



*23rd*

**ANNUAL  
REPORT  
2009 - 2010**

**SPENTA INTERNATIONAL LIMITED**



**BOARD OF DIRECTORS**

**MR. SANJAY S. GADODIA**

*(Chairman and whole time Director)*

**MR. DANNY F. HANSOTIA**

*(Managing Director)*

**MR. SANDEEP S. GADODIA**

*(Whole Time Director)*

**MRS. MEENA SEHRA**

*(Independent Non-Ex. Director)*

**MR. CHETAN RATHOD**

*(Independent Non-Ex. Director)*

**MR. JAYANT FARSWANI**

*(Independent Non-Ex. Director) (w.e.f. 15th March, 2010)*

**BANKERS:**

DENA BANK

SHARE BAZAR BRANCH, MUMBAI

**AUDITORS:**

A. R. PARIKH & CO., Mumbai

**SHARE TRANSFER AGENT:**

LINK INTIME INDIA PVT. LTD.

C-13, PANNALAL SILK MILLS COMPOUND,

L.B.S. MARG BHANDUP (W.),

MUMBAI - 400 078.

**REGISTERED OFFICE & FACTORY:**

Plot No.13, 14, 15, & 16, & 40 (PART) & 40/2

Dewan Industrial Estate,

Village Navali, District Thane,

Palghar (West) - 401 404.

**CORPORATE OFFICE:**

86 & 87, Empire Building,

2<sup>nd</sup> floor, 134/135, D. N. Road,

Fort, Mumbai - 400 001.

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**LISTING OF EQUITY SHARES:**

THE BOMBAY STOCK EXCHANGE, MUMBAI

PHIROZE JEEJEEBOY TOWERS, DALAL STREET,

MUMBAI - 400 001.

THE AHMEDABAD STOCK EXCHANGE,

KAMDHENU COMPLEX, PANGARPOLE,

AHMEDABAD - 380 015.

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

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the members of Spenta International Limited will be held on Thursday, the 23<sup>rd</sup> day of September, 2010 at 10.30 a.m. at the registered office of the Company situated at Plot No. 13, 14, 15, & 16, & 40 (PART) & 40/2, Dewan Industrial Estate, Village Navali, Dist. Thane, Palghar (W) - 401 404, to transact the following business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited accounts for the year ended 31<sup>st</sup> March 2010 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 next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

4. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** Mr. Jayant Farswani who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 during the year, w.e.f from 15<sup>th</sup> March, 2010 to hold the office upto the date of this Annual General Meeting and in respect of whom formalities under Section 257 of the Companies Act 1956 has been complied with proposing his candidature for the post of Director be and is hereby appointed as Director of the Company, liable to retire by rotation."

5. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), (hereinafter referred to as "the said Act") the consent of the Company be and is hereby accorded to the re-appointment of Mr. Danny Hansotia as a Managing Director of the Company for a period of 5 (Five) years on the terms and conditions including remuneration, a draft whereof is placed before this meeting, with liberty to the Board of Directors (hereinafter referred to "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms of the said appointment and/or remuneration and / or agreement.

**RESOLVED FURTHER THAT**, the Board be and is hereby authorised to vary the remuneration of the Managing Director within the limits as specified in Schedule XIII during the tenure of his appointment from time to time.

**RESOLVED FURTHER THAT**, in the absence or inadequacy of profits in any financial year, (a) Subject to the approval of the central Govt, the remuneration Payable to Mr. Danny Hansotia, Managing Director by way of salary and perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Managing Director shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient, to give effect to this resolution."

BY ORDER OF THE BOARD  
FOR SPENTA INTERNATIONAL LIMITED

Sd/-

SANJAY GADODIA  
(CHAIRMAN & WHOLE TIME DIRECTOR)

DATE: 29th May, 2010  
PLACE: Mumbai



**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 must be deposited with the registered office 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 Thursday, the 16<sup>th</sup> September, 2010 to Thursday, the 23<sup>rd</sup> September, 2010 (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 copies 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. Any members requiring further information on accounts at the meeting are requested to send their queries in writing to the Managing Director of the Company on or before 10<sup>th</sup> September, 2010.
7. The explanatory statements, in respect of Item No. 4 & 5 of the notice, pursuant to section 173(2) of the Act are annexed hereto.



