

Spenta International Limited



spenta®

26th Annual Report
2012-13



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-Executive Director
Mr. Jagdeep Desai	: Independent Non- Executive Director (Resigned w.e.f. June 15, 2013)
Mr. Hemant Shah	: Additional Independent Non- Executive Director (w.e.f. July 09, 2013)

BANKERS:

Development Credit Bank Ltd.
CITI Bank
ICICI Bank

AUDITORS:

A. R. PARIKH & CO., Mumbai.

Chartered Accountants

321, Parekh Market, 3rd Floor,
Opera House, Mumbai - 400 004.
E-mail:ameetparikh@mtnl.net.in/arparikh.co@gmail.com

REGISTRAR & SHARE TRANSFER AGENT:

LINK INTIME INDIA PVT. LTD.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078.
Tel: - 022-25963838 Fax: - 022-25946969
Email id:-mumbai@linkintime.co.in
Website :-www.linkintime.co.in

REGISTERED OFFICE & FACTORY:

Plot No. 13 to 16, 40 (PART) & 40/2
Dewan Industrial Estate,
Village Navali, District Thane,
Palghar (West) - 401 404.
Tel:- 91-(2525)-254932
Fax:- 91-(2525)-254932 Extn.113.
Email:- contact@spentasocks.com

WEBSITE : www.spentasocks.com

LISTING OF EQUITY SHARES:

BSE Limited,

Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai - 400 001.

Ahmedabad Stock Exchange Limited

Kamdhenu Complex, Opp. Sahajanand College,
Panjarapole, Ambawadi, Ahmedabad - 380 001.

CONTENTS

Page

Notice of the Annual General Meeting	2
Directors' Report	6
Annexure 1: To Directors' Report	9
Annexure 2: Compliance Certificate	10
Management Discussion and Analysis Report	14
Corporate Governance Report	16
Company Secretary in Practice's Report on Corporate Governance	24
CEO/CFO Certification; Declaration on Code of Conduct	25
Auditors' Report	26
Balance Sheet	30
Statement of Profit and Loss	31
Cash Flow Statement	32
Notes forming part of the Financial Statements	35
Attendance Slip and Proxy Form	49



SPENTA INTERNATIONAL LIMITED

Notice

Notice is hereby given that the **Twenty-Sixth Annual General Meeting** (the "Meeting") of the members of **Spenta International Limited** ("the Company") will be held on **Wednesday, September 25, 2013 at 11.00 a.m.** at the Registered Office of the Company situated at **Plot No. 13 to 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 Statement of Profit and Loss for the year ended March 31, 2013 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the 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 next Annual General Meeting on a remuneration to be decided upon between the Auditors and the Board of Directors of the Company.

SPECIAL BUSINESS:

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 314, 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. Sanjay Gadodia as a Whole Time Director of the Company for a period of 5(Five) years, with effect from July 01, 2013 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 terms shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms of the said re-appointment and/or remuneration and/or agreement.

RESOLVED FURTHER THAT the Board be and is hereby authorized to vary the remuneration of the Whole Time 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 Government, the remuneration payable to the Whole Time 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 Whole Time 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 authorized to take all such steps as may be necessary, proper or expedient, to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any of the Companies Act, 1956, Mr. Hemant Shah who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation.

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

BY ORDER OF THE BOARD

DANNY HANSOTIA
(MANAGING DIRECTOR)

DATE: August 8, 2013

PLACE: Palghar

2

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this report. A proxy is not entitled to vote except on a poll. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 18, 2013 to Wednesday, September 25, 2013 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
4. As a measure of economy copies of the Annual Report & Accounts will not be distributed at the meeting. Members are therefore requested to bring their copies to the meeting.
5. Members who hold Shares in physical mode are requested to immediately notify the change of address, if any, and also, in furtherance of Green Initiative in Corporate Governance by Ministry of Corporate Affairs, the Shareholders are requested to intimate their Email Id for delivery of Annual Reports, Notices and other documents through electronic mode to the Registrar and Share Transfer Agents, Link Intime India Pvt. Ltd. and can also send confirmation on mail id spentainternationalgogreen@linkintime.co.in
6. For the convenience of Members and for proper conduct of the meeting entry to the meeting venue will be regulated by attendance slip which is enclosed with the Annual Report. Members are requested to sign at the place provided on the attendance slip and hand it over at the entrance of the venue.
7. For transfer of shares held in Physical mode the transferee should submit along with the transfer documents copy of PAN Card for registration of transfer request.
8. Members are requested to intimate to the Company, queries if any, regarding the accounts at least 10 days before the Annual General Meeting to enable the Management to keep the information ready at the meeting. The queries may be addressed to Managing Director, Mr. Danny Hansotia, Spenta International Limited, Plot No. 13 to 16, Dewan Industrial Estate, Village Navali, District Thane, Palghar (West) - 401 404.
9. Details of Directors seeking appointment or re-appointment at the 26th Annual General Meeting pursuant to clause 49IV (G)(I) of the Listing Agreement with Stock Exchange(s) are mentioned in the Corporate Governance Report forming part of this Annual Report.
10. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updation of Saving Bank Account details to their respective Depository Participants.
11. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management.
12. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Registrar and Share Transfer Agent M/s Link Intime India Pvt. Ltd., the details of such folios together with the share certificate for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
13. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

