



**S P CAPITAL**  
**FINANCING LIMITED**

**29th**  

---

**ANNUAL REPORT**  
**2011-2012**

**SP CAPITAL****FINANCING LTD.****29th ANNUAL REPORT****Board of Directors**

Shri S. P. Jain	Chairman
Shri Baldev L. Boolani	Director
Shri Bhupendra T. Shah	Director
Shri D. P. Jain	Director

**Auditors**

M/s. SANJAY RAJA JAIN & CO.  
Chartered Accountants

**Bankers**

Central Bank of India  
Citi Bank  
HDFC Bank  
Kotak Mahindra Bank

**29th ANNUAL GENERAL MEETING**

DATE : 29th September, 2012

TIME : 3.00 p.m.

VENUE : 908, Dalamal Tower, 211, Nariman Point, Mumbai - 400 021.

**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.No. : 022 - 40430200  
Fax No. : 022 - 28475207  
E-Mail : bigshare@bom7.vsnl.net.in

**Registered Office**

908, Dalamal Towers,  
211, Nariman Point,  
Mumbai - 400 021.  
Tel.: 22844051/63 / 40372424  
Fax : 22844052

**Branch Office**

1,2,3, Indu Chambers,  
Wakdewadi Road,  
Bombay-Pune Road, Pune  
Tel: 9520 - 551121/92

**Equity Shares are listed on**

Bombay Stock Exchange

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**S P CAPITAL****FINANCING LTD.****29th ANNUAL REPORT****NOTICE**

NOTICE is hereby given that the 29th 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 Saturday, September 29, 2012 at 3.00 p.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2012 and the Profit & Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To consider and approve Dividend on Equity Shares.
3. To appoint a Director in place of Shri S. P. Jain who retires by rotation and being eligible to offer himself for reappointment.
4. To appoint a Director in place of Shri Bhupendra T Shah who retires by rotation and being eligible to offer himself for reappointment.
5. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**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. 3 & 4 of the notice convening the Meeting is annexed hereto.
6. The Register of Members and Share transfer Books of the Company will remain closed from Saturday, September 22, 2012 to Saturday, September 29, 2012 (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, 2012

**SP CAPITAL****FINANCING LTD.****29th ANNUAL REPORT****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	Shri S. P. Jain
2. Date of Birth	4th September, 1950
3. Profession	Business
4. Qualification	B. Com. F.C.A
5. List of other Directorship held excluding private Companies	4 (Four)
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, Hotels & Construction Business.

**Item No. 3**

1. Name	Shri Bhupendra T Shah
2. Date of Birth	28th June, 1945
3. Profession	Business
4. Qualification	B.Com
5. List of other Directorship held excluding private Companies	1(One)
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 & Construction.

**For and on behalf of the Board**

**S. P. Jain**  
**Chairman**

**Registered Office:**

908, Dalamai Towers,  
211, Nariman Point,  
Mumbai-400 021.  
May 30, 2012



## **DIRECTORS REPORT**

*Dear Shareholders,*

Your Directors have pleasure in presenting the 29th Annual Report of the Company along with the audited statements of accounts for the year ended March 31, 2012.

### **Financial Results**

The standalone financial results of your Company for the financial year ended March, 31, 2012 are summarized below :

(Amount in Rupees)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Net Sales / Gross Income	3,36,22,318	5,63.10,390
<b>Profit Before Tax</b>	<b>23,51,257</b>	<b>24,57,095</b>
Provision for Taxation (including deferred Tax)	7,03,686	6,64,535
<b>Net Profit After Tax</b>	<b>16,47,571</b>	<b>17,92,560</b>
Profit brought forward from Previous Year	73,06,412	79,11,359
Appropriation – Transferred to Reserve Fund	5,00,000	5,00,000
Transferred to General Reserve	5,00,000	5,00,000
Proposed Dividend	12,02,440	12,02,440
Tax on Proposed Dividend	1,95,066	1,95,066
<b>Surplus carried to Balance Sheet</b>	<b>65,56,477</b>	<b>73,06,412</b>

### **DIVIDEND**

Your Directors are also pleased to recommend dividend for the year ended March 31, 2012 @ 0.20 (2%) per equity share of Rs.10/- each considering overall profitability and growth of the Company.

### **TURNOVER & OPERATIONS**

The turnover of the Company for the year under review is Rs.336.22 lacs as against Rs.563.10 lacs in the previous year which in the opinion of the Directors are not satisfactory. Your Directors are hopeful to improve the growth rate in turnover and profitability in current year. Net profit after tax stood at Rs.16.48 lacs as against Rs.17.93 lacs in the previous year.