**EXPLANATORY STATEMENT**

**As required by section 173(2) of the Companies Act, 1956**

**ITEM NO. 4:**

Mr. Jayant Farswani was appointed as an Additional Director w.e.f 15<sup>th</sup> March 2010 by the Board of Directors of the Company in terms of Section 260 of the Companies Act 1956 and in pursuance of provision of Articles of Association of the Company. Mr. Jayant Farswani holds office as a Director upto the date of the ensuing Annual General Meeting of the Company and is eligible for re-appointment as a Director.

The Information about Mr. Jayant Farswani is as follows:-

Name of the Director	Mr. Jayant Farswani
Age	48
Qualification	B. Com
Expertise in specific functional areas	Textile Industry
Directorship in other Indian Public Limited Company & other firms as on 31.03.2010	NIL
Shareholding	NIL

The Company has received a notice, under Section 257 of the Companies Act, 1956 along with the deposit of Rs. 500/-, from a member proposing his candidature as Director of the Company.

The Board considers that his association as Director will be beneficial and in the interest of the Company. Further, brief details regarding the Directors getting appointed / re-appointed, their expertise in specific functional areas and the names of the Companies in which they hold Directorship / Committee membership are furnished in the 'Report on Corporate Governance' forming part of the Annual Report for the year ended 31<sup>st</sup> March, 2010.

The Board recommends the said resolution for approval of members.

Except Mr. Jayant Farswani, none of the Directors of the Company are concerned or interested in the said resolution.

**Item No.: 5**

As recommended by the Remuneration Committee and approved by the Board of Directors of the Company, in its meeting held on 29<sup>th</sup> May, 2010, Mr. Danny Hansotia was re-appointed as a Managing Director of the Company for a period of 5 (Five) years with effect from 1<sup>st</sup> October, 2010, subject to the approval of members in the Annual General Meeting. The remuneration to Mr. Danny Hansotia inter alia, includes the payment of salary, perquisites and benefits and is subject to the approval of the members.



Mr. Danny Hansotia has been associated with the Company since 10<sup>th</sup> April, 1992 and he is a Promoter Director of the Company. He was appointed as a Managing Director of the Company with effect from 1<sup>st</sup> July, 2003. Mr. Hansotia is a qualified Chartered Accountant and has a rich experience of more than 20 Years in textile industry. Due to his Managerial decisions and sustained efforts, the Company has recorded growth over the past few years.

The terms & Conditions proposed to be entered into by the Company with Mr. Danny Hansotia in respect of his re-appointment, inter alia, contains the following terms and conditions:

**MAJOR TERMS OF REMUNERATION OF MR. DANNY HANSOTIA, MANAGING DIRECTOR:**

**TERMS & CONDITIONS:**

1. Name & Designation of Director : Mr. Danny Hansotia, Managing Director
2. Date of Appointment / Re-appointment : 1<sup>st</sup> October, 2010
3. Period : 5 (Five) years
4. Salary (p.m) : In the grade of Rs. 75,000/- p.m to Rs. 1,25,000/- p.m. including rent with power to Board to vary from time to time within the limits of schedule XIII of the Companies Act.
5. Minimum Remuneration : In the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to Mr. Danny Hansotia by way of salary and perquisites including rent shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to the Mr. Danny Hansotia shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

**II) PERQUISITES:**

Mr. Danny Hansotia, as a Managing Director will be entitled for following perquisites, which shall not be part of the ceiling of remuneration:

- a) Contribution to provident Fund, Superannuation fund or annuity funds to the extent such contribution either singly or put together are not taxable under the Income Tax Act, 1961;
- b) **Gratuity** : as per the rules of the Company, payable in accordance with the Approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service;
- c) **Children's education allowance**: In case of children studying in or outside India, an allowance limited to a maximum of Rs. 5,000/- per month per child or actual expenses incurred, whichever is less such allowance is admissible upto a maximum of two children;



- d) **Holiday passage for children studying outside India/family staying abroad:** Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of their study or stay abroad India if they are not residing in India with the managerial person.
- e) **Leave travel concession:** Return passage for self and family in accordance with the rules specified by the Company where it is proposed that the leave be spent in home country instead of anywhere in India.

