



***SPS* International Limited**
TWELFTH ANNUAL REPORT
2004-2005

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

AUDITORS

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

BANKERS

ICICI Bank, New Delhi
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 (P) Ltd.
BEETAL HOUSE,
99 Madangir,
3rd Floor Behind Local Shopping Centre
Near Dada Harsukhdas Mandir
New Delhi - 110062
Phone No. : (011) 29961281, 29961282
Fax No. : (011) 29961284

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SPS INTERNATIONAL LIMITED**NOTICE**

NOTICE is hereby given that the Twelfth Annual General Meeting of the shareholders of the Company will be held at Basement Hall, Vishnu Palace, Sector-20B, Faridabad on Wednesday the 28th day of September, 2005 at 11.00 a.m. to transact the following business:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2005 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.

By the order of the Board of Directors

Place : Faridabad

Dated : 12th August, 2005

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, 20th September, 2005 to Wednesday, 28th September, 2005 (both days inclusive).
3. Brief resume of Sh. Sudhir Jain and Sh. Shreyans Kumar Patni are given in the Corporate Governance Report.
4. For any information or clarification with regard to accounts, written requests should be made at least 7 days before the Annual General Meeting at the Corporate Office address, so as to enable the management to keep ready the information or clarifications, as the case may be.
5. For any correspondence/ query regarding De-materialisation or physical 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.
6. 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.
7. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
8. No gifts, coupons, complimentaries etc., shall be distributed at the Annual General Meeting.
9. Ballot papers, if required, for each proposed resolution, will be provided to the members/proxies at the registration counter.
10. The registration counter shall open at 10.00 a.m. and close at 11.00 a.m. and thereafter no registration will be done.
11. Members are requested to bring their copy of Annual Report at the AGM.

SPS INTERNATIONAL LIMITED**DIRECTORS' REPORT**

To

The Shareholders,

Your Directors are pleased to present the Twelfth Annual Report for the year ended 31st March, 2005.

FINANCIAL RESULTS

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

(Rs./Lakh)

PARTICULARS	Year ended on	
	31.03.2005	31.03.2004
Incomes:		
Net Sales/ Income from operations	761.93	717.41
Other Income	2.92	2.47
Total (A)	764.85	719.88
Expenditure:		
(Increase)/Decrease in stock in trade	(48.07)	(4.43)
Consumption of raw material	462.72	412.12
Staff cost	79.93	67.00
Other expenditure	208.46	179.88
Interest	2.20	4.20
Depreciation	43.71	41.24
Total (B)	748.95	700.01
Profit (+)/ Loss (-) before tax (A-B)	15.90	19.87
Provision for taxation	8.54	10.00
Net profit (+)/ Loss (-)	7.36	9.87
Paid-up equity shares capital (Face value)	322.59	322.59
Reserves	24.00	24.00
Basic and diluted EPS	0.23	0.33

During the year under review the total income of the Company has increased by 6.25% over the last year. The net profits of the Company (before tax) show decrease of 19.98% over precious year.

DIVIDEND

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

STOCK EXCHANGES

The shares of the Company are listed at Mumbai and Calcutta Stock Exchanges. An application was filed with the Calcutta Stock Exchange on 13th October, 2003 for de-listing of the shares of the Company from the Stock Exchange. However, inspite of providing all the documents and information the Calcutta Stock Exchange has been delaying the de-listing of shares. The Company has informed SEBI about this delay in de-listing.

The listing fee for the financial year 2005-2006 has been paid to the Stock Exchange Mumbai. The listing fee for the 2005-06 has not been paid to Calcutta Stock Exchange.

DIRECTORS

Sh. Sudhir Jain and Sh. Shreyans Kumar Patni are retiring at the ensuing Annual General Meeting and have offered themselves for re-appointment. Proposal for their re-appointment is being included in the Notice convening 12th Annual General Meeting.

PROMOTER GROUP

The promoter group consists of Sh. S.K. Jain, Smt. Sarla Jain, Sh. Ankur Jain, Sh. Madhur Jain, MAJA Merchandise Private Limited (Formerly 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 have 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 have 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 have prepared the annual accounts on a going concern basis.

AUDITORS 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 20/7/2005 to the effect that they are eligible and willing to be re-appointed as 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 or comments by the Board.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

Your Company is complying with all the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges. A Report on the Corporate Governance is enclosed as **Annexure-II**. A certificate dated 1/8/2005 from the statutory auditors on compliance with 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, your Company has not accepted any deposits from public within the meaning of section 58-A of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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 in the Company, drawing remuneration exceeding the limits prescribed in section 217(2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Sh. Akhil Agarwal, Company Secretary resigned from the Company w.e.f. 30th June, 2005.

