

# 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

W/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

## PRODUCTION FACILITIES

93-B, 1<sup>st</sup> Floor, DLF Industrial Estate Phase-I  
Faridabad-121003 (Haryana)

## 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 Nineteenth Annual General Meeting of the shareholders of the Company will be held at Plot No. 93-B, DLF Industrial Estate, Phase-I, Faridabad on Saturday, the 29<sup>th</sup> day of September, 2012 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, 2012 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. Ramesh Chand Jain, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sh. Vipin Gupta 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 pass with or without modification(s) the following resolution as 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. S. K. Jain be and is hereby re-appointed as Chairman and Managing Director of the Company with effect from February 1, 2012 for a maximum period of five years, not liable to retire by rotation, on the following remuneration and terms and conditions:

##### I. Basic Salary

Upto Rs. 2,00,000 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. S. K. 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. S.K. 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. S. K. Jain shall not be entitled to sitting fees for attending Board Meetings/Committees thereof."

Place : Faridabad

Dated : 05/08/2012

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 Saturday 22nd September, 2012 to Saturday, the 29<sup>th</sup> September, 2012 (both days inclusive).
3. Brief resume of Sh. S K Jain, Sh. Ramesh Chand Jain and Sh. Vipin Gupta 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 dematerialization or physical transfer of shares, please write to Registrar and Share Transfer Agent of the Company M/s Bectal Financial and Computer Services Pvt. Ltd., at Bectal 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 : 05/08/2012**

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

### **EXPLANATORY STATEMENT**

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

#### **ITEM NO. 5**

Sh. S.K. Jain was re-appointed as Chairman and Managing Director of the Company for 5 years w.e.f. 1<sup>st</sup> February, 2007 for a period of five years. Accordingly, his term of office had expired on January 31, 2012. Therefore, on the recommendations of the Remuneration Committee, the Board of Directors in their meeting held on January, 14 2012 re-appointed Sh. S.K. Jain as Chairman and Managing Director effective 1<sup>st</sup> February, 2012, which was subject to approval by shareholders in general meeting.

The remunerations paid to Sh. S.K. Jain are within the limits of Schedule XIII to the Companies Act, 1956. The details of maximum remuneration proposed to be paid to Sh. S.K. Jain are as set out in the resolution.

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

The proposed resolution is for consideration and approval by the members. None of the Directors except Sh. S. K. Jain, Sh. Ankur Jain and Sh. Madhur Jain is concerned or interested in the resolution.

**By the order of the Board**

**Place : Faridabad**  
**Dated : 05/08/2012**

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



# SPS INTERNATIONAL LIMITED

## DIRECTORS' REPORT

To  
The Shareholders,

Your Directors are pleased to present the Nineteenth Annual Report for the year ended 31st March, 2012.

### FINANCIAL RESULTS

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

PARTICULARS	Year ended on	
	31.03.2012	31.03.2011
Incomes:		
Net Sales/ Income from operations	1520.44	1205.22
Other Income	5.87	37.62
Total (A)	1526.31	1242.84
Expenditure:		
(Increase)/Decrease in stock in trade	(10.44)	(125.05)
Consumption of raw material	332.76	0
Purchase of traded goods	504.22	931.62
Staff cost	273.95	171.38
Other expenditure	289.10	171.53
Interest	54.65	28.35
Depreciation	57.34	52.53
Total (B)	1501.58	1230.36
Profit (+)/ Loss (-) before tax (A-B)	24.73	12.48
Provision for taxation	4.71	4.82
Provision for Fringe Benefit Tax	0	0
Provision for deferred tax liability	0	0
Net profit (+)/ Loss (-)	20.02	7.66
Paid-up equity shares capital (Face value)	322.59	322.59
Reserves	108.78	101.12
Basic and diluted EPS	0.62	0.24

During the year under review the total income was ₹ 1526.31 Lac as against ₹ 1242.84 Lac in F.Y. 2010-11. The net profits after tax for the year are ₹ 20.02 Lac as against ₹ 7.66 Lac in F.Y. 2010-11.

### 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 2012-2013 has been paid to Bombay Stock Exchange Ltd.

### SUBSIDIARIES

During the year, the Company divested its majority stake in two of its wholly owned subsidiaries viz SPS Printotech Limited and SPS Edutech Limited. Consequently these companies cease to be subsidiaries.