III). Salary and perquisites including rent specified herein shall be payable to the Managing Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.

IV). The Managing Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or committee thereof.

V). The Managing Director shall not become interested or otherwise concerned directly or through his wife or minor children in any selling agency of the Company as per the provisions of the Law in force as applicable to the Company.

VI). The terms and conditions of the said appointment and/or may be altered and varied from time to time by the board as it may, in its discretion, deem fit so as not to exceed the limits specified in Schedule XIII the Companies Act, 1956, or any amendment hereafter in that regard.

The Board recommends the said resolution for approval of members.

Except Mr. Danny Hansofia, none of the Directors of the Company are concerned or interested in the said resolution.

These terms & conditions of appointment may be treated as abstracts pursuant to section 302 of the Companies Act, 1956.





**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 confirms:

- 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 Profit of the Company for that period.
- iii. That the Directors have taken proper and sufficient care for the maintenance 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:**

A separate report on Corporate Governance is enclosed as a part of this Annual Report. Certificate of M/s. HS Associates, Company Secretaries, regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with stock exchange is enclosed herewith.

**10. COMPLIANCE CERTIFICATE:**

Compliance Certificate as required under section 383A of the Companies Act, 1956 prepared and issued by M/s. HS Associates, Company Secretaries, is annexed hereto.

**11. STOCK EXCHANGE REQUIREMENTS:**

Being listed at The Bombay Stock Exchange Limited, Mumbai & Ahmedabad Stock Exchange, your company has paid listing fees till March, 2011.

**12. AUDITORS:**

M/s. A. R. Parikh & Co., Chartered Accountants, Mumbai, Statutory Auditors of your company hold office until the conclusion of the forthcoming Annual General Meeting and have signified their willingness to be re-appointed and have further confirmed that their appointment if made shall be within the limits specified under Section 224 (1B) of the Companies Act, 1956.

**13. AUDITORS' REPORT:**

The notes to Auditors Reports are self explanatory and hence no explanation is required from the Board as such.

**14. MANAGEMENT DISCUSSION AND ANALYSIS:**

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

**15. CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION & 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 attached as Annexure I.

**16. 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 said section and hence no details are given as such.

**17. ACKNOWLEDGEMENTS:**

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 of 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****DATE: 29<sup>th</sup> May, 2010****PLACE: Mumbai****SANJAY GADODIA  
(CHAIRMAN AND WHOLE TIME DIRECTOR)**



**ANNEXURE 1 to Director's Report :**  
**FORM A : Disclosure of particulars with respect to conservation of Energy.**

		3/31/2010	3/31/2009
<b>A</b>	<b>POWER &amp; FUEL CONSUMPTION</b>		
1	Electricity	—	—
a)	Purchased	—	—
	Units (in lakhs) (in kwh)	17.92	15.16
	Amount in Rupees (in lakhs)	103.89	71.27
	Rate per Unit (in Rupees)	5.79	4.70
b)	Own Generation	—	—
i	Through diesel generator	—	—
	Units	27139	31202
	units per ltr. Of diesel oil	2.1	2.41
	Cost / unit	18.03	20.32
ii	Through steam turbine generator	—	—
<b>B</b>	<b>CONSUMPTION PER UNIT OF PRODUCTION</b>	—	—
	Knitted Cotton Socks	1.54	1.27

**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 know-how 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:

(Rs. in Lacs)

	31/03/2010	31/03/2009
<b>Foreign Exchange Earnings:</b>		
(FOB value of Exports)	—	—
<b>Foreign Exchange outgo:</b>		
Advances for Machines	—	59.07
C. I. F. Value of Spares & consumables	6.51	8.24
Traveling Expenses	1.56	1.37
Plant and Machinery	—	—