

SPS INTERNATIONAL LIMITED



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

United Bank of India, Faridabad
HDFC Bank Ltd.,
New Delhi AXIS Bank Ltd., New Delhi

REGISTERED OFFICE

402, Sector-21C Faridabad-121 001

CORPORATE OFFICE

A-111 & 112, DDA Sheds, Okhla Industrial Area,
Phase-II, New Delhi- 110 020

PRODUCTION FACILITIES

93-B, 1st 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



SPS INTERNATIONAL LIMITED

NOTICE

NOTICE is hereby given that the Twentieth 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 28th day of September, 2013 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, 2013 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. Madhur 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.

Place : Faridabad

Dated : 12/08/2013

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 21st September, 2013 to Saturday, the 28th September, 2013 (both days inclusive).
3. Brief resume of Sh. Shreyans Kumar Patni 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 dematerialization 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.

Place : Faridabad

Dated : 12/08/2013

By the order of the Board of Directors

Sd/-

S.K. JAIN

(Chairman and Managing Director)

SPS INTERNATIONAL LIMITED

DIRECTORS' REPORT

To
The Shareholders,

Your Directors are pleased to present the Twentieth Annual Report for the year ended 31st March, 2013.

FINANCIAL RESULTS

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

PARTICULARS	(₹/Lakh)	
	Year ended on	
	31.03.2013	31.03.2012
Incomes :		
Net Sales/ Income from operations	1434.03	1520.44
Other Income	47.64	5.87
Total (A)	1481.67	1526.31
Expenditure :		
(Increase)/Decrease in stock in trade	71.09	(10.44)
Consumption of raw material	509.50	332.76
Purchase of traded goods	221.64	504.22
Staff cost	208.19	273.95
Other expenditure	329.84	289.10
Finance Cost	63.97	54.65
Depreciation	48.77	57.34
Total (B)	1453.00	1501.58
Profit (+)/ Loss (-) before tax (A-B)	(8.71)	24.73
Provision for taxation	-	4.71
Provision for Fringe Benefit Tax	-	0
Provision for deferred tax liability	-	0
Net profit (+)/ Loss (-)	(8.71)	20.02
Paid-up equity shares capital (Face value)	322.59	322.59
Reserves	127.90	108.78
Basic and diluted EPS	0.89	0.62

During the year under review the total income was ₹ 1481.67 Lac as against ₹ 1526.31 Lac in F.Y. 2011-12. The net profits/ (Loss) after tax for the year are ₹ (8.71) Lac as against ₹ 20.02 Lac in F.Y. 2012-13.

DIVIDEND

Due to absence 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 2013-2014 has been paid to Bombay Stock Exchange Ltd.

DIRECTORS

Sh Shreyans Kumar Jain and Sh. Madhur 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 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 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 6/8/2013 to the effect that they are eligible and willing to be re-appointed as auditors of the Company. 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 6/08/2013 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 : 12/08/2013

Sd/-

S.K. JAIN

(Chairman and Managing Director)

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	
	2012-13	2011-12
OMR Sheets (In Cr.)	2.94	8.23
Scanners	24	36
Image Scanners	36	30
Exercise book (In Cr.)	0.24	-
Printed Answer booklet	0.03	-

The demand of the products being offered by the company is increasing during the financial year 2012-13. 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 revenue was ₹ 1481.67 Lac as against ₹1526.32 Lac in F.Y. 2011-12. The net profits after tax for the year are ₹ 16.70 Lac as against ₹ 19.13 Lac in F.Y. 2011-12. The increasing financial costs, travelling and transportation costs, less realization of sales in terms of money are the main factors for the stagnancy in business.

RISKS AND CONCERNS

The customer base of the company is increasing, despite orders from some of the customers in government sector are not being repeated because the open tender system being followed by them for procurement of materials and services. The costs of imports are linked with the stability of Indian currency with respect to US Dollar. Due to continuous increase in the petroleum products, the costs of transportation, freight and fuel are increasing abnormally and disproportionately. On the contrary the number of players in the market are increasing, who are desperately struggling for business and in turn are causing stress on the product price. There has been phenomenal growth in the number of students in the technical sector and the volume in terms of quantity is going up. Despite this, the revenue in terms of rupee is going down because of the above factors. The only way of survival is cost reduction in the prices of products or rescheduling of product mix. The company is endeavoring on both the directions and is hopeful to get better results in the forthcoming year.

