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***SPS* International Ltd.**

**SIXTEENTH ANNUAL REPORT
2008-2009**

SPS International Limited

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BOARD OF DIRECTORS

Sh. S.K. Jain, Chairman & Managing Director
Sh. Sudhir Jain, Wholetime Director
Sh. Shreyans Kumar Patni
Sh. Vipin Kumar Gupta
Sh. Anoop Dawar

COMPANY SECRETARY

Ms. Meenu Kapoor

AUDITORS

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

BANKERS

Corporation Bank, New Delhi
ICICI Bank, New Delhi

REGISTERED OFFICE

402, Sector-21C Faridabad-121 001

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.
BEETAL HOUSE, 99 Madangir,
3rd Floor Behind Local Shopping Centre
Near Dada Harsukhdas Mandir
New Delhi-110 017
Phone No. (011) 29961281, 29961282
Fax No. (011) 29961284

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SPS International Limited

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the shareholders of the Company will be held at Plot No. 51, Naharpar, Kheri Road, Bharat Colony, Old Faridabad on Tuesday, the 29th day of September, 2009 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March, 2009 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. Shreyans Kumar Patni, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sh. Sudhir Jain, 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 : 29th July, 2009

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 Wednesday 23rd September, 2009 to Tuesday, the 29th September, 2009 (both days inclusive).
3. Brief resume of Sh. Shreyans Kumar Patni and Sh. Sudhir Jain 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 dematerialisation 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 Beetal House, 99 Madangir, 3rd Floor Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, 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.

By the order of the Board of Directors

Place : Faridabad
Dated : 29th July, 2009

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

SPS International Limited

DIRECTORS' REPORT

To
The Shareholders,

Your Directors are pleased to present the Sixteenth Annual Report for the year ended 31st March, 2009.

FINANCIAL RESULTS

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

PARTICULARS	(Rs./Lakh)	
	Year ended on	
	31.03.2009	31.03.2008
Incomes:		
Net Sales/ Income from operations	1324.41	1320.54
Other Income	12.37	12.65
Total (A)	1336.78	1333.19
Expenditure:		
(Increase)/Decrease in stock in trade	(45.31)	(89.39)
Purchase of traded goods	945.60	944.89
Staff cost	136.69	116.47
Other expenditure	199.40	238.85
Interest	16.61	19.75
Depreciation	52.24	75.46
Total (B)	1305.23	1306.03
Profit (+)/ Loss (-) before tax (A-B)	31.55	27.16
Provision for taxation	13.50	10.90
Provision for Fringe Benefit Tax	2.55	2.12
Provision for deferred tax liability	(4.95)	(2.50)
Net profit (+)/ Loss (-)	20.45	16.64
Paid-up equity shares capital. (Face value)	322.59	322.59
Reserves	86.56	66.11
Basic and diluted EPS	0.63	0.51

The performance of the Company during the year has been satisfactory. During the year under review the total income is Rs. 1336.78 Lac as against Rs. 1333.19 Lac in F.Y. 2007-08. The net profits after tax for the year are Rs. 20.45 Lac (previous year : Rs. 16.64 Lac).

DIVIDEND

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

STOCK EXCHANGES

The shares of the Company are listed at Bombay Stock Exchange Ltd. The listing fee for the financial year 2009-2010 has been paid to Bombay Stock Exchange Ltd.

DIRECTORS

Sh. Shreyans Kumar Patni and Sh. Sudhir Jain 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 16th Annual General Meeting.

PROMOTER GROUP

The promoter group consists of Sh. S.K. Jain, Smt. Sarla Jain, Sh. Ankur Jain, MAJA Merchandise 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 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;
- iii) 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 25/7/2009 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 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 Bombay Stock Exchange Ltd. A Report on the Corporate Governance is enclosed as **Annexure-II**. A certificate dated 22/6/2009 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.

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.

By the order of the Board of Directors

Place : Faridabad
Dated : 29th July, 2009

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The Company is primarily involved in the IT business comprising of sale of OMR Sheets, Scanners, Image Scanners, and Service Bureau for scanning and data capturing. 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	
	2008-09	2007-08
OMR Sheets (In Cr.)	5.86	4.20
OMR Scanners	49	56
Image Scanners	12	9

Despite the global recession, the demand for the products of the Company has remained stable during the financial year 2007-08 and is expected to grow in future.

OPPORTUNITY AND THREATS

With increasing and continuous growth in the number of management, engineering, medical 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 the management perceives no threat to the 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 & products and cost effectiveness. However, increased competition may have some impact on the profitability.

