

# **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***

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 Seventeenth Annual General Meeting of the shareholders of the Company will be held at Plot No. 51, Naharpar, Kheri Road, Bharat Colony, Old Faridabad on Thursday, the 30<sup>th</sup> day of September, 2010 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, 2010 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. Vipin Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sh. Anoop Dawar 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. Ankur 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 sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Sh. Sudhir Jain be and is hereby re-appointed as Whole time Director of the Company with effect from October 1, 2010 for a maximum period of two years, liable to retire by rotation, on the following terms and conditions:

I.	Basic Salary	:	Upto ` 1,50,000 per month as may be determined by the Board of Directors or any Committee of the Board or any person authorized by the Board or Committee of the Board from time to time.
II.	Perquisites/ Allowances	:	The following perquisites shall be allowed in addition to salary.
i.	Special Allowance	:	Upto ` 1,00,000 per month as may be decided by the Board of Directors or any Committee of the Board or any person authorized by the Board or 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 the above perquisites/ allowances, Sh. Sudhir Jain shall also be entitled to the following benefits:			
iii.	Other entitlements	:	a) <b>Contribution to Provident Fund &amp; Superannuation Fund or Annuity Fund</b> - 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) <b>Gratuity</b> – 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) <b>Car and Telephone</b> – 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. Sudhir 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. In the absence or inadequacy of profits in any year, the remuneration by way of salary, perquisites/ allowances and other entitlements shall be in accordance with and shall not exceed the limits prescribed under the Companies Act, 1956.
- B. Sh. Sudhir Jain shall not be entitled to sitting fees for attending Board Meetings/ Committees thereof.

Place : Faridabad  
Dated : 17.08.2010

By the order of the Board of Directors  
Sd/-

S. K. Jain  
(Chairman and Managing Director)

**Notes :**

- 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.**
- The Register of Members and Share Transfer Books shall remain closed from Thursday 23<sup>rd</sup> September, 2010 to Thursday, the 30<sup>th</sup> September, 2010 (both days inclusive).
- Pursuant to provisions of section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the Company is in the process of sending Postal Ballot Forms alongwith notice and pre-paid envelope to the shareholders to exercise their vote through Postal Ballot, for alteration in the Other Objects Clause and the commencement of activities as set out in the new other Object Clauses of the Memorandum of Association. Mr. Sudhir Chaudhary, Chartered Accountant has been appointed as Scrutinizer to conduct Postal Ballot voting process. The last date for receiving the reply of shareholders through postal ballot is September 29, 2010. The result of the postal ballot shall be announced at the AGM.**
- Brief resume of Sh. Vipin Gupta, Sh. Anoop Dawar and Sh. Ankur Jain are given in the Corporate Governance Report.
- 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.
- 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.
- 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.
- Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
- No gifts, coupons, complimentaries etc., shall be distributed at the Annual General Meeting.
- Ballot papers, if required, for each proposed resolution, will be provided to the members/proxies at the registration counter.
- The registration counter shall open at 10.00 a.m. and close at 11.00 a.m. and thereafter no registration will be done.
- Members are requested to bring their copy of Annual Report at the AGM.

Place : Faridabad  
Dated : 17.08.2010

By the order of the Board  
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. Ankur Jain was appointed as an Additional Director by the Board of Directors on 6th August, 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. Ankur Jain and Sh. S. K. Jain, none of the Directors are concerned or interested in this resolution.

**ITEM NO. 6**

The Shareholders in their meeting held on 28<sup>th</sup> September, 2007 had re-appointed Sh. Sudhir Jain as whole time director for a period of three years and his term of office as whole time director is coming to an end on 30<sup>th</sup> September 2010. Therefore, it is proposed to re-appoint him as whole time director of the Company for a further period of two years effective 1st October, 2010 on the terms and conditions contained in the draft resolution.

The remuneration Committee has recommended the remuneration proposed to be paid to Sh. Sudhir Jain. The proposed remuneration of Sh. Sudhir Jain will be within the limits prescribed under Companies Act, 1956. The directors have recommended the resolution for approval by members.

