



***SPS* International Limited**
TENTH ANNUAL REPORT
2002 - 2003

SPS INTERNATIONAL LIMITED

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BOARD OF DIRECTORS

Sh. S.K. Jain, Chairman & Managing Director

Sh. Sudhir Jain, Wholetime Director

Sh. Ankur Jain

Sh. Shreyans Kumar Patni

Sh. Vipin Kumar Gupta

Sh. Anoop Dawar

COMPANY SECRETARY

Sh. Akhil Agarwal

AUDITORS

M/s Sudhir Chaudhary & Associates,
Chartered Accountants, Faridabad

BANKERS

Syndicate Bank, Faridabad Corporation Bank, New Delhi

REGISTERED OFFICE

FF-8, Vishnu Palace, Sector-20B, Faridabad-121 003

CORPORATE OFFICE

302-B, Sant Nagar, East of Kailash, New Delhi- 110 065

SHARE TRANSFER AGENTS

For physical and Demat Shares

Beetal Financial & Computer Services Pvt. Ltd.
321-S, Chirag Delhi, Near Shahid Bhagat Singh College,
New Delhi-110017 Phone No. (011) 29250390
Fax No. (011) 29252146

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NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the shareholders of the Company will be held at Lions Bhawan, 1143, Sector-14, Faridabad-121 002 on Tuesday, the 30th September, 2003 at 10.30 a.m. to transact the following business:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account of the Company as on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Sudhir Jain who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sh. Shreyans Kumar Patni who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Sudhir Chaudhary & Associates, Chartered Accountants as the 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 :

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.
"Resolved that Sh. Ankur Jain be and is hereby appointed as Director of the Company liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.
"Resolved that the equity shares of Company be de-listed from Ahmedabad, Kolkatta and Delhi Stock Exchanges.
Resolved further that the Board of Directors be and are hereby authorised to take all the necessary steps to give effect to the above resolution."

Place : New Delhi
Dated : 28th July, 2003

By the order of the Board of Directors

Sd/-
S.K. JAIN
(Chairman and Managing Director)

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 the proxy need not be a member of the company. Proxies in order to be valid must be deposited at the registered office of the company not less than 48 hours before the meeting.***
2. The Register of Members and Share Transfer Books shall remain closed from Tuesday, 23rd September, 2003 to Tuesday, 30th September, 2003 (both days inclusive).
3. For any information or clarification with regard to accounts, written requests should be made at least 7 days before the Annual General Meeting so as to enable the management to keep ready the information or clarifications, as the case may be.
4. For any correspondence/ query regarding De-materialisation or transfer of shares, please write to Registrar and Share Transfer Agent of the Company M/s Beetal Financial and Computer Services Pvt. Ltd., at 321-S, Chirag Delhi, Near Shahid Bhagat Singh College, New Delhi-110 017.
5. Members holding shares in physical form may write to the Registrar and Share Transfer Agent for any change in their address. However, members holding shares in Electronic Form may write to their DP directly.
6. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
7. No gifts, coupons, complimentaries etc., shall be distributed at the Annual General Meeting.

8. Ballot papers, if required, for each proposed resolution, will be provided to the members/proxies at the registration counter.
9. The registration counter shall open at 9.30 a.m. and close at 10.30 a.m. and thereafter no registration will be done.
10. Members are requested to bring their copy of Annual Report at the AGM.

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

ITEM NO. 5

Sh. Ankur Jain was co-opted as an Additional Director by the Board of the Company in its meeting held on 2nd May, 2003.

Sh. Ankur Jain (20) is pursuing a course in Business Administration from EMPI, Delhi. He is involved in the affairs of the company for last two years. He has been involved in key business decisions taken during last year and has shown potential in helping the Company to grow its business.

The terms of office of Sh. Ankur Jain is coming to an end at the ensuing Annual General Meeting. Notice under section 257 of the Companies Act 1956 has been received from a member signifying his intention to propose the name of Sh. Ankur Jain for the office of Director liable to retire by rotation.

Hence the resolution for the approval of members

Sh. Ankur Jain, is interested in the resolution. Sh. S.K. Jain relative of Sh. Ankur Jain may be deemed to be interested in the resolution.

None of the other Directors is concerned or interested in the resolution.

ITEM NO. 6

The Shares of the company are presently listed at Delhi, Mumbai, Ahmedabad and Kolkatta Stock Exchanges. The Company had taken an enabling resolution from members for getting the shares of the company de-listed from Ahmedabad and Kolkatta Stock Exchanges in the 5th Annual General Meeting held on 30th September, 1998. However, the Board decided not to go ahead with the resolution.

