



S P CAPITAL
FINANCING LIMITED

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26th

ANNUAL REPORT
2008-2009


SP CAPITAL
FINANCING LTD.
26th ANNUAL REPORT
Board Director

Shri S.P. Jain	(Chairman)
Shri Baldev L. Boolani	(Director)
Shri Hasmukh Sheth	(Director)
Shri Bhupendra T. Shah	(Director)
Mrs. Meena S. Jain	(Director)
Shri D.P. Jain	(Director)

Auditors

M/s. P.M.PANDAY & ASSOCIATES.
Chartered Accountants

Bankers

Central Bank of India
Citi Bank
HDFC Bank
Kotak Mahindra Bank

Legal Adviser

M/s. Kanga & Co.
Advocate & Solicitors

**Registrar and Transfer Agents
Bigshare Services Pvt Ltd**

E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E),
Mumbai – 400 072.
Tel.: 28470652/28470653
Fax : 28475207

Registered Office

908, Dalamal Towers,
211, Nariman Point,
Mumbai – 400 021.
Tel.: 22844051/63 / 22824945
Fax : 22844052

Branch Office

1,2,3, Indu Chambers,
Wakdewadi Road,
Bombay-Pune Road, Pune
Tel: 9520 – 5511121/92

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 26th Annual General Meeting of the members of S P CAPITAL FINANCING LIMITED will be held at 908, Dalamal Towers, 211 Nariman Point, Mumbai 400 021 on Wednesday, September 30, 2009 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 and Profit & Loss Account for the year ended on that date together with the Auditors' and Directors' Report.
2. To appoint a Director in place of Mrs. Meena S. Jain who retires by rotation and being eligible to offer himself for reappointment.
3. To appoint a Director in place of Mr. Baldev L. Bhoolani who retires by rotation and being eligible to offer himself for reappointment.

SPECIAL BUSINESS:

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

"RESOLVED THAT M/s. Sanjay Raja Jain & Co., Chartered Accountants Mumbai be and hereby appointed as Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. P.M. Pandey & Associates, Chartered Accountants Mumbai, until the conclusion of the next Annual General Meeting of the Company on a remuneration to be decided by the Board of Directors of the Company.

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 instrument appointing a proxy in order to be effective, should be duly completed, stamped and signed, and must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
3. Members are requested to bring their copies of the Annual Report to the Meeting. Members/proxies attending the Meeting should bring the Attendance Slip, duly filled, for handing over at the venue of the meeting.
4. Members are requested to advise immediately change in their address, if any, quoting their Folio number(s) to the company.
5. Information as required under Clause 49 of the Listing Agreement with respect to Directors seeking re-appointment in this Annual General Meeting. In respect of item No. 2 & 3 of the notice convening the Meeting is annexed hereto.
6. The Register of Members and Shares Transfer Books of the Company will remain closed from Monday, September 21, 2009 to Wednesday, September 30, 2009 (both days inclusive)

For and on behalf of the Board

S. P. Jain
Chairman

Registered Office:

908, Dalamal Towers,
211, Nariman Point,
Mumbai-400 021.
May 30, 2009

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to sec.173(2) of the Companies Act, 1956 in respect of special business

Item 4

The present Auditors of the Company, M/s. P.M. Pandey & Associates, Chartered Accountants, Mumbai, have expressed their inability to seek reappointment as Auditors of the Company. Members are required to appoint Auditors and fix their remuneration.

One of the members have recommended appointment of M/s. Sanjay Raja Jain & Co, Chartered Accountants, Mumbai as the Auditors of the Company in place of M/s. P.M. Pandey & Associates, Chartered Accountants, retiring auditors. The Directors recommend the appointment of M/s. Sanjay Raja Jain & Co, Chartered Accountants, Mumbai as Auditors of the Company in the vacancy caused by resignation of M/s. P.M. Pandey & Associates, Chartered Accountants, Mumbai.

No Director shall be deemed to be concerned or interested in the resolution


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ANNEXURE TO NOTICE

Information under Clause 49 of the Listing Agreement with respect to Directors seeking re-appointment in this Annual General Meeting.