None of the Directors except Sh. Sudhir Jain is concerned or interested in the resolution.

**Place : Faridabad**

**Dated : 17.08.2010**

**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 Seventeenth Annual Report for the year ended 31st March, 2010.

### FINANCIAL RESULTS

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

PARTICULARS	Year ended on	
	31.03.2010	31.03.2009
<b>Incomes:</b>		
Net Sales/ Income from operations	1198.95	1324.41
Other Income	10.97	12.37
<b>Total (A)</b>	<b>1209.92</b>	<b>1336.78</b>
<b>Expenditure:</b>		
(Increase)/Decrease in stock in trade	(6.63)	(45.31)
Purchase of traded goods	827.12	945.60
Staff cost	133.51	136.69
Other expenditure	155.35	199.40
Interest	22.58	16.61
Depreciation	67.05	52.24
<b>Total (B)</b>	<b>1198.98</b>	<b>1305.23</b>
<b>Profit (+)/ Loss (-) before tax (A-B)</b>	<b>10.94</b>	<b>31.55</b>
Provision for taxation	7.30	13.50
Provision for Fringe Benefit Tax	0	2.55
Provision for deferred tax liability	(4.37)	(4.95)
<b>Net profit (+)/ Loss (-)</b>	<b>8.01</b>	<b>20.45</b>
Paid-up equity shares capital (Face value)	322.59	322.59
Reserves	101.12	86.56
Basic and diluted EPS	0.25	0.63

During the year under review the total income is ` 1209.92 Lac as against ` 1336.78 Lac in F.Y. 2008-09. The net profits after tax for the year are ` 8.01 Lac as against ` 20.45 Lac in F.Y. 2008-09.

The Company is exploring opportunities in new business areas. The Company is in discussions with a US based company engaged in the innovative and niche business of proving an image on an organic product to be used as gift item etc. The US company has patent over the process. The product is a unique one and has lot of potential in India. Your Company is in discussions to get a license over the Patent in India.

The Company is also in discussions for alliance in the area of solar power generation. The Company may either on its own or through a joint venture may foray in the area of Solar Power Generation.

Presently, both the above activities are not covered in the Objects Clause of Memorandum of Association of the Company and therefore, the Object Clause has to be amended to include these activities. Pursuant to provisions of section 192 A and The Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 as amended from time to time the resolution for amendment in Object Clause has to be passed through process of postal ballot. Mr. Sudhir Chaudhary, Chartered Accountant has been appointed to conduct the postal ballot process and the result of the postal ballot shall be declared at the ensuing AGM.

### 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 2010-2011 has been paid to Bombay Stock Exchange Ltd.

## **DIRECTORS**

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

The term of office of Sh. Sudhir Jain as whole time director is coming to an end on September 30, 2010. It is proposed to re-appoint him as whole time director for a further period of two years w.e.f October 1, 2010.

Necessary resolutions for the re-appointment of the above directors are being included in the Notice convening 17<sup>th</sup> 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 MAJA Merchandise 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profits of the Company for that period;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

## **AUDITORS AND AUDITORS' REPORT**

M/s Sudhir Chaudhary & Associates, Chartered Accountants, the Statutory Auditors of the Company are retiring at the ensuing Annual General Meeting. The Company has received from them a letter dated 25/7/2010 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 28/5/2010 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 : 17.08.2010**

**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, 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:

<b>Particulars</b>	<b>Sale Quantity</b>	
	<b>2009-10</b>	<b>2008-09</b>
OMR Sheets (In Cr.)	3.26	4.05
OMR Scanners	61	49
Image Scanners	13	12

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 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 is ` 1209.92 Lac as against ` 1336.78 Lac in F.Y. 2008-09. The net profits after tax for the year are ` 8.01 Lac as against ` 20.45 Lac in F.Y. 2008-09.

## **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 9001-2000 certification by JAS-ANZ-VEXIL(BPS MS).

## **OUTLOOK FOR THE YEAR 2010-2011**

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 2010-11.