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 : 12th August, 2005

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

ANNEXURE-I**MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY STRUCTURE AND DEVELOPMENT**

The Company is primarily involved in the business of OMR Sheets, Scanners, Image Scanners, and 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	
	2004-05	2003-04
OMR Sheets	2.14 Cr	1.97 Cr.
OMR Scanners	17	21
Image Scanners	12	8

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

OPPORTUNITY AND THREATS

With increase in the number of management institutes in private sector, increased enrolment of student in professional courses and more vacancies being created by Governmental bodies, the business opportunities for Company are on increase. In near future management perceives no threat to growth of business on this count. However, adverse change in Government's policies on education sector and recruitments may affect growth of business.

The management do not perceive any major business threat from competitors except in usual course of business. The Company is able to maintain its leadership position in its business with its infrastructure, experienced staff, quality of service and products, cost effectiveness. However, increased competition may have some impact on the profitability.

FINANCIAL PERFORMANCE

During the year under review the total income of the Company has increased by 6.25% over the last year. The net profits of the Company (before tax) show decrease of 19.98% over previous year. The cost of purchases and indirect expenses have been on increase, resulting into lower profitability. However, the management is trying to increase / maintain profitability by cost management in various areas. 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 particularly in educational sector. If, in future due to some political or economic reasons, there is adverse change in these policies, earnings of the Company may be adversely affected. Awareness about education is on the increase in Indian masses. Government has also been launching campaigns to promote educational awareness. Indian professionals are in great demand in other countries. It has established the significance of education and is attracting more students in every passing year. There is a clear demand supply gap of resources in education sector.

The Government may, to promote the education and bridge the gap may take certain promotional measures like removing entrance test from certain sectors. This may have adverse affect on business and profitability of the Company. However, these are very remote possibilities and management does not have any worries about such a scenario in the present. The management do not foresee any risk on account of availability of raw material and man-power, as these are available in the market. Also with vast experience in the field Company has sufficient back up to develop man-power for future.

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 by management and statutory auditors. 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. The company is accredited with the ISO 9001-2000 certificate by NQAQSR-JAS ANZ.

OUTLOOK FOR THE YEAR 2005-2006

In view of the increased competition the company will try to maintain / increase its growth in all its business areas like sale of OMR Sheets and Scanners and Image Scanners during the financial year 2005-06.

HUMAN RESOURCES DEVELOPMENT/INDUSTRIAL RELATIONS.

The Company has a system for development of its employees, whereby the performance and competencies of the individuals are measured. The requirements of the organization are matched with profile of the individuals. In case of any improvement areas on the job training/ special programmes are being provided. This process has helped in career planning and growth of the employees.

The Company has 45 numbers of employees as on 31/3/2005. 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 : 12th August, 2005

Sd/-

S.K. JAIN

(Chairman and Managing Director)

ANNEXURE -II**REPORT ON CORPORATE GOVERNANCE****COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

SPS 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.

Board of Directors**Composition of the Board**

As on 31st March 2005, 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.

Composition of the Board as on 31st March 2005.

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

Independent Director means a Director who, apart from receiving 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 2004-05, the Board of Directors met 6 times on 12th May 2004, 23rd July 2004, 10th August 2004, 28th October 2004, 28th January 2005 and 21st March 2005. The longest gap between any two Board meetings did not exceed 4 months.

Attendance record of Board of Directors as on 31st March, 2005. (Total Meetings held-6)

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

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 2004-05 are as under. (Rs.)

Name of Directors	Salary	Sitting fees	Perquisites	Deferred Benefits (PF)	Commission	Terminal Benefits	Total
Sh. S.K. Jain	7,56,000	-	-	90,720	-	-	8,46,720
Sh. Sudhir Jain	6,00,000	-	2,40,000	72,000	-	-	9,12,000
Sh Ankur Jain		9,500					9,500
Sh. Shreyans Kumar Patni	-	11,500	-	-	-	-	11,500
Sh. Vipin Gupta	-	11,500	-	-	-	-	11,500
Sh. Anoop Dawar	-	11,500	-	-	-	-	11,500
Total	13,56,000	44,000	2,40,000	1,62,720	-	-	16,32,880

Committees of the Board

Audit Committee

As on 31st March 2005, the Audit Committee of the Company comprises three independent Directors. 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 2004-05, the Committee met 4 times on 12th May 2004, 23rd July 2004, 28th October 2004 and 28th January 2005.

Details of the Audit Committee as on 31st March 2005

Sl. No.	Name of Member	Category	Number of meetings attended
1	Sh. Shreyans Kumar Patni	Chairman, Independent Director	4 (4)
2.	Sh. Vipin Gupta	Independent Director	4 (4)
3.	Sh. Anoop Dawar	Independent Director	4 (4)

Note: The figures in the parenthesis are the number of meetings held in during 2004-05.

The terms of reference of the Audit Committee include:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements