

SPS INTERNATIONAL LIMITED

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BOARD OF DIRECTORS

Sh. S.K. Jain, Chairman & Managing Director
Sh. Ankur Jain, Wholetime Director, (Admin & Purchase)
Sh. Madhur Jain, Director (Operations)
Sh. Shreyans Kumar Patni
Sh. Vipin Kumar Gupta
Sh. R.C.Jain

COMPANY SECRETARY

Ms. Meenu Kapoor

AUDITORS

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

BANKERS

- HDFC Bank Ltd., New Delhi
- AXIS Bank Ltd., New Delhi
- Corporation Bank, New Delhi
- ICICI Bank Ltd., New Delhi

REGISTERED OFFICE

402, Sector-21C
Faridabad-121 001

CORPORATE OFFICE

W-12, Okhla Industrial Area,
Phase-II, New Delhi- 110 020

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 Eighteenth Annual General Meeting of the shareholders of the Company will be held at Plot No. 93-B, DLF Industrial Estate, Phase-I, Faridabad on Friday, the 30th day of September, 2011 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, 2011 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. Ankur 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.

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 pursuant to the provisions of section 257 of the Companies Act, 1956, and all other applicable provisions, if any, Sh. R. C. Jain, who was appointed as additional director pursuant to section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

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

"RESOLVED that pursuant to the provisions of section 257 of the Companies Act, 1956, and all other applicable provisions, if any, Sh. Madhur Jain, who was appointed as additional director pursuant to section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

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

"Resolved that pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Sh. Ankur Jain be and is hereby appointed as Whole time Director designated as Director (Administration and Purchase) of the Company with effect from October 1, 2010 for a period of five years, liable to retire by rotation, on the following remuneration and terms and conditions:

- | | |
|----------------------------|---|
| I. Basic Salary | : Upto Rs. 1,00,000 per month as may be determined by the Board of Directors or any Committee of the Board or any person authorised by the Board or any Committee of the Board from time to time. |
| II. Perquisites/Allowances | Perquisites shall be allowed in addition to salary. |

- i. Special Allowance : Upto Rs. 1,00,000 per month as may be decided by the Board of Directors or any Committee of the Board or any person authorised by the Board or any Committee of the Board from time to time.
- ii. Leased accommodation or HRA in lieu thereof and reimbursement of expenditure or allowance in respect of medical expenses and leave travel concession incurred for self and family, soft furnishing, maintenance of furniture & fixtures etc., ex-gratia and education allowance and any other perquisites or allowances etc. : In accordance with the rules of the Company.

In addition to above perquisites/allowances, Sh. Ankur Jain shall also be entitled to following benefits:

- iii. Other entitlements :
- a) Contribution to Provident Fund & Superannuation Fund or Annuity Fund - Contribution to Provident Fund & Superannuation Fund or Annuity Fund to the extent, these either singly or put together are not taxable under the Income Tax Act, 1961, and shall be subject to maximum amount as may be permitted under the Company's rules.
 - b) Gratuity - Gratuity payable shall not exceed half a month's salary for each completed year of service and shall be subject to maximum amount as may be permitted under the Gratuity Act.
 - c) Car and Telephone - Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Sh. Ankur Jain.

- III. Performance linked Incentive : Such amounts or percentage of net profits as may be decided by the Board of Directors or any Committee of the Board or any person authorised by the Board or any Committee of the Board from time to time.

- A. The aggregate of the Salary, Perquisites/Allowances and other entitlements shall not exceed the limits specified in Section 198 and 309 of the Companies Act, 1956.
- B. In the absence or inadequacy of Profits in any year, the remuneration by way of salary, perquisites/allowances and other entitlements will be in accordance with and shall not exceed the limits prescribed under the Companies Act, 1956.
- C. Sh. Ankur Jain shall not be entitled to sitting fees for attending the Meetings of Board/Committees thereof."
- 8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Sh. Madhur Jain be and is hereby appointed as Whole time Director of the Company designated as Director (Operations) with effect from January 14, 2011 for period of five years, liable to retire by rotation, on the following remuneration and terms and conditions:

I. Basic Salary : Upto Rs. 1,00,000 per month as may be determined by the Board of Directors or any Committee of the Board or any person authorised by the Board or any Committee of the Board from time to time.