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 48 numbers of employees as on 31/3/2010. The relationship of management with employees has been very cordial during the period under review.

**Place : Faridabad**  
**Dated : 17.08.2010**

**On behalf of the Board of Directors**

**S.K. JAIN**  
**(Chairman and Managing Director)**



**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 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 31st March 2010, SPS's Board has five Directors, two of whom are Executive Directors, while the remaining three are non-executive independent Directors. The Executive Chairman of the Board of Directors is a promoter Director.

**Composition of the Board as on 31<sup>st</sup> March 2010.**

Sl. No	Name of Director	Category Of Director	No. of other Directorships	No. of Board Level Committee Memberships/ Chairmanship in other Indian Public Companies	
				Chairperson	Member
1	Sh. S.K. Jain	Executive	-	-	-
2	Sh. Sudhir Jain	Executive	-	-	-
3	Sh. Shreyans Kumar Patni	Non-executive independent	-	-	-
4	Sh. Vipin Gupta	Non-executive independent	-	-	-
5	Sh. Anoop Dawar	Non-executive independent	-	-	-

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.
3. Sh. Ankur Jain was appointed as an Additional Director w.e.f. 6th August 2010.

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.

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 2009-10, the Board of Directors met 5 times on 3rd April 2009, 22nd June 2009, 29th July 2009, 28th October 2009 and 30th January 2010. The maximum gap between any two Board meetings was less than four months.

**Attendance record of Board of Directors as on 31<sup>st</sup> March, 2010. (Total Meetings held-5)**

Name of Director	No of Board meetings attended	Whether attended last AGM
Sh. S.K. Jain	5	Yes
Sh. Sudhir Jain	5	Yes
Sh. Shreyans Kumar Patni	5	Yes
Sh. Vipin Gupta	5	Yes
Sh. Anoop Dawar	5	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 2009-2010 are as under.

Name of Directors	Salary	Sitting fees	Perquisites	Deferred Benefits (PF and superannuation)	Amount ( ` )		
					Commis sion	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	-	8,000	-	-	-	-	8,000
Sh. Vipin Gupta	-	8,000	-	-	-	-	8,000
Sh. Anoop Dawar	-	8,000	-	-	-	-	8,000
<b>Total</b>	<b>24,00,000</b>	<b>24,000</b>	<b>-</b>	<b>2,88,000</b>	<b>-</b>	<b>-</b>	<b>27,12,000</b>

## Shares and Convertible instruments held by Non-executive Directors

As on 31st March 2010, 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 2010. Is as under:

Name of the Directors	No. of shares held (Each of face value of ` 10/-)
Sh. Shreyans Kumar Patni	Nil
Sh. Vipin Gupta	350
Sh. Anoop Dawar	100

## Committees of the Board

### Audit Committee

As on 31st March 2010, the Audit Committee of the Company comprises of 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 2009-10, the Committee met 5 times on 3rd April 2009, 22<sup>nd</sup> June 2009, 29th July 2009, 28th October 2009 and 30th January 2010.

### Details of the Audit Committee as on 31st March 2010 (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

All the members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 29th September 2009 to answer shareholder queries.

The Director in charge of Finance and representatives of the statutory auditors and internal auditors are regularly invited by the Audit Committee to its meetings. Smt. Meenu Kapoor, Company Secretary, is the secretary to the Committee.

### 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

SPS's Remuneration Committee is responsible for recommending the fixation and periodic revision of remunerations of the Directors, subject to the overall ceiling fixed by the shareholders. Payment of remuneration to the Executive Directors is governed by Remuneration Committee, Board and Shareholders' resolutions. The remuneration structure comprises of Salary, perquisites and allowances and retiral benefits.

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). During the year, no meeting of the Remuneration Committee was held.

#### **Shareholders/Investors Grievance Committee**

As on 31st March, 2010, 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 2009-10, the Committee met 6 times.