Item No. 2

1. Name	Mrs. Meena S Jain
2. Date of Birth	17 th December, 1951
3. Profession	Business
4. Qualification	B. Com.
5. List of other Directorship held excluding private Companies	2 (Two)
6. Chairman/Member of the Committee of Board of Director of the Company	1 (one)
7. Chairman/Member of the Committee of Board of Director of the other Company	Nil
8. Expertise in specific functional area	In the field of Finance & Investment Business.

Item No. 3

1. Name	Shri Baldev Boolani
2. Date of Birth	19.02.1929
3. Profession	Business
4. Qualification	M.Sc(Tech)
5. List of other Directorship held excluding private Companies	Nil
6. Chairman/Member of the Committee of Board of Director of the Company	2(Two)
7. Chairman/Member of the Committee of Board of Director of the other Company	Nil
8. Expertise in specific functional area	In the field of Mfg Plastic Processing machines & packaging Material Industries.

For and on behalf of the Board

S. P. Jain
Chairman

Registered Office:

908, Dalamal Towers,
211, Nariman Point,
Mumbai-400 021.
May 30, 2009


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DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 26th Annual Report of the Company along with the audited statements of accounts for the year ended March 31, 2009.

Particulars	(Amount in LacsRs.)	
	Year ended March 31, 2009	Year ended March 31, 2008
Total Income from Operations	949.96	974.59
Profit Before Depreciation & Tax	22.16	46.79
Depreciation	6.36	6.69
Profit before Tax	15.80	40.10
Provision for Tax	2.50	6.50
Profit after Tax	13.30	33.60
Profit b/f from previous year	48.59	24.99
Balance available for Appropriation	61.89	58.59
Transfer to Reserve Fund	4.00	10.00
Balance Carried to Balance Sheet	57.89	48.59

DIVIDEND

The Board of Directors of the Company have not recommended any dividend for the year 2008-09.

FIXED DEPOSITS

The Company has not accepted any deposit from the public during the year under review, to which the provisions of Section 58A of the Companies Act, 1956 and the rules made thereunder would apply.

OPERATIONS

During the year under review the sales turnover registered a slight fall from Rs 974.59 Lakhs to Rs. 949.96 Lakhs due to various reasons including recession in markets. The existing business has also been effected badly due to the overall performance of the financial industry globally. Pride Orchid Pvt. Ltd. is no longer subsidiary of the Company. All these factors resulted in the Company posting a lower Profit after tax of Rs.13.30 Lakhs in comparison to 33.60 Lakhs during last year.

The Management Discussion and Analysis Report deals with the operations of your Company in detail and forms part of this Annual Report.

Your directors are hopeful of better results for the company in the current year.

LISTING OF EQUITY SHARES

The Company's equity shares are listed on the Bombay Stock Exchange and the listing fee for the year 2009-10 has been paid.

PUBLIC DEPOSITS

The Company has not invited and / or accepted any deposits, during the year.

CASH FLOW STATEMENT

Cash flow statement pursuant to Clause 32 of the listing agreement is attached herewith

DIRECTORS

Mrs. Meena Jain and Mr. Baldev L. Boolani, Director of the Company retire at the ensuing Annual General meeting and being eligible offers themselves for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) they have, in the selection of the accounting policies, consulted the statutory auditors and these have been applied


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consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit of the Company for the year ended on that date;

- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis.

SUBSIDIARIES

M/s Pride Orchades Pvt. Ltd. Cease to be subsidiary of the Company during the year.

CORPORATE GOVERNANCE

Your Company being a professionally run company, has always believed in transparency and accountability. Your Company is fully compliant with the revised Clause 49 of the Listing Agreement. A report on Corporate Governance is attached to this report.

AUDITORS AND THEIR OBSERVATIONS

The present Auditors of the Company, M/s. P.M. Pandey & Associates, Chartered Accountants, Mumbai, have expressed their inability to seek reappointment as Auditors of the Company. Members are required to appoint Auditors and fix their remuneration.

One of the members have recommended appointment of M/s. Sanjay Raja Jain & Co, Chartered Accountants, Mumbai as the Auditors of the Company in place of M/s. P.M. Pandey & Associates, Chartered Accountants, retiring auditors. The Directors recommend the appointment of M/s. Sanjay Raja Jain & Co, Chartered Accountants, Mumbai as Auditors of the Company in the vacancy caused by resignation of M/s. P.M. Pandey & Associates, Chartered Accountants, Mumbai.

As required under the provisions of section 224 of the Companies Act, 1956, the Company has obtained written certificate from the above Auditors proposed to be appointed to the effect that their appointment, if made, would be in conformity with the limits specified in the said section.

With regard to the Auditors observations, the same have been duly explained in the notes, hence does not require any further clarifications.

PARTICULARS ON CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

This information is required as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2009.

Since the Company's operations involve low consumption of energy, the Company has no comments to offer as far as (a) conservation of energy and (b) Technology absorptions are concerned.

FOREIGN EXCHANGE

Foreign exchange earned during the period under consideration was Rs. NIL

Foreign exchange expenditure incurred during year amounted to Rs.NIL

PARTICULARS OF EMPLOYEES

Particulars of the employees under the provision of section 217 (2A) of the Companies Act, 1956 are not given as no employees was in receipt of remuneration exceeding Rs. 24,00,000/- p.a. if employed for the full year or Rs.2,00,000/—p.m. if employed for part of the year.

ACKNOWLEDGEMENTS

The Directors would like to thank all clients, Bankers and Government of Andhra Pradesh for the un-stinted support received from them during the year.

The Directors would also like to place on record their appreciation for the dedicated efforts and services put in by the employees of the Company.

For and on behalf of the Board

S. P. Jain
Chairman

Dated: May 30, 2009

Place : Mumbai

**SP CAPITAL****FINANCING LTD.****26th ANNUAL REPORT****MANAGEMENT'S DISCUSSION AND ANALYSIS****A INDUSTRY OVERVIEW****1. India – Today**

India today, is a fast emerging economic super power. With a population of a strong 300 million and the world's largest middle class population, it unleashes the latent strength of popular consumerism while reshaping both business & the way of life. With the surging trend in all sectors, International Trade Journals have rightly billed India as one of the fastest growing economies in the world.

2. Indian Finance Industry – An overview

As our country requires new cities new townships where our population can reside & work. Investors have identified India potent body of 300 million middle class. The world's largest waiting to unleash its nascent strength of popular consumerism. Where 54% of the population is below 25 years of age.

The Finance industry is one of the key industries in the Indian economy and India is today one of the leading countries in the world as far as trade is concerned. Though new opportunities are rapidly emerging India's future position will largely depend on how effectively the Industry and Government are able to resolve core issues and take advantage of an increasingly fragmented industry structure. The Industry, which is one of the oldest in existence, has promoted economic development even in far-flung areas of the country, both urban and rural. One of the highly developed metropolises of Modern India Mumbai has grown over the years and has the main business base of Finance Industry.

B. INDUSTRY STRUCTURE AND DEVELOPMENT:

Great changes are taking place in the global industry, and as the company is establishing its position in the Indian Economy and also restructuring itself to fit in the competitive market. Despite the market conditions, the company performance during the year is satisfactory.

C. FUTURE PROSPECT / BUSINESS PLANS OF THE COMPANY

The opportunities ahead are immense and Company is fully geared to make the most of them. Company is planning to get into other segment of finance during the current year. The company has concentrated on its goals of consolidating and strengthening its marketing network, delivering quality products and cutting cost wherever possible.

Various organization development initiatives were undertaken during the year. These are expected to help create a robust organization based on strong values, uniform and systematic business processes and people empowerment.

D. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has a proper and adequate system of internal control to ensure that all assets are safeguarded and protected against any loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly. The Company's internal control systems are periodically reviewed by the management together with the Audit Committee of the Board. The emphasis of internal control prevails across functions and processes, covering the entire gamut of activities including finance, supply chain, distribution, marketing etc.