Recently SEBI has come out with revised guidelines on de-listing of the shares from the Stock Exchanges (including Regional Stock Exchange). There has not been any trading in the shares of the Company in Delhi, Ahmedabad and Kolkatta Stock Exchanges during the last few years. Further, as prescribed by SEBI guidelines the Company intends to continue listing its equity shares on Mumbai Stock Exchanges, which has a nationwide coverage.

Hence the resolution for your approval.

None of the directors is concerned or interested in the resolution.

Place : New Delhi
Dated : 28th July, 2003

By the order of the Board of Directors

Sd/-
S.K. JAIN
(Chairman and Managing Director)

To

The Shareholders,

Your Directors are pleased to present the Tenth Annual Report for the year ended 31st March, 2003.

FINANCIAL RESULTS

The financial performance of the company during the year has been as under :

PARTICULARS	Year ended on	
	31.03.2003	31.03.2002
Incomes :		
Net Sales/ Income from operations	574.98	406.85
Export sales	2.27	10.06
Other Income	8.33	8.69
Total (A)	585.58	425.60
Expenditure :		
(Increase)/decrease in stock in trade	0.73	(2.50)
Consumption of raw material	330.70	213.38
Staff cost	57.86	45.17
Other expenditure	135.98	114.41
Interest	4.29	3.97
Depreciation	44.75	40.45
Total (B)	574.31	414.88
Profit (+)/ Loss(-) before tax (A-B)	11.27	10.72
Provision for taxation	6.00	4.90
Net profit(+)/ Loss(-) (6-7)	5.27	5.82
Paid-up equity shares capital	322.59	322.59
(Face value)		
Reserves	24.00	24.00
Basic and diluted EPS	0.16	0.18

During the year under review the total income of the Company has increased by 37.59% over the last year. The net profits of the Company (before tax) show an increase of 5.13% over previous year.

DIVIDEND

Due to inadequacy of profits, no dividend for the year is being recommended.

STOCK EXCHANGES

Shares of the Company are listed at Delhi (Regional), Mumbai, Ahmedabad and Kolkata Stock Exchanges. The listing fee for the financial year 2003-2004 has been paid to all the above Stock Exchanges.

During the last few years there has not been any trading in the shares of the Company at Delhi, Ahmedabad and Kolkatta Stock Exchanges. It has been decided to make an application to these Stock Exchanges for de-listing of the shares of the Company. However, the shares of the Company will continue to be listed on Mumbai Stock Exchange, which has a nationwide coverage.

DIRECTORS

Sh. Sudhir Jain and Sh. Shreyans Kumar Patni are retiring at the ensuing Annual General Meeting and have offered themselves for reappointment. Proposal for their reappointment is being included in the Notice convening 10th Annual General Meeting.

Sh. Ankur Jain was co-opted as an Additional Director by the Board of the Company in its meeting held on 2nd May, 2003 to hold office until the conclusion of ensuing Annual General Meeting.

He has consented to act as regular director of the Company, if appointed at AGM. Notice u/s 257 of the Companies Act, 1956 has been received from member signifying his intention to appoint Sh. Ankur Jain as Regular Director of the Company. The proposal for appointment of Sh. Ankur Jain has been included in the Notice convening Annual General Meeting.

PROMOTER GROUP

The promoter group consist of Sh. S.K. Jain, Smt. Sarla Jain, Sh. Ankur Jain, Sh. Madhur Jain, SPS Overseas Private Limited and Tender Leasing and Finance Ltd.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, we report that :

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgements 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) the directors had taken proper and sufficient care 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 directors had prepared the annual accounts on a going concern basis.

ISO 9001 : 2000 CERTIFICATION

Your directors are pleased be inform you that during the year under review, the Company has been avoided ISO 9001:2000 certification for Quality Management System from NQAQSR, Delhi. The certification is given for (i) Sales, Marketing and Services of Optical Scanners (ii) Design and Development, Production, and Supply of Response Sheets and (iii) Scanning and Processing of Response Sheets.

AUDITOR AND AUDITORS' REPORT

M/s Sudhir Chaudhary & Associates, Chartered Accountants the Statutory Auditors of the Company are retiring at the ensuing Annual General Meeting. The Company has received from them a letter dated 15/7/2003 the effect that they are willing to act as the auditors of the Company and their re-appointment, if made, would be within the limits prescribed under section 224 (1-B) of the Companies Act, 1956. Accordingly, the resolution for appointment of the said auditors has been included in the Notice convening next Annual General Meeting.

There are no comments or qualification in the Auditors' Report requiring an explanation by the Directors.

MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and Analysis Forms part of the Directors Report and is annexed as **Annexure-I**.