#### **Details of Shareholders' and Investors' Grievance Committee as on 31st March, 2010 (Total Meetings held– 6)**

<b>S. No</b>	<b>Name of Directors</b>	<b>Category</b>	<b>Meetings attended</b>
1	Sh. Shreyans Kumar Patni	Independent Director	6
2	Sh. Vipin Gupta	Independent Director	6
3	Sh. Anoop Dawar	Independent Director	6
4	Sh. S.K. Jain	Executive Director	6

The Committee deals with and decides on all matters relating to the registration, transfer and transmission of shares and issue of duplicate share certificates or allotment letters in lieu of those lost or misplaced. It also redresses shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. During the year, no investor complaint was received. As on 31st March 2010, no complaint was pending.

## **Management**

### **Management Discussion & Analysis**

This report contains a separate section on Management Discussion & Analysis.

### **Disclosures**

- The relevant disclosures regarding related party sanctions have been given in the notes to accounts.
- During last three years, there has been no non-compliance by the Company and no penalties, strictures are imposed on the Company by the Stock Exchanges, or SEBI or any statutory authority on any matter related to capital markets.
- The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and has set up a remuneration committee under non mandatory requirements.

### **Code of Conduct**

As per the requirements of Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for Directors and Sr. Management Personnel. As required by the provisions of the Code a declaration from the Chairman and Managing Director regarding compliance by the Directors and Sr. Management Personnel of the provisions of Code of Conduct is given as under:

I hereby certify that all the members of the Board of Directors and Sr. Management personnel have affirmed compliance with the Code of Conduct framed by the Company for its Board of Directors and Sr. Management personnel.

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

### **Code for Prevention of Insider-trading Practices**

The Company has prepared a code of conduct for its Directors, Management and staff, laying down the guidelines and procedures to be followed and disclosures to be made, while dealing with shares of Company, and cautioning them of the consequences of violations. The code clearly specifies, among other matters, that Directors and specified employees of the Company can trade in the shares of the Company only during 'Trading Window Open Period'. The trading window is closed during the time of declaration of results, dividend and material events, as per the code. Smt. Meenu Kapoor, Company Secretary, is the Compliance Officer.

## CEO/ CFO Certification

The CEO and CFO certification of the financial statements for the year is as under:

The Board of Directors,  
SPS International Limited,  
W-12, Okhla Industrial Area  
Phase-II, New Delhi-110020

Dear Sirs,

We, the undersigned hereby certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2010 and that to the best of our knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by SPS International Limited during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting in SPS International Limited and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting. We have disclosed to the auditors and the audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and Audit Committee

(i) Significant changes in internal control over financial reporting during the year;

(ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud of which we become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Sd/-  
S K Jain  
Chairman and Managing Director

Sd/-  
D S Bhati  
AGM (Commercial)

## Shareholders

The following Directors are retiring by rotation and being eligible offer themselves for re-appointment: -

Sh. Vipin Gupta (39) is Chartered Accountant by profession and has over 11 years of experience. He is member of Audit Committee, Shareholders' /Investors' Grievance Committee and the Remuneration Committee of the Company. He holds 300 Shares in the company.

Sh. Anoop Dawar (38) is a Company Secretary by profession and has over 14 years of experience in Corporate Sector. He is member of Audit Committee, Shareholders'/Investors' Grievance Committee and the Remuneration Committee of the Company. He does not hold any shares in the Company.

Sh. Ankur Jain (26) was appointed as an additional director on August 6, 2010. His term of office is coming to an end at the ensuing Annual General Meeting. An item for his appointment as regular director liable to retire by rotation has been included in the Notice convening Annual General Meeting.

He is completed his MBA in Banking Insurance. He has been wholtime director of Maja Merchandise Pvt. Ltd for the last 4 years. He has got vide experience in business of industry also. He is also a member of promoter group of the company.

## Means of Communication

The quarterly and annual results are regularly published in leading English and Hindi newspapers as per the requirements of Listing Agreement with Bombay Stock Exchange. The periodical financial results of the Company and other relevant information is regularly placed on the website by the Stock Exchange. The press release, if any, is also forwarded to Stock Exchange for placing on its websites. The Company has not made any formal presentations to institutional investors or to analysts during the year.