II. Perquisites/Allowances : Perquisites shall be allowed in addition to salary.

i. Special Allowance : Upto Rs. 1,00,000 per month as may be decided by the Board of Directors or any Committee of the Board or any person authorised by the Board or any Committee of the Board from time to time.

ii. Leased accommodation or HRA in lieu thereof and reimbursement of expenditure or allowance in respect of medical expenses and leave travel concession incurred for self and family, soft furnishing, maintenance of furniture & fixtures etc., ex-gratia and education allowance and any other perquisites or allowances etc. : In accordance with the rules of the Company.

In addition to above perquisites/allowances, Sh. Madhur Jain shall also be entitled to following benefits:

- iii. Other entitlements :
- a) Contribution to Provident Fund & Superannuation Fund or Annuity Fund - Contribution to Provident Fund & Superannuation Fund or Annuity Fund to the extent, these either singly or put together are not taxable under the Income Tax Act, 1961, and shall be subject to maximum amount as may be permitted under the Company's rules.
 - b) Gratuity - Gratuity payable shall not exceed half a month's salary for each completed year of service and shall be subject to maximum amount as may be permitted under the Gratuity Act.
 - c) Car and Telephone - Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Sh. Madhur Jain.

III. Performance linked Incentive : Such amounts or percentage of net profits as may be decided by the Board of Directors or any Committee of the Board or any person authorized by the Board or any Committee of the Board from time to time.

- A. The aggregate of the Salary, Perquisites/Allowances and other entitlements shall not exceed the limits specified in Section 198 and 309 of the Companies Act, 1956.
- B. In the absence or inadequacy of Profits in any year, the remuneration by way of salary, perquisites/allowances and other entitlements will be in accordance with and shall not exceed the limits prescribed under the Companies Act, 1956.
- C. Sh. Madhur Jain shall not be entitled to sitting fees for attending the Meetings of Board/Committees thereof.

Place : Faridabad
Dated : 12th August, 2011

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 Friday 23rd September, 2010 to Friday, the 30th September, 2010 (both days inclusive).
3. Brief resume of S. K. Patni, Sh. R.C. Jain, Sh. Ankur Jain and Sh. Madhur 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

Place : Faridabad

Dated : 12th August 2011

Sd/-

S.K. JAIN

(Chairman and Managing Director)

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

(PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956).

ITEM NO. 5

Sh. R. C. Jain was appointed as an Additional Director by the Board of Directors on 30th October 2010. As per the provisions of Section 260 of the Companies Act, 1956, he holds office upto this Annual General Meeting of the Company. The Company has received notice in terms of Section 257 of the Companies Act, 1956, proposing his appointment as a Director of the Company, liable to retirement by rotation.

His brief resume and other particulars have been given in the Corporate Governance Report forming part of the Annual Report.

The Board considers it desirable to have the benefit of his experience and recommends the resolution to be passed as an ordinary resolution.

Except Sh. R.C. Jain, none of the Directors are concerned or interested in this resolution.

ITEM NO. 6

Sh. Madhur Jain was appointed as an Additional Director by the Board of Directors on 14th January, 2011. As per the provisions of Section 260 of the Companies Act, 1956, he holds office upto this Annual General

Meeting of the Company. The Company has received notice in terms of Section 257 of the Companies Act, 1956, proposing his appointment as a Director of the Company, liable to retirement by rotation.

His brief resume and other particulars have been given in the Corporate Governance Report forming part of the Annual Report.

The Board considers recommends the resolution to be passed as an ordinary resolution.

Except Sh. Madhur Jain, Sh. S. K. Jain and Sh. Ankur Jain, none of the Directors are concerned or interested in this resolution.

