Exchanges, your company has paid listing fees till March, 2008.

**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 re-appointment and has further confirmed his eligibility under Section 224 (1B) of the Companies Act, 1956.

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

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

**FORM A : Disclosure of particulars with respect to conservation of Energy.**

	31/03/2007	31/03/2006
<b>A. POWER &amp; FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased		
Units (in lakhs) (in kwh)	12.93	7.49
Amount in Rupees (in lakhs)	58.22	28.12
Rate per Unit (in Rupees)	4.50	3.76
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Knitted Cotton Socks	1.16	0.77

**spenta®****SPENTA INTERNATIONAL LIMITED****FORM B : Disclosure of particulars with respect of Technology absorption:**

- I. Research and Development (R & D) Nil Nil  
- Expenditure on R & D
- II. A. TECHNOLOGY ABSORPTION & ADOPTION  
Our manufacturing is based on knowhow from Lonati, Italy. The plant is being operated at optimum level continuous coordination is being maintained with LONATI to avail the benefits of further development in technology.
- B. FOREIGN EXCHANGE EARNINGS & OUTGO  
The details of Foreign Exchange & outgoing are as follow :

	31/03/2007	31/03/2006
<b>1. Foreign Exchange Earnings:</b>		
- (FOB value of Exports)	218.85	18.16
<b>2. Foreign Exchange outgo:</b>		
- C. I. F. Value of Capital Goods	296.23	338.19
- C. I. F. Value of Spares & consumables	26.58	8.15
- Traveling Expenses	2.00	2.25

**13. PARTICULARS OF EMPLOYEES:**

In accordance with the provision of section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Amendment 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 corporation and support received from their Banker, 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  
**SPENTA INTERNATIONAL LIMITED**

**SANJAY GADODIA**  
(Chairman)

**DATE** : 30th June, 2007  
**PLACE** : Mumbai

## CORPORATE GOVERNANCE REPORT

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

### 1. Company's philosophy:

The Corporate Governance code as introduced by Security and Exchange Board of India (SEBI) in pursuance of clause 49 of Listing Agreement and subsequently amended w.e.f. 1st January, 2006 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 Whole Time Director while other two Directors are Managing Director & Whole Time Director respectively. The other three Directors are independent Directors. There are no nominee or Institutional Directors in the Company.

None of the Directors have pecuniary or Business relationship with the Company other than as mentioned in the elsewhere in the Annual Report. 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 a Director.

### Non Executive Directors:

As per revised code of Corporate Governance, the composition of the Board should be as such that the Board of Directors of the company shall have an optimum combination of executive and non-executive Directors with not less than fifty percent of the Board of Directors comprising of non Executive Directors.

During the year there were in total 5 (Five) Board Meetings were held i.e. on 31/05/2006, 30/06/2006, 31/07/2006, 31/10/2006 and 31/01/2007. The time gap between any 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 Other Directorship*	No. of Membership in other Board Committees
1.	Mr. Sanjay S. Gadodia	Chairman & Whole Time Director	5	Yes	1	Nil
2.	Mr. Danny Hansotia	Managing Director	5	Yes	1	Nil
3.	Mr. Sandeep Gadodia	Whole Time Director	5	Yes	Nil	Nil
4.	Mr. Milind Vinod	Independent Non Ex-Director	5	No	Nil	Nil
5.	Mrs. Meena Sehra	Independent Non Ex-Director	5	No	Nil	Nil
6.	Mr. Chetan Rathod	Independent Non-Ex-Director	5	No	Nil	Nil

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

Details of Directors Seeking Appointment / Reappointment at the Forthcoming Annual general meeting (pursuant to clause 49 (IV)(G)(i) of the Listing Agreement)





spenta®

SPENTA INTERNATIONAL LIMITED

Name of the Director	Mrs. Meena Sehra
Age	41
Qualification	Diploma in fashion designing
Expertise in specific functional areas	Almost 12 year experience in Business communication, advertising and fashion designing
Directorship in other Indian Public Limited Company & other firms as on 31.03.2007	NIL
Shareholding	NIL

### 3. Audit Committee:

Pursuant to the provisions of section 292(A) of the Companies Act, 1956 and clause 49 of the Listing Agreement, an Audit Committee comprising of 3 (Three) Non executive Directors out of which two Directors are Independent.