BY ORDER OF THE BOARD

DATE: August 8, 2013

PLACE: Palghar

DANNY HANSOTIA
(MANAGING DIRECTOR)

3

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

As required by Section 173 of the Companies Act, 1956 ("Act") the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 5 of the accompanying Notice:

ITEM NO. 4:

Mr. Sanjay Gadodia is the Chairman and Whole Time Director of the Company. His tenure in the office ended on June 30, 2013. The remuneration drawn by him was in the grade of Rs. 75,000/- per month to Rs. 1,25,000/- per month. Subject to the approval of members, the Remuneration Committee and the Board of Directors at their meeting held on May 30, 2013, re-appointed Mr. Sanjay Gadodia for further period of 5 (Five) years with effect from July 01, 2013 and also approved remuneration payable to him in the grade of Rs. 75,000/- per month to Rs. 1,25,000/- per month. The remuneration to Mr. Sanjay Gadodia inter alia, includes the payment of salary, perquisites and benefits and is subject to the approval of members.

MAJOR TERMS OF REMUNERATION OF MR. SANJAY GADODIA, WHOLE TIME DIRECTOR:

I) TERMS & CONDITIONS:

1. Name & Designation of Director : Mr. Sanjay Gadodia (Whole time Director)
2. Date of Appointment : Re-appointment w.e.f. July 01, 2013.
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. with power to Board to vary from time to time within the limits of Schedule XIII of the 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. Sanjay Gadodia 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 Mr. Sanjay Gadodia shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

II) PERQUISITES:

Mr. Sanjay Gadodia as a Whole Time Director will be entitled for following perquisites, which shall not be part of the ceiling of the remuneration.

- a) Contribution to provident Fund, Superannuation fund or annuity fund 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.

SPENTA INTERNATIONAL LIMITED

- III) Salary and perquisites specified herein shall be payable to the Whole Time Director notwithstanding the inadequacy or no profits in any financial year during the currency of tenure of his office as such.
- IV) The Whole time Director shall not be paid any sitting fee for attending the meetings of the Board of Directors or committee thereof.
- V) The Whole time 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.

None of the Directors of the Company are in any way concerned or interested in the above resolution except Mr. Sanjay Gadodia as resolution relates to his own re-appointment and remuneration proposed to be paid to him and Mr. Sandeep Gadodia, Whole Time Director of the Company, being the relative (Brother) of Mr. Sanjay Gadodia.

ITEM NO. 5:

Mr. Hemant Shah was appointed as an Additional Director w.e.f July 09, 2013 by the Board of Directors of the Company in terms of Section 260 of the Companies Act, 1956 and in pursuance of the provision of Articles of Association of the Company. Mr. Hemant Shah 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. Hemant Shah is as follows:-

Name of the Director	Mr. Hemant Shah
Age	44
Qualification	B. Com
Expertise in specific functional areas	Retail Management
Directorship in other Indian Public Limited Company & other firms as on March 31, 2013	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 March 31, 2013.

The Board recommends the said resolution for approval of members.

None of the Directors of the Company are in any way concerned or interested in the above resolution except Mr. Hemant Shah as resolution relates to his own appointment as Director of the Company liable to retire by rotation.

BY ORDER OF THE BOARD

DANNY HANSOTIA
(MANAGING DIRECTOR)

DATE: August 8, 2013
PLACE: Palghar

5

DIRECTORS' REPORT

To,
The Members,
SPENTA INTERNATIONAL LIMITED.

Your Directors have pleasure in presenting the 26th Annual Report on the business and operations of the Company, together with the Audited Accounts for the financial year ended March 31, 2013.

1. FINANCIAL RESULTS:

The financial Results are briefly indicated below:

(Rs. In Lacs)

	YEAR ENDED	
	March 31, 2013	March 31, 2012
Sales	2796.27	2642.84
Other Income	44.63	76.96
Total Income	2840.90	2719.80
Profit before Interest and Depreciation	466.34	535.66
Less: Interest & finance charges	(71.01)	(113.67)
Profit after interest but before Depreciation	395.33	421.99
Less: Depreciation & Amortization	(169.36)	(160.94)
Profit before tax	225.97	261.05
Less: Provision for Taxation - Current Tax	90.00	105.00
- Deferred Tax(Net)	(1.73)	(13.69)
- Short/Excess provision for Fringe Benefit Tax	--	0.98
Profit after tax	137.69	168.76

2. FINANCIAL OPERATIONS:

Even as the Indian economy encountered another challenging year, the Company's Sales income grew by 5.80% to Rs. 2796.27 lacs compared to Rs.2642.84 lacs in the previous year. However on account of inflation and rising interest rates the net profit of the company has reduced by 18.41 % to Rs.137.69 lacs compared to Rs.168.76 lacs in the previous year.