ITEM NO. 7

Subject to the approval of shareholders in general meeting, the Board of Directors in its meeting held on 30th October, 2010 had appointed Sh. Ankur Jain as whole time director of the Company designated as Director (Administration and Purchase) for a period of five years with effect from 1st October, 2010 and his term of office as whole time director will come to an end on 30th September, 2015. It is proposed to take shareholders' approval to his appointment as whole time director on the terms and conditions contained in the draft resolution.

The remuneration Committee has recommended the remuneration proposed to be paid to Sh. Ankur Jain, which are within the limits prescribed under Companies Act, 1956.

The directors have recommended the resolution for approval by members.

The members may treat the details of the remuneration as set out in the notice as abstract under section 302 of the Companies Act, 1956.

None of the Directors except Sh. Ankur Jain, Sh. S. K. Jain and Sh. Madhur Jain are concerned or interested in the resolution.

ITEM NO. 8

Subject to the approval of shareholders in general meeting, the Board of Directors in their meeting held on 14th January 2011 had appointed Sh. Madhur Jain as whole time director of the Company designated as Director (Operations) for a period of five years with effect from 14th January, 2011 and his term of office as whole time director will come to an end on 13th January, 2016. It is proposed to seek shareholders' approval his appointment as whole time director of the Company on the terms and conditions contained in the draft resolution.

The remuneration Committee has recommended the remuneration proposed to be paid to Sh. Madhur Jain and the proposed remuneration of Sh. Madhur Jain will be within the limits prescribed under Companies Act, 1956.

The directors have recommended the resolution for approval by members.

The members may treat the details of the remuneration as set out in the notice as abstract under section 302 of the Companies Act, 1956.

None of the Directors except Sh. Madhur Jain, Sh. S. K. Jain and Sh. Ankur Jain are concerned or interested in the resolution.

Place : Faridabad
Dated : 12th August 2011

By the order of the Board

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

SPS INTERNATIONAL LIMITED

DIRECTORS' REPORT

To
The Shareholders,

Your Directors are pleased to present the Eighteenth Annual Report for the year ended 31st March, 2011.

FINANCIAL RESULTS

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

PARTICULARS	Year ended on	
	31.03.2011	31.03.2010
Income:		
Net Sales/ Income from operations	1205.22	1198.95
Other Income	37.62	10.97
Total (A)	1242.84	1209.92
Expenditure:		
(Increase)/Decrease in stock in trade	(125.05)	(6.63)
Purchase of traded goods	931.62	834.36
Staff cost	171.38	133.51
Other expenditure	171.53	148.12
Interest	28.35	22.58
Depreciation	52.53	67.05
Total (B)	1230.36	1198.98
Profit (+)/ Loss (-) before tax (A-B)	12.48	10.94
Provision for taxation	4.82	2.93
Provision for Fringe Benefit Tax	0	0
Provision for deferred tax liability		(4.37)
Net profit (+)/ Loss (-)	7.66	8.01
Paid-up equity shares capital (Face value)	322.59	322.59
Reserves	108.78	101.12
Basic and diluted EPS	0.24	0.25

During the year under review the total income was Rs. 1242.84 Lac as against Rs. 1209.92 Lac in F.Y. 2009-10. The net profits after tax for the year are Rs. 7.66 Lac as against Rs. 8.01 Lac in F.Y. 2009-10.

SUBSIDIARIES

During the year, the Company acquired two wholly owned subsidiaries viz. SPS Printotech Limited (SPSP) and SPS Edutech Limited (SPSE). SPSP will work as a backward integration for printing and designing activities of the Company, SPSE will work as forward integration for Company in education business.

The consolidated accounts of the Company alongwith these subsidiaries are being sent to shareholders in the annual report.

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 2011-2012 has been paid to Bombay Stock Exchange Ltd.

DIRECTORS

During the year, Sh R. C. Jain and Madhur Jain, were co-opted as additional directors of the Company and their terms of office as directors are coming to an end at the ensuing Annual General Meeting. Directors recommend their appointment as regular directors of the Company at the ensuing Annual General Meeting.