CORPORATE GOVERNANCE

As per clause 49 of the listing agreement the Company had to comply with the SEBI Corporate Governance Code on or before 31/3/2003. The Company has complied with all the requirements of clause 49 of the listing agreement. A Report on the Corporate Governance is enclosed as **Annexure-II**. A certificate dated 2nd June, 2003 from the statutory auditors M/s Sudhir Chaudhary and Associates on compliance of the requirements of clause 49 of the listing agreement is annexed to the Directors' Report and forms part of the Corporate Governance Report.

FIXED DEPOSITS

During the year under review the Company has not accepted any deposits from public within the meaning of section 58-A of the Companies Act, 1956.

The report required to be made pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 is annexed as **Annexure-III** and forms part of this report.

PARTICULARS OF EMPLOYEES

There are no employees within the meaning of section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

ACKNOWLEDGEMENTS

Your Directors express their deep sense of appreciation for the assistance and co-operation received from the Banks, Auditors and other authorities during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the devoted and sincere services of all the executives, staff and workers of the Company.

On behalf of the Board of Directors

Place : Faridabad

Dated : 28th July 2003

Sd/-

S.K. JAIN

(Chairman and Managing Director)

ANNEXURE-1 TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The Company is primarily involved in the business of OMR Sheets, Scanners, Image Scanners, Service Bureau. The company holds the major share of the market in its business operations.

The comparison of the sales of the products of the Company over the previous year is as under:

Particulars	Sale Quantity	
	2002-03	2001-02
OMR Sheets	1.86 Cr.	1.28 Cr.
OMR Scanners	11	10
Image Scanners	1	-

The demand for the product of the Company has been on increase during the last year. It is expected that the demand will continue to increase.

OPPORTUNITY AND THREATS

With the phenomenal increase in the number of students for professional course, new vacancies created by the Central, State, Local Govt. Bodies, the volume of competitive/ entrance tests as well as participants thereof is bound to increase, thereby creating opportunities for the company's business. Apparently there is no threat. However, due to extreme unpredictable situations wherein the Govt. puts a ban on recruitment or but complete halt on educational institutions, the business will be effected. A minor threat may be felt from the competitors. However, in view of the infrastructure, old business relations, cost effectiveness, best of the quality, extreme customer satisfaction and a very reliable work force of the employee of the company, these threats will not have any significant impact upon the business of the company.

FINANCIAL PERFORMANCE

During the year under review the total income of the Company has increased by 37.59% over the last year. The net profits of the Company (before tax) show an increase of 5.13% over previous year. The Company is engaged in only one product segment as defined in accounting standard on segmental reporting.

RISKS AND CONCERNS

The business of Company largely depends upon the Govt. policies. Presently, the Govt. is filling its vacancies. If in future due to some political or economic reasons. This process is disturbed, it would adversely effect the earnings of the company. Similarly, a growing population of the country is becoming more conscious towards education. The thrust of the Govt. is also to provide education to the maximum of its population. As a result the demand of educational seats is higher than its supply. However, if due to change in Govt. policy this situation changes then there will be no requirements of entrance test and as such the earnings of the company would be adversely effected. The company is however, not concerned very much about these two reasons because these are the very highly imaginative situations. In a progressive country this thing can not happen and if these happen than the growth of the country would be stopped. As far as, the availability of raw material or manpower concerned both the ingredients are available in plenty there is no risk to the company in this regard. Moreover, the company was established since last ten years and has a very sound goodwill amongst its customers. The company does not feel any major risks in its future business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established internal control systems, which provide reasonable assurance with regard to safeguarding of the company's assets, promoting operational efficiency and ensuring compliance with various statutory provisions. The internal control systems are reviewed at a reasonable period of time. The Report on the internal control systems is also placed before the Audit Committee regularly. The Statutory Auditors also review the findings with the Senior Management and Audit Committee.

OUTLOOK FOR THE YEAR 2003-2004

The Company expects to maintain a growth of around 20% in its turnover during the financial year 2003-04.

HUMAN RESOURCES DEVELOPMENT/ INDUSTRIAL RELATIONS.

The Company has a system of executive development by which the performance and competency of the individuals are taken note of. The requirements of the organization are matched with profile of the individuals. This process has helped in career planning of the people.

The Company has 30 number of employees as on 31/3/2003. The relationship of management with employees has been very cordial during the period under review.

On behalf of the Board of Directors

Place : Faridabad
Dated : 28th July, 2003

Sd/-
S.K. JAIN
(Chairman and Managing Director)

ANNEXURE –II TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The company believes in adopting best practices in the area of Corporate Governance and follows the principles of full transparency and accountability, thereby protecting the interests of all its stakeholders.