FINANCIAL PERFORMANCE

The performance of the Company during the year has been satisfactory. During the year under review the total income is Rs. 1336.78 Lac as against Rs. 1333.19 Lac in F.Y. 2007-08. The net profits after tax for the year are Rs. 20.45 Lac (previous year : Rs. 16.64 Lac).

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 does not foresee any risk on account of availability of raw material and manpower, as these are available in the market. Also with vast experience in the field, the Company has sufficient back up to develop manpower 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 certification by NQAQSR-JAS ANZ

OUTLOOK FOR THE YEAR 2009-2010

In view of the increased competition, the Company is taking necessary steps to maintain its leadership position and by maintaining / increasing its growth in all its business areas like sale of OMR Sheets and Scanners and Image Scanners during the financial year 2009-10.

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 organised. This process has helped in career planning and growth of the employees.

The Company has 51 numbers of employees as on 31/3/2009. The relationship of management with employees has been very cordial during the period under review.

Place : Faridabad
Dated : 29th July, 2009

By the order of the Board of Directors

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 2009, SPS's Board has five Directors, two of whom are Executive Directors, while the remaining three are all non-executive independent Directors. The Chairman is Executive Director.

Composition of the Board as on 31st March 2009.

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
2	Sh. Sudhir Jain	Executive	-	-	-
3	Sh. Shreyans Kumar Patni	Non-executive independent	-	2	-
4	Sh. Vipin Gupta	Non-executive independent	-	-	2
5	Sh. Anoop Dawar	Non-executive independent	-	-	2

The Company does not have any pecuniary relationship with any of the non-executive directors except the payment of sitting fee for attending the meetings for Board of Directors and Committees thereof.

Board Meetings

During 2008-09, the Board of Directors met 7 times on 1st April 2008, 25th June 2008, 30th July 2008, 10th October 2008, 24th October 2008, 29th December 2008, and 29th January 2009. The longest gap between any two Board meetings did not exceed 4 months.

Attendance record of Board of Directors as on 31st March, 2009. (Total Meetings held-7)

Name of Director	No of Board meetings attended	Whether attended last AGM
Sh. S.K. Jain	7	Yes
Sh. Sudhir Jain	7	Yes
Sh. Shreyans Kumar Patni	7	Yes
Sh. Vipin Gupta	7	Yes
Sh. Anoop Dawar	7	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 and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important
- 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 nonpayment 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 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 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 2008-2009 are as under.

Name of Directors	Salary	Sitting fees	Perquisites	Deferred Benefits (PF and superannuation)	Amount (Rs.)		
					Comm-ssion	Terminal Benefits	Total
Sh. S.K. Jain	12,00,000	-	-	1,44,000	-	-	13,44,000
Sh. Sudhir Jain	12,00,000	-	-	1,44,000	-	-	13,44,000
Sh. Shreyans Kumar Patni	-	8,500	-	-	-	-	8,500
Sh. Vipin Gupta	-	8,500	-	-	-	-	8,500
Sh. Anoop Dawar	-	8,500	-	-	-	-	8,500
Total	24,00,000	25,500	-	2,88,000	-	-	27,13,500

Committees of the Board**Audit Committee**

As on 31 March 2009, 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 2008-09, the Committee met 5 times on 1st April 2008, 25th June 2008, 30th July 2008, 24th October 2008 and 29th January 2009.

Details of the Audit Committee as on 31st March 2009 (Total Meetings held-5)

Sl. No.	Name of Member	Category	Number of meetings attended
1.	Sh. Shreyans Kumar Patni	Chairman, Independent Director	5
2.	Sh. Vipin Gupta	Independent Director	5
3.	Sh. Anoop Dawar	Independent Director	5

The terms of reference of the Audit Committee include:

- Oversight of 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 to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Managerial Remuneration Committee

The Managerial Remuneration Committee comprises three members, all of whom are independent. Sh. Shreyans Kumar Patni is the Chairman, while Sh. Vipin Gupta and Sh. Anoop Dawar are the other members. The Committee decides the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by shareholders).

Shareholders/Investors Grievance Committee

As on 31st March, 2009, the Committee comprises of four members, three of whom are independent non-executive Directors, while the other one is Executive Director. The Chairman is an independent non-executive Director. During 2008-09, the Committee met 5 times.

Details of Shareholders' ad Investors' Grievance Committee as on 31st March, 2009 (Total Meetings held- 5)

S. No	Name of Directors	Category	Meetings attended
1	Sh. Shreyans Kumar Patni	Independent Director	5
2	Sh. Vipin Gupta	Independent Director	5
3	Sh. Anoop Dawar	Independent Director	5
4	Sh. S.K. Jain	Executive Director	5