Further during the year, subject to approval by shareholders, the Board of Directors had appointed Sh Ankur Jain and Sh. Madhur Jain as whole time directors. Resolutions for confirmation of shareholders to their appointment are being included in the notice convening Annual General Meeting.

Sh. Shreyans Kumar Patni and Sh. Ankur Jain are retiring at the ensuing Annual General Meeting and have offered themselves for re-appointment.

During the year Sh. Sudhir Jain resigned from the Board of Director, after the company came to know about his misappropriation and frauds committed by him the company is taking suitable legal action against him.

PROMOTER GROUP

The promoter group consists of Sh. S.K. Jain, Smt. Sarla Jain, Sh. Ankur Jain, Sh. Madhur Jain, Smt. Shikha Jain and SPS Infratech Private Limited.

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 judgments 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 25th July, 2011 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 12/08/2011 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.

On behalf of the Board of Directors

Place : Faridabad

Dated : 12th August 2011

Sd/-

S.K. JAIN

(Chairman and Managing Director)

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

The Company is engaged in the business of sale/ purchase of Optical Mark Readers, Image Scanners, Insight Scanners, Computers and other allied peripherals and equipment, OMR Application/ Registration forms and Answer sheets along with other necessary stationery. The company is also providing support services to its customers for the hardware sold by it and for that purpose sale of spare parts, indigenous as well as imported, is also affected. The company is also engaged in design and development of software for data capturing through Optical Mark Reading System/ Image Scanners/ Insight Scanners, Scanning of OMR Application forms/ Registration forms and Answer sheets and preparation of result for its customers.

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

Particulars	Sale Quantity	
	2010-11	2009-10
OMR Sheets (In Cr.)	3.01	3.26
OMR Scanners	54	61
Image Scanners	31	13

Despite the global recession, the demand for the products of the Company has remained stable during the financial year 2009-10. There is marginal decline in the sale of OMR sheets but there is significant increase in the sale of Image scanners. In the next year the demand is likely to be more and the company 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 major 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, increasing competition will have some impact on the profitability.

FINANCIAL PERFORMANCE

During the year under review the total income was Rs. 1242.84 Lac as against Rs. 1209.92 Lac in F.Y. 2009-10. The net profits after tax for the year are Rs. 7.66 Lac as against Rs. 8.01 Lac in F.Y. 2009-10.

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, or change in the system of the entrance examinations, 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 or bringing all the entrance tests under one banner. This may have adverse affect on business and profitability of the Company. However, the management does not have any worries about such a scenario in the present due to its Infrastructure, ability to perform and experience. 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 9001:2008 & ISO 14001:2004 certification by JAS-ANZ-VEXIL (BPS MS).

OUTLOOK FOR THE YEAR 2011-2012

In view of the increased competition, the Company is taking necessary steps to maintain its leadership position by maintaining / Increasing its growth in all its business areas like sale of OMR Sheets and Scanners and Image Scanners during the financial year 2011-12.

The company is also undertaking a significant diversification programme. The company is entering into alliances with other entities in the different fields. The details are as under:

- a) The production of Green Energy through Solar Power, providing consultancy for setting up Solar Power Plants on Turn key basis.
- b) Setting up chains of offline and online practice centers through out the country to facilitate the Engineering, Medical and Management course students, aspirants to make practice for their examinations through the unique question bank being created by the company.
- c) To act as the exclusive licensee of an American Company for promoting the hardware, software and technology for printing, embossing, marketing and engraving of words and / or images on flowers, plants and other organic products.

The company believes that through these diversifications by way of strategic alliances, the presence of the company will be felt in a better and effective manner in the Indian market as well as in return its revenue will rise.

HUMAN RESOURCES DEVELOPMENT/ INDUSTRIAL RELATIONS

The Company has a system for continuous 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 65 numbers of employees as on 31/3/2011. The relationship of management with employees has been very cordial during the period under review.

Place : Faridabad
Dated : 12th August 2011

On behalf of the Board of Directors

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