SPS has been practicing the broad principles of Corporate Governance. In addition to the basic Governance Issues, your company lay strong emphasis on trusteeship, transparency, accountability and integrity in all facets of its operations and in all its interactions with shareholders, employees, Government and its customers.

SPS believes that all its operations and actions must serve the underlying goal of enhancing over all shareholders value over a sustained period of time.

COMPOSITION OF THE BOARD

As on 31 March 2003, SPS's Board has six Directors, two of whom are executive Directors, one non-executive non-independent Director, while the remaining three are all non-executive independent Directors. The Chairman is Executive Director. However, Smt. Sarla Jain ceased to be Director with effect from 2nd May 2003 and Mr. Ankur Jain, non-executive non-independent director was co-opted as additional director on the Board of Company with effect from 2nd May, 2003.

COMPOSITION OF THE BOARD AS ON 31ST MARCH, 2003.

Sl. No	Name of Director	Category of Director	No. of other Directorships	No. of Committees chairpersonship/membership held	
				Chairperson	Member
1	Sh. S.K. Jain	Executive	1	-	1
2	Sh. Sudhir Jain	Executive	-	-	-
3	Smt. Sarla Jain *	Non-executive Non-independent	-	-	1
4	Sh. Shreyans Kumar Patni	Non-executive independent **	-	3	3
5	Sh. Vipin Gupta	Non-executive independent **	-	-	3
6	Sh. Anoop Dawar	Non-executive independent **	2	-	3

* She has resigned w.e.f. 2nd May 2003 and Sh. Ankur Jain has been co-opted as a non-executive non-independent director w.e.f. 2nd May, 2003 and he has replaced Smt. Sarla Jain as member in the Committees of Board of Directors.

** Independent Director means a Director who, apart from receiving a Director's remuneration, does not have any other material pecuniary relationship or transactions with the company, its promoters or its management, which in the judgement of the Board may affect the independence of judgement of the Director.

The Company does not have any pecuniary relationship with any of the non-executive directors.

BOARD MEETINGS

During 2002-03, the Board of Directors met 6 times on 24th April 2002, 28th May 2002, 29th July 2002, 9th August 2002, 28th October 2002 and 28th January 2003. The longest gap between any two Board meetings did not exceed 4 months.

Attendance record of Board of Directors as on 31st March, 2003.

Name of Director	No of Board meetings held	No of Board meetings attended	Whether attended last AGM
Sh. S.K. Jain	6	6	Yes
Sh. Sudhir Jain	6	5	Yes
Smt. Sarla Jain *	6	6	Yes
Sh. Shreyans Kumar Patni	6	6	Yes
Sh. Vipin Gupta	6	6	Yes
Sh. Anoop Dawar	6	6	Yes

Note:* Ceased to be Director with effect from 2nd May 2003 and Sh. Ankur Jain has been appointed as Additional Director with effect from 2nd May 2003

INFORMATION SUPPLIED TO THE BOARD

The Board of the Company is presented with the information listed below, wherever and whenever applicable and materially significant.

- Annual operating plans and budgets including capital budgets and any update thereof.
- Quarterly/Annual results of the Company.
- Minutes of the meetings of the Audit Committee and other Committees of the Board.

- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous Occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any Judgement or Order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any Joint Venture or Collaboration Agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of voluntary Retirement Scheme etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

These items are submitted either as a part of the agenda papers well in advance of the Board meetings or tabled in the course of the Board Meeting.

REMUNERATION OF DIRECTORS

Details of the remuneration package of Directors for 2002-03 are as under.

(Rs.)

Name of Directors	Salary	Sitting fees	Perquisites	Deferred Benefits (PF and superannuation)	Commission	Terminal Benefits	Total
Sh. S.K. Jain	6,12,000	-	-	73,440	-	-	6,85,440
Sh. Sudhir Jain	4,80,000	-	1,92,000	57,600	-	-	7,29,600
Smt. Sarla Jain	-	-	-	-	-	-	-
Sh. Shreyans Kumar Patni	-	-	-	-	-	-	-
Sh. Vipin Gupta	-	-	-	-	-	-	-
Sh. Anoop Dawar	-	-	-	-	-	-	-

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

The Audit Committee of the Company was constituted by the Board on 24th April, 2002. As on 31 March 2003, the Audit Committee of the Company comprises three independent Directors and a non-executive non independent Director. The constitution of the Committee meets the requirements of Section 292A of the Companies Act, 1956 as well as SEBI's Corporate Governance Code. During 2002-03, the Committee met 4 times on 28th May 2002, 29th July 2002, 28th October 2002 and 28th January 2003.