3. FUTURE PROSPECTS:

Economic growth rate of Country slowed to around 5.0 % for the 2012–13 fiscal year compared with 6.2 % in the previous fiscal. It is to be noted that India's GDP grew by an astounding 9.3% in 2010–11. Thus, the growth rate has nearly halved in just three years. The industrial sector is the main sector dragging the growth of the economy down. The Company through efficient production management system, automation and modernization is confident of minimizing the risks and increasing the profits of the Company in coming years. The management of the Company makes an effort to sustain the continued growth of the Company even in case of future risk prone conditions.

4. DIVIDEND AND TRANSFER TO RESERVES:

Considering the reduction in profits and in view to conserve resources your Board has not recommended any dividend for the financial year 2012-13. No amount is being transferred to reserves during the year under review.

5. FIXED DEPOSITS:

The Company has accepted Fixed Deposits within the meaning of Section 58A 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:

Since the Company has no subsidiaries, provision of Section 212 of the Companies Act, 1956 do not apply to the Company.

7. DIRECTORS:

Mrs. Meena Sehra retires by rotation and is eligible for re-appointment.

SPENTA INTERNATIONAL LIMITED

Mr. Hemant Shah was appointed as an Additional Non-Executive Independent Director w.e.f July 09, 2013 by the Board of Directors of the Company in terms of Section 260 of the Companies Act, 1956. Mr. Hemant Shah hold office as a Director up to the date of the ensuing Annual General Meeting of the Company and is eligible for re-appointment as a Director, liable to retire by rotation. Members' attention is drawn to Item no. 5 of the Notice for the appointment of Mr. Hemant Shah as Director of the Company, liable to retire by rotation.

Mr. Jagdeep Desai Non-Executive Independent Director resigned from Directorship of the Company w.e.f. June 15, 2013. Company is in the process of appointing an Non-Executive Independent Director within the stipulated time period.

8. DIRECTORS' 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 Profits 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 provisions 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:

A separate report on Corporate Governance forms part of the Annual Report along with Certificate on Compliance from M/s. HS Associates, Practicing Company Secretaries.

10. CEO / CFO CERTIFICATION:

Certificate of CEO / CFO of the Company on Financial Statements, Cash Flow for the financial year 2012-13 and Certificate of CEO i.e. Whole Time Director of the Company for compliance with code of conduct by Board members and Senior Management personnel on annual basis are enclosed herewith.

11. COMPLIANCE CERTIFICATE:

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

12. STOCK EXCHANGE REQUIREMENTS:

Being listed at BSE Limited, Mumbai & Ahmedabad Stock Exchange, the Company has paid listing fees till March, 2014.

13. AUDITORS:

M/s. A. R. Parikh & Co., Chartered Accountants, Mumbai, Statutory Auditors of the 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.

14. AUDITORS' REPORT:

The Auditors' Report to the shareholders did not contain any adverse remarks or qualification.

15. COST AUDITORS:

M/s. Gangan & Company (Membership No. 13311), Cost Accountants were re-appointed as Cost Auditors for the financial year 2013-14 to conduct the cost audit of the accounts maintained by the Company in respect of the various products prescribed under Cost Audit Rules, 2011.

The Compliance Report for the financial year 2011-12, issued by M/s Gangan & Company, Cost Accountants in respect of the various products prescribed under Cost Audit Rules, 2011, was filed with Ministry of Corporate Affairs (MCA) on February 8, 2013. The cost audit Report for the financial year 2012-13 shall be filed in due course of time.

16. COMMITTEES OF BOARD:

Board has constituted Committees pursuant to provisions of Companies Act, 1956 and Listing Agreement with Stock Exchanges.

Following Committees are constituted by the Board: Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee.

The composition and other details with respect to Committees are detailed in the Corporate Governance Report which forms part of this Annual Report.

17. MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT:

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

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE:

A 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 1.

19. 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.

20. ACKNOWLEDGEMENTS:

Your Directors place on record their gratitude to the Central Government, State Government and Company's Bankers for the assistance, co-operation and encouragement they extended to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of Investors, Vendors, Dealers, Business Associates and Employees in ensuring an excellent all around operational performance. Our consistent growth was made possible by their hard work, solidarity, co-operation and support.

BY ORDER OF THE BOARD

DATE: August 8, 2013

PLACE: Palghar

SANJAY GADODIA
(CHAIRMAN)

Form A: Disclosure of particulars with respect to Conservation of Energy.

		31/03/13	31/03/12
A.	POWER & FUEL CONSUMPTION		
1.	Electricity		
a)	Purchased		
	Units (in lakhs) (in kwh)	16.28	17.27
	Amount in Rupees (in lakhs)	129.03	115.19
	Rate per Unit (in Rupees)	7.94	6.66
B.	CONSUMPTION PER UNIT OF PRODUCTION		
	Knitted Cotton Socks	1.90	1.72

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 & ADAPTATION:
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 earnings & outgo are as follow:

(Rs. In Lacs)

	31/03/13	31/03/12
Foreign Exchange Earnings:	NIL	NIL
Foreign Exchange outgo:		
Travelling	4.92	NIL
Advances for Machines	0.25	NIL
Plant and Machinery	98.19	60.28
Spares & Consumables	9.92	9.84