The Attendance at the Audit Committee Meeting was as under:

Director	No. of Committee meetings held	No. of Committee meetings attend.
Mr. Milind Vinod - Chairman and Independent non Executive Director	5	5
Mr. Chetan Rathod - Member and Independent Non Ex. Director	5	5
Mr. Danny Hansotia Member, CFO and Managing Director.	5	5
Mr. A. R. Parikh Statutory Auditors of the Company. (by invitation)	5	5

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

- Approving and implementing the Audit procedures and techniques.
- Reviewing audit reports of statutory auditors with auditors and management.
- Reviewing financial reporting systems, internal control systems and control procedures.
- Ensuring compliance with regulatory guidelines.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with management, performance of statutory auditors and adequacy of the internal control systems.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Approval of Related party Transactions
- Reviewing accounting treatment and confirmation of the fact that financial statement are giving true and fair view.




**SPENTA INTERNATIONAL LIMITED**
**4. Remuneration Committee**

The Stock Exchange Listing Agreement stipulates that the Remuneration Committee should comprise of at least three Non Ex. Independent Directors. Accordingly the company constituted remuneration committee comprising of Non executive and Independent Directors.

Following are the members of the Committee:

1. Mr. Milind Vinod - Chairman and Independent non Executive Director.
2. Mr. Chetan Rathod - Member and Independent Non Ex. Director.
3. Mrs. Meena Sehra - Member and Independent Non Ex. Director.

The Attendance at the Remuneration Committee Meeting was as Under:

Director	No. of Committee meetings held	No. of Committee meetings attended
Mr. Milind Vinod - Chairman and Independent non Executive Director	1	1
Mr. Chetan Rathod - Member and Independent Non Ex. Director	1	1
Mrs. Meena Sehra - Member and Independent Non Ex. Director	1	1

**Disclosure on Remuneration of Directors.**

1. All elements of remuneration package of individual directors summarized under major groups, such as salary benefits, bonuses, stock option, pension etc. All these managerial persons are drawing only remuneration, the details of the same are mentioned elsewhere in this report in detail.
2. Details of fixed component and performance linked incentives, along with the performance criteria - NIL
3. Service contracts, notice period, severance fees - NIL
4. Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable - NIL

Details of remuneration paid to Directors for the year ended 31st March, 2007.

**Executive Directors**

(Amt. In Rupees)

Name	Salary	Commission	Perquisites	Retirement Benefits
Mr. Danny Hansotia (Managing Director)	7,20,000	NIL	1,80,000	NIL
Mr. Sanjay Gadodia (Whole Time Director)	7,20,000	NIL	1,80,000	NIL
Mr. Sandeep Gadodia (Whole Time Director)	1,50,000	NIL	37,500	NIL

**spenta®****SPENTA INTERNATIONAL LIMITED**

Following is the list of Non-Executive Directors and their Shareholdings in the Company.

Sr. No.	Name of the Non-Executive Directors	Number of Equity Shares	Sitting fees	Non convertible Instruments
1.	Mr. Milind Vinod - Independent Non Executive Director	Nil	Nil	Nil
2.	Mr. Chetan Rathod - Independent Non Ex. Director	Nil	Nil	Nil
3.	Mrs. Meena Sehra - Independent Non Ex. Director.	Nil	Nil	Nil

## 5. Shareholders/Investors Grievance Committee

The Shareholder/Investors Grievance Committee has been constituted. The committee consists of three Non Ex. & Independent Directors & Compliance Officer. The Committee is chaired by Mr. Milind Vinod. 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.

Following are the members of the Committee.

1. Mr. Milind Vinod - Chairman and Independent non Executive Director.
2. Mr. Chetan Rathod - Member and Independent Non Ex. Director.
3. Mrs. Meena Sehra - Member and Independent Non Ex. Director.
4. Mr. Sandeep Gadodia - Compliance Officer

The Attendance at the Shareholders/Investors Grievance Committee Meeting was as Under:

Director	No. of Committee meetings held	No. of Committee meetings attended
Mr. Milind Vinod - Chairman and Independent non Executive Director	4	4
Mr. Chetan Rathod - Member and Independent Non Ex. Director	4	4
Mrs. Meena Sehra - Member and Independent Non Ex. Director	4	4
Mr. Sandeep Gadodia - Compliance Officer.	4	4

The company received 15 Complaints from the shareholders during the year, out of which NIL remained pending at the end of the year for want of necessary details from the shareholders. Further, during the year, requests for transfer of 25,500 Shares in physical form were received and processed for transfer.

## 6. General Body Meetings

Details of last three Annual General Meetings are given below:

Financial Year	Date	Time	Venue	Special Resolution(s)
2003 - 04	26th August, 2004	11.30 a.m.	Regd. Office	N.A.
2004 - 05	8th September, 2005	11.30 a.m.	Regd. Office	N.A.
2005 - 06	31st August, 2006	11.30 a.m.	Regd. Office	N.A.

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