### **PERFORMANCE OF THE COMPANY**

During the year Company's performance deteriorated due to bad market conditions and recessionary trend in the overall performance of financial industry globally. The results of the Company for the year under review bear a witness to the effort of the Board to sustain in an environment of bad performance of financial industry globally. The company has concentrated on its goals of consolidating and cutting cost wherever possible.

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

### **FIXED DEPOSITS**

Your Company does not accept or hold any deposits and as such, no amount of principal or interest on fixed deposits was outstanding on the date of the Balance Sheet. 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 there under would apply.

### **DIRECTORS**

Shri S.P.Jain and Shri Bhupendra T Shah, Directors of the Company retire at the ensuing Annual General meeting and being eligible offer 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 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, 2012 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.

**CASH FLOW STATEMENT**

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

**SUBSIDIARIES**

The company does not have any subsidiary company.

**PARTICULARS OF EMPLOYEES**

During the year under review none of the employees of the Company was in receipt of remuneration in excess of the limits, specified under section 217 (2A) of the Companies Act, 1956, whether employed for the whole year or part thereof.

**CORPORATE GOVERNANCE:**

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Corporate Governance Report and Auditor's Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Reports.

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. SANJAY RAJA JAIN & CO, Chartered Accountants, Mumbai, retire as auditors of the Company at the ensuing Annual General Meeting and being eligible offers themselves for reappointment. Members are required to reappoint Auditors and fix their remuneration.

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 reappointed to the effect that their reappointment, if made, would be in conformity with the limits specified in the said section.

**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, 2012. 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



**LISTING ARRANGEMENT**

Your Company continues to be listed on the Stock Exchange, Mumbai where the Company's shares are being traded. The company has paid listing fee for the year 2012-13.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**INDUSTRY STRUCTURE AND DEVELOPMENT**

Indian financial market has displayed relative stability for the last several years, even when markets in the Asian region were facing a crisis. India's latest run of strong economic growth and continuing macroeconomic stability is a tribute the important progress made in recent year in macroeconomic management techniques as well as to an earlier generation of structural reforms. However, while growth and stability in the Indian market remains strong, turmoil in the middle East and North Africa have lead to a spike in oil prices and are adding uncertainty to the pace of global recovery. The financial downtrend in the US and Europe has had an adverse effect on the pace of global financial recovery and has added to inflationary woes. Hence going forward countries will have to face the challenge of achieving growth while balancing inflationary concerns and growth momentum.

**INTERNAL CONTROL & SYSTEMS**

The company has in proper and adequate system of internal control and the same is being reviewed commensurate with its size and nature of operations. 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.

**CAUTIONARY STATEMENT**

Having projected fairly achievable expectations, it will not be out of place to indicate that other things remaining equal economic conditions affecting demand/supply, overall price partly both domestic and overseas and government regulations will affect the desired results

**HUMAN RESOURCES DEVELOPMENT**

The Company believes that the main strength of any organization is its people. It is the people who build the system and create a climate to suit the growth and excellence in the Company.

**THE FINANCIAL AND OPERATIONAL PERFORMANCE**

The financial statement is in confirmation with provisions of the Companies Act, 1956 and applicable accounting standard recommended by the Institute of Chartered Accountants of India. The financial statement reflects the genuine desire for the transparency and best judgment for the estimates made on prudent and reasonable bases to correctly reflect the true and fair affairs of the company.

**SEGMENT WISE PERFORMANCE**

Presently, company is dealing in single segment activity.

**FUTURE PROSPECT / BUSINESS PLANS OF THE COMPANY**

The opportunities ahead are immense and Company is fully geared to make the most of them. The company has concentrated on its goals of consolidating 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.

**ACKNOWLEDGEMENTS**

The Directors would like to thank all clients, Bankers 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**

Dated: May 30, 2012  
Place : Mumbai

**S. P. Jain**  
**Chairman**

**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 on Code of Governance:**

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. Board of Directors:**

The present strength of Board of Directors consists of two (Promoter) Directors and two Non Executive (independent) Directors who are themselves experienced industrialists heading their business empire and category are given below:

**(A) The Constitution of the Board as on March 31, 2012.**

The Composition of the Board of Directors and also the number of other Directorship of Committees of which they are member/Chairperson are as given below:

Directors	Category	No. of Directorship		No. of Committee position	
		Public	Private	Member	Chairman
Shri S. P. Jain	Promoter Chairman	4	11	1	1
Shri Baldev L Boolani	Independent	1	3	2	-
Shri Bhupendra T Shah	Independent	1	1	1	2
Shri D. P. Jain	Promoter Non- Executive	3	11	1	-

**(B) Board Procedure:**

The Board of the Company met 5 times during the year ended March 31, 2012. Notice and Agenda were circulated in advance of each meeting of the Board of Directors. The Chairman briefed the Board at every meeting on the overall performance of the Company.