F. HUMAN RESOURCES DEVELOPMENT/INDUSTRIAL RELATIONS:

The Company recognizes the need for continuous growth and development of its employees in order to provide greater job satisfaction and also to equip them to meet growing organizational challenges. Industrial relations have continued to be harmonious at all units throughout the year. Measures for safety of employees, Welfare and development continue to receive top priorities.

G. CAUTIONARY STATEMENT:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking statements within the meaning of applicable security laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed or implied.

Important factors that could make a difference to the company's operation include demand and supply conditions, finished good prices, raw materials cost and availability, changes in Government regulation and tax structure, economic developments within India and the countries with which the company has business contacts and other factors such as litigations and Industrial relations of India.

The Company assumes no responsibility in respect of forwarded looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events of the Company.

For and on behalf of the Board

S. P. Jain
Chairman

Dated: May 30, 2009
Place : Mumbai

REPORT ON CORPORATE GOVERNANCE

The report has been mentioned below pursuant to Clause 49 of the listing Agreement. We report that the steps taken by the Company so far in this direction are as under:

1. Company's Philosophy

Company's Philosophy always strives to achieve optimum performance at all levels by adhering to Corporate Governance practice and envisages fair and transparent business practices, effective management control by the Board, adequate representation of promoter and independent Directors on the Board, accountability for performance, compliance of laws, transparent and timely disclosure of financial and management information and voluntary best practice and disclosures.

2. Constitution of the Board and its meeting

The present Boards of Directors consists of three (Promoter) Directors and three Non Executive (independent) Directors who are themselves experienced industrialists heading their business empire.

During the year under review, Five Board meetings were held which were attended to by each of the Directors as detailed herewith:

Name of Directors	Category	No. of Board Meeting attended	Attendance of last AGM
Shri S. P. Jain	Promoters / Chairman	5	Present
Shri Baldev L Boolani	Non-promoter / Independent Director	3	Present
Shri Hasumukh Sheth	Non-promoter / Independent Director	4	Present
Shri Bhupendra T Shah	Non-promoter / Independent Director	1	Present
Mrs. Meena S Jain	Promoter / Director	5	Present
Shri D. P. Jain	Promoter / Director	5	Present

The Board meeting were held on the following dates: 31st May, 2008, 25th June 2008, 31st July, 2008, 31st October, 2008 and 31st January, 2009.

Pursuant to provisions of the Companies Act, 1956, Mrs. Meena S Jain and Mr. Baldev L Boolani, retire by rotation and being eligible, offer themselves for re-appointment.

3. Audit Committee

During the year an Audit Committee of Directors comprising of Shri S. P. Jain, Shri Hasumukh Sheth, and Shri Bhupendra T Shah was constituted in line with the amendments in the Companies Act, 1956. The Committee elected Shri Bhupendra T. Shah as the Chairman. The Audit Committee acted as interface between the management and statutory Auditor and the terms of reference were specified as per the requirement of the Act.

Apart from various responsibility stipulated by the Board to the Audit Committee, the responsibility areas are as follows:

Review of the Company's financial reporting process and disclosures to ensure that the financial statements are correct, sufficient and credible.

Recommending the appointment/removal of external Auditors, fixing of Audit fee and payment for other services.

Reviewing annual financial statement before submission to the Board with focus on change in accounting policies and practice. Major accounting entries, qualification in draft audit report, significant adjustments arising out of audit, accounting standards compliance, compliance with Stock Exchange and other legal requirements.

Reviewing with the management, external and internal auditors, the adequacy of internal control systems and internal audit functions.

Discussions with auditors, any significant findings and follow-up thereon. Reviewing any suspected fraud, irregularity or failure of internal Control system of material nature and reporting the matter to the Board.

Discussion with external auditor in respect of pre and post audit matters.

Reviewing Company's financial and risk management policies.

Look into reasons for substantial defaults in payment to shareholders and creditors.