## General Body Meetings

Location and time of last three AGMs

Year	Location	Date	Time	Special Resolution passed
2006-07	Village Tatarpur Road, Teh. Palwal, Distt. Faridabad	28/9/2007	11.00 a.m.	Nil
2007-08	51, Naharpar, Kheri Road, Bharat Colony, Old Faridabad	30/9/2008	11.00 a.m.	Nil
2008-09	51, Naharpar, Kheri Road, Bharat Colony, Old Faridabad	29/9/2009	11.00 a.m.	Nil

No resolution was put through postal ballot during 2009-10.

## Additional shareholder information

### Annual General Meeting

Date : Tuesday, 30<sup>th</sup> September 2010

Time : 11.00 A.M.

Venue : Plot No. 51, Naharpar, Kheri Road, Bharat Colony, Old. Faridabad

## Financial Calendar

**Financial year: 1 April to 31st March 2010**

**During the year ended 31st March 2010, results were announced on:**

22nd June 2009	: Annual financial results
29th July 2009	: First Quarter
28th October 2009	: Second Quarter
31st January 2010	: Third quarter

The tentative schedule for the financial year 2010-11:

July 2010 (last week): First quarter

October 2010 (last week) : Half yearly

January 2011 (Last week) : Third quarter

May 2011 (last week) : Annual and Fourth quarter

### Book Closure Date

Thursday, 23<sup>rd</sup> September, 2010 to Thursday, the 30<sup>th</sup> September, 2010 (both days inclusive).

### Dividend

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

## Listing on Stock Exchanges in India

The shares of the Company are listed at Bombay Stock Exchange Ltd. The listing fee for the financial year 2010-2011 has been paid to Bombay Stock Exchange Ltd.

## Stock Codes

The Company's stock code at Bombay Stock Exchange Ltd is 530177.

## Stock Market Data

Monthly high and low quotations as well as the volume of shares traded at BSE during 2009-10 is as under:

Year 2009-10	Price of Share of the Company at BSE			BSE SENSEX	
	High (₹)	Low (₹)	Volume (Nos.)	High	Low
April	4.82	3.75	13942	3754.73	3183.47
May	4.9	3.57	33505	4197.08	3363.06
June	4.69	3.4	55462	4285.99	3830.15
July	5.45	4.14	67943	4810.33	4120.73
August	4.71	4.05	6655	4965.79	4470.52
September	5	3.88	25293	4914.12	4513.55
October	5	3.4	25837	5150.99	4368.85
November	5.4	3.55	29121	4770.11	4209.41
December	5.12	4.25	28686	5077.23	4584.74
January	6.05	4.26	18012	5668.28	5184.48
February	5.5	4.24	44267	6150.69	5127.79
March	5.25	4.5	32880	5828.79	4867.23

## Distribution of shareholding

### Distribution of shareholding by number of shares held as on 31st March, 2010

No. of equity shares held	No. of share holders	% of shareholders	No. of shares	% of share holding
Upto 500	1952	77.71	351365	10.8920
501 – 1000	236	9.39	199924	6.1975
1001-2000	162	6.45	270530	8.3862
2001-3000	62	2.47	156055	4.8376
3001-4000	19	0.76	67803	2.1018
4001-5000	25	1.00	116771	3.6198
5001-10000	30	1.19	223310	6.9224
10000 and above	26	1.04	1840142	57.0427
<b>Total</b>	<b>2512</b>	<b>100.00</b>	<b>3225900</b>	<b>100.0000</b>

### Distribution of shareholding by shareholding pattern as on 31st March, 2010.

SL. NO	CATEGORY	NO. OF SHARES HELD	% AGE OF HOLDING
A.	Shareholding of promoter and promoter group	1228859	38.09
B.	Public Shareholding		
	Bodies Corporate	242270	7.51
	Individual shareholders holding nominal share capital up to ` 1 Lac	1217079	37.73
	Individual shareholders holding nominal share capital in excess of ` 1 Lac	481497	14.93
	NRIs	51261	1.59
	Clearing members	4934	0.15