As anticipated earlier, the Government has introduced unified system of examination for entrance in the Engineering Course. The examination of CAT is being conducted through online method. The medical examinations are also likely to follow the way of Engineering Examinations. Otherwise also offline method of entrance examination is losing its charms as the institutions are switching over to online method of examinations. Even though the latter has its own limitations, yet it is causing losses to the business of the company. The sale of scanner is worst affected with the increase in the popularity of online examinations. So is the fate of OMR stationery requirement. The company is trying to balance its product mix by adding more items of printing in its business. With the timely review of present situation, company hopes to maintain its revenue level in the forthcoming year.

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 2013-2014

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 including that OMR Sheets, Scanners and Image Scanners. The company has envisaged a massive cost effective program to make its products more competitive while maintaining the quality. The company is also increasingly participating in the tender process for its business and 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 37 numbers of employees as on 31/3/2013. The relationship of management with employees has been very cordial during the period under review.

Place : Faridabad
Dated : 12/08/2013

By the order of the Board of Directors

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

REPORT ON CORPORATE GOVERNANCE

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.

SPS has been practicing the broad principles of Corporate Governance within the regulatory framework. While following the Corporate Governance principles, 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.

Board of Directors

Composition of the Board

As on 31st March 2013, SPS's Board has six Directors, three of whom are Executive Directors, while the remaining three are all non-executive independent Directors. The Chairman of the Board is Executive Director.

Composition of the Board as on 31st March 2013.

Sl. No	Name of Director	Category of Director	No. of other Directorships	No. of Board Level Committee memberships/ chairpersonship/ in other Indian public companies	
				Chairperson	Member
1	Sh. S.K. Jain	Executive, Promoter	2	-	-
2	Sh. Ankur Jain	Executive, Promoter	2	-	-
3	Sh. Madhur Jain	Executive, Promoter	2	-	-
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 2012-13, the Board of Directors met 9 times on 30th May 2012, 19th June 2012, 5th August 2012, 11th August 2012, 10th November 2012, 27th November 2012, 4th December, 2012, 19th January 2013 and 14th February 2013. The longest gap between any two Board meetings did not exceed 4 months.

Attendance record of Board of Directors as on 31st March 2013. (Total Meetings held-9)

Name of Director	No of Board meetings attended	Whether attended last AGM
Sh. S.K. Jain	9	Yes
Sh. Shreyans Kumar Patni	9	Yes
Sh. Vipin Gupta	9	Yes
Sh. Ankur Jain	9	Yes
Sh. Madhur Jain	9	Yes
Sh. R.C. Jain	9	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 2012-2013 are as under.

Amount(₹)

Name of Directors	Salary	Sitting fees	Perquisites	Deferred Benefits (PF and superannuation)	Commission	Terminal Benefits	Total
Sh. S.K. Jain	12,00,000	-	-	1,44,000	-	-	13,44,000
Sh. Shreyans Kumar Patni	-	9,000	-	-	-	-	9,000
Sh. Vipin Gupta	-	9,000	-	-	-	-	9,000
Sh. R.C. Jain	-	9,000	-	-	-	-	9,000
Sh. Ankur Jain	12,00,000	-	-	1,44,000	-	-	13,44,000
Sh. Madhur Jain	12,00,000	-	-	1,44,000	-	-	13,44,000
Total	36,00,000	27,000	-	4,32,000	-	-	40,59,000

There is no formal service contract with the Executive Directors of the Company. Their term of appointment and separation are governed by the Shareholders' Resolution, Company's Article of Association and Company's Rules and Regulations for other employees. There is no provision for any separation fee for the Executive Directors.

Shares and Convertible instruments held by Non-executive Directors

As on 31st March, 2013, none of the Non-executive Directors held any convertible instruments of the Company.

Details the shares of the Company held by the non-executive Directors as on 31st March, 2013 are as under:

Name of the Director	No. of shares held (Each of face value of Rs. 10/-)
Sh. Shreyans Kumar Patni	Nil
Sh. Vipin Gupta	300
Sh. R. C. Jain	Nil

Committees of the Board

Audit Committee

As on 31st March, 2013, 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 2012-13, the Committee met 4 times on 30th May 2012, 11th August 2012, 10th November 2012 and 14th February 2013.

Details of the Audit Committee as on 31st March 2013 (Total Meetings held-4)

Sl. No.	Name of Member	Category	Number of meetings attended
1	Sh. Shreyans Kumar Patni	Chairman, Independent Director	4
2	Sh. Vipin Gupta	Independent Director	4
3	Sh. R C Jain	Independent Director	4

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.

Shareholders/Investors Grievance Committee

As on 31st March, 2013, 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 2012-13, the Committee met 5 times on 20th April 2012, 11th June 2012, 17th September 2012, 10th December 2012 and 21st February 2013.

Details of Shareholders' and Investors' Grievance Committee as on 31st March, 2012 (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. R. C. Jain	Independent Director	5
4	Sh. S.K. Jain	Executive Director	5