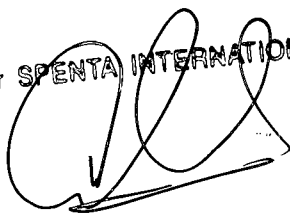




SPENTA INTERNATIONAL LIMITED

For SPENTA INTERNATIONAL LTD.



Director

CERTIFIED TRUE COPY

21st Year **ANNUAL REPORT** **2007 - 2008**



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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.

REGISTERED OFFICE & FACTORY:

PLOT NOS. 13, 14, 15, 16, & 40 (PART) & 40/2
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.

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.

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NOTICE

Notice is hereby given that the **21st Annual General Meeting** of the members of **SPENTA INTERNATIONAL LIMITED** will be held on **Thursday, the 18th September, 2008 at 11.30 a.m.** at the registered office of the company situated at Plot nos. PLOT NOS. 13, 14, 15, 16 & 40 (PART) & 40/2, 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 2008 along with notes and schedules thereon as on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Chetan Rathod, who retires by rotation & being eligible offers himself 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, 2008.

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 11th September, 2008 to Thursday, the 18th September, 2008 (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, 3rd September, 2008.



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DIRECTORS' REPORT

To,
The Members,
SPENTA INTERNATIONAL LIMITED.

Your Directors have great pleasure in presenting the **21st ANNUAL REPORT** along with the Audited Balance Sheet and Profit And Loss Account, for the year ended **31st March, 2008.**

1. FINANCIAL RESULTS:

The financial Results are briefly indicated below:


(Rs. In Lacs)

	YEAR ENDED	YEAR ENDED
	31st March 2008	31st March 2007
Sales	1542.89	1499.37
Profit before Interest and Depreciation	352.40	342.22
Less: Interest & Finance charges	56.68	47.37
Profit after interest but before Depreciation	295.72	294.85
Less: Depreciation & Amortization	132.00	108.16
Extra Ordinary items	---	99.41
Profit before tax	163.72	286.10
Less: Provision for Taxation - Current	58.02	45.50
- Deferred	(2.64)	38.53
- Fringe Benefit	0.85	1.03
Profit after tax	107.49	201.04
Balance Brought forward	519.55	318.51
Profit carried to Balance Sheet	627.04	519.55

2. FINANCIAL OPERATIONS:

Your Company has managed to maintain the target of 150 million with a sales turnover of Rs. 1542.89 lacs, 3% higher compared to Rs. 1499.37 lacs in 2006-2007. Your Company has posted a net profit of Rs. 107.49 lacs, 7% higher compared to Rs. 100.78 lacs in 2006 - 2007.

3. FUTURE PROSPECTS:

During the year under review your company has increased its machinery from 88 Nos. to 100 Nos. resulting in a increased production of 5.50 lacs pairs per annum. 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 Mr. Chetan Rathod, Director, who is retiring by rotation but being eligible offers himself for re-appointment.



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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 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 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, 2009.

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. INSIDER TRADING:

The Company has implemented a policy prohibiting Insider Trading in conformity with applicable regulations of the Securities Exchange Board of India ("SEBI"), which has been laid down for employees, connected persons and persons deemed to be connected for trading in the securities of the Company.

13. MANAGEMENT DISCUSSION AND ANALYSIS :

The Management Discussion and Analysis are annexed and forms an integral part of this report.

14. 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.

	31/03/2008	31/03/2007
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
Units (in lakhs) (in kwh)	13.95	12.93
Amount in Rupees (in lakhs)	62.08	58.22
Rate per Unit (in Rupees)	4.45	4.50
B. CONSUMPTION PER UNIT OF PRODUCTION		
Knitted Cotton Socks	1.14	1.16



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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 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 follows :

(Rs. In Lacs)

	31/03/2008	31/03/2007
1. Foreign Exchange Earnings:		
- (FOB value of Exports)	45.78	218.85
2. Foreign Exchange outgo:		
- C. I. F. Value of Capital Goods	114.67	296.23
- C. I. F. Value of Spares & consumables	1.85	26.58
- Traveling Expenses	3.91	2.00

15. 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.

16. ACKNOWLEDGEMENT :

Your Directors take this opportunity to place on record, gratitude for co-operation 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 share holders who have maintained confidence in the Company.

BY ORDER OF THE BOARD
SPENTA INTERNATIONAL LIMITED

SANJAY GADODIA
(Chairman)

DATE : 30th June, 2008
PLACE : Mumbai



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CORPORATE GOVERNANCE REPORT

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

1. Company's philosophy:

The Company's philosophy of corporate governance stems out from its belief that timely disclosures, transparent accounting policies, and a strong and independent Board go along way in preserving shareholders trust while maximizing long term corporate values.

Keeping in view the Company's size and complexity in operations, the company's corporate governance framework is based on the following main principles:

- Appropriate composition and size of the Board, with each Director bringing in key expertise in different areas.
- Timely and accurate disclosure of all material operational and financial information to the stakeholders.

The Securities and Exchange Board of India (SEBI) through clause 49 of the listing agreement with the stock exchanges regulates corporate governance for listed companies. Spenta International Limited is in compliance with clause 49.

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 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 27/4/2007, 30/6/2007, 31/7/2007, 31/10/2007, 31/01/2008. 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 F. Hansotia	Managing Director	5	Yes	1	Nil
3.	Mr. Sandeep S. 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



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*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)

Name of the Director	Mr. Chetan Rathod
Age	39
Qualification & Expertise in specific functional areas	M. S. in Technology & over 17 years of experience in Strategy & Management Consulting working with Price Waterhouse Coopers & Deloitte
Directorship in other Indian Public Limited Company & other firms as on 31-03-2008	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 committee met 5 times during the year under review on 27th April, 2007, 30th June, 2007, 31st July, 2007, 31st October, 2007, 31st January, 2008.

The Attendance at the Audit Committee Meeting was as under:

Director	No. of Committee meetings held	No. of Committee meetings attendd.
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.



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- 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.

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, 2008.

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)	3,00,000	NIL	75,000	NIL



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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 Executive Director.
3. Mrs. Meena Sehra - Member and Independent Non Executive Director.
4. Mr. Sandeep Gadodia - Compliance Officer

The committee met 4 times during the year under review on 27th April, 2007, 31st July, 2007, 31st October, 2007, 31st January, 2008.

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 Executive Director	4	4
Mrs. Meena Sehra - Member and Independent Non Executive Director	4	4
Mr. Sandeep Gadodia - Compliance Officer.	4	4

The company received 5 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 43,900 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)
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.
2006 - 07	30th August 2007	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.