### DIRECTORS

Sh. Ramesh Chand Jain and Sh. Vipin Gupta are retiring at the ensuing Annual General Meeting and have offered themselves for re-appointment.



Term of office of Sh S. K. Jain as Chairman and Managing Director came to an end on February 1, 2012. The Board of Directors on recommendation of Remuneration Committee re-appointed him for a further period of five years. The appointment of Sh. S. K. Jain by the Board of Director as Chairman and Managing was subject to approval by shareholders. Accordingly, a resolution has been included in the notice convening Annual General Meeting.

#### **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 Infotech 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 3/8/2012 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 5/08/2012 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)(c) 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.

Place : Faridabad

Dated : 05/08/2012

On behalf of the Board of Directors

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 equipments, designing, printing and supply of OMR Application/ Registration forms and Answer sheets, Answer booklets, confidential printing 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	
	2011-12	2011-12
OMR Sheets (In Cr.)	8.23	3.01
OMR Scanners	36	54
Image Scanners	30	31

The demand of the products being offered by the company is increasing during the financial year 2011-12. The sales have increased by 22.80% and the net profit after tax has increased by 61.36%. The company has commenced manufacturing of OMR sheets and stationery which is the essential item for this business. With this backward integration now the company is more confident and hopeful for the better future in its business.



## 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 ₹ 1526.31 Lac as against ₹ 1242.84 Lac in F.Y. 2010-11. The net profits after tax for the year are ₹ 20.02 Lac as against ₹ 7.66 Lac in F.Y. 2010-11.

## 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 2012-2013

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 2012-13. The company has envisaged a massive cost effective program to make its products competitive with the quality at par. The participation of company is also increasing in the tender business. New customers are pouring in. The business of the confidential printing is rather secured and remunerative. The company believes that in the forthcoming year its performance will be quite satisfactory.



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

The Company has 73 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 : 05/08/2012

On behalf of the Board of Directors

Sd/-

S.K. JAIN

(Chairman and Managing Director)

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE-II

#### Company's philosophy on Corporate Governance

SPS International Limited (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 within the regulatory framework. In addition to the basic governance issues, SPS lays 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 31<sup>st</sup> March 2012, SPS's Board has six Directors, three 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 31<sup>st</sup> March 2012.

Sl No	Name of Director	Category of Director	No. of other Directorships	No. of Board Level Committees memberships/chairpersonship/ membership in other Indian public companies held	
				Chairperson	Member
1	Sh. S.K. Jain	Executive, Promoter	2	-	1
2	Sh. Ankur Jain	Executive, Promoter	2	-	1
3	Sh. Madhur Jain	Executive, Promoter	2	-	1
4	Sh. Shreyans Kumar Patni	Non-executive independent	-	2	-
5	Sh. Vipin Gupta	Non-executive independent	-	-	2
6	Sh. R.C. Jain	Non-executive independent	-	-	2

1. The directorships held by Directors as mentioned above do not include alternate directorships and directorships of foreign companies, Section 25 companies and private limited companies.

2. In accordance with Clause 49 of the Listing Agreement, Memberships/ Chairmanships of only the Audit Committees and Shareholders' Investors' Grievance Committees of all public limited companies have been considered.



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.

Sh. S. K. Jain is father of Sh. Ankur Jain and Sh. Madhur Jain.

None of the Directors is a member of more than 10 Board-level Committees of public companies in which they are Directors, nor is Chairman of more than five such Committees.

### Board Meetings

During 2011-12, the Board of Directors met 12 times on 5<sup>th</sup> May 2011, 30<sup>th</sup> May 2011, 6<sup>th</sup> June 2011, 1<sup>st</sup> July 2011, 12<sup>th</sup> August 2011, 30<sup>th</sup> September 2011, 12<sup>th</sup> November 2011, 17<sup>th</sup> December 2011, 14<sup>th</sup> January, 2012, 3<sup>rd</sup> February 2012, February 14, 2012 and 16<sup>th</sup> March 2012. The longest gap between any two Board meetings did not exceed 4 months.

Attendance record of Board of Directors as on 31<sup>st</sup> March, 2012. (Total Meetings held-12)

Name of Director	No of Board meetings attended	Whether attended last AGM
Sh. S.K. Jain	12	Yes
Sh. Shreyans Kumar Patni	12	Yes
Sh. Vipin Gupta	12	Yes
Sh. Ankur Jain	12	Yes
Sh. Madhur Jain	12	Yes
Sh. R.C. Jain	12	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.