**(C) Attendance of each Director at the Board Meeting and the Last Annual General Meeting:**

The Board meetings were held on the following dates: 30<sup>th</sup> May, 2011, 08<sup>th</sup> July, 2011 15<sup>th</sup> July, 2011, 31<sup>st</sup> October, 2011 and 16<sup>th</sup> January, 2012.

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	Promoter / Chairman	5	Present
Shri Baldev L Boolani	Non-promoter / Independent Director	2	Present
Shri Bhupendra T Shah	Non-promoter / Independent Director	1	Present
Shri D. P. Jain	Promoter / Director	5	Present

**(D) Directors seeking appointment / Re-appointment:**

Pursuant to provisions of the Companies Act, 1956, Shri S. P. Jain and Shri Bhupendra T Shah, retire by rotation and being eligible, offer themselves for re-appointment.



**MR. S.P.JAIN- DIRECTOR**

Mr. S.P. Jain is the Promoter Chairman of the Company. He is 61 years old and is post graduate B. Com. F.C.A. He has vast experience in the field of Finance, Hotels & Construction Business.

**MR. BHUPENDRA T SHAH- DIRECTOR**

Mr. Bhupendra T Shah is Independent Non Executive Director of the Company. He is around 66 years old and is post graduate B. Com. He has got vast experience in the field of Finance & Investments.

**3. Committees of the board:**

The Board of Directors has constituted Three committees of the Board (i) the Audit committee (ii) Remuneration Committee and (iii) Investor's and shareholders grievance & Share Transfer Committee.

**i) Audit Committee**

During the year an Audit Committee of Directors comprising of Shri S. P. Jain, Shri Baldev L. Boolani 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.

**Composition, name of members and Chairperson:**

Sr.No.	Name of the Director	Position held Chairman / Member	Meeting held	Meeting attended
1.	Shri Bhupendra T Shah	Chairman	4	4
2.	Shri Baldev Boolani	Member	4	4
3.	Shri S. P. Jain	Member	4	4

**Attendance during the year:**

The Committee met on 30<sup>th</sup> May, 2011, 15<sup>th</sup> July, 2011, 31<sup>st</sup> October, 2011 and 16<sup>th</sup> January, 2012 and was attended by all the members.

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.

**ii) Remuneration Committee****Terms of Reference**

The Broad terms of reference of the Remuneration Committee is to fix remuneration payable to the Directors in terms of provisions of the Companies Act, 1956 and refer the same to the Board.

**Composition, name of members and Chairperson:**

Sr.No.	Name of the Director	Position held Chairman / Member	Meeting held	Meeting attended
1.	Shri Bhupendra T Shah	Chairman	1	1
2.	Shri Baldev Boolani	Member	1	1

**Attendance during the year:**

The Committee met on 29.01.2012 and was attended by all the members.

**Remuneration Policy:**

Non-executive Directors are remunerated by way of sitting fees only. The Company does not pay any remuneration by way of Salary, Perquisites and Allowances to the Directors as prescribed under provisions of the Companies Act, 1956.

The minutes of the Remuneration Committee Meeting were circulated to the Board, discussed and taken note of.

**iii) Investors' and Shareholders Grievances & Share Transfer Committee:**

Mr. S. P. Jain, the Director of your Company has always remained very cautious, conscious and concerned about the shareholders' grievances. This resulted in quick attendance and settlement of any grievance leaving no complaint unattended to for a longer time. The Board of Directors are pleased to announce that there were nil complaints received during the year under review.

**a). Share Holder Committee**

During the year under review the following Directors were the Members of the Shareholders' / Investors' Grievance Committee.

Sr.No.	Name of the Director	Position held Chairman / Member	Meeting held	Meeting attended
1.	Shri S.P. Jain	Chairman	2	2
2.	Shri D.P. Jain	Member	2	2
3.	Shri Bhupendra T Shah	Member	2	2

**b). The Particulars of Investors, grievances received and redressed during the year are furnished below:**

Sr.No.	Nature of Complaints	No. Of Complaints		
		Received	Resolved	Pending as on 31/3/2012
1.	Non receipt of Annual Report	Nil	Nil	Nil
2.	Complaints relating to dematerialization of Shares	Nil	Nil	Nil
3.	Non-receipt of Share Certificates after transfer / duplicate / name correction	Nil	Nil	Nil
4.	Others	Nil	Nil	Nil
	<b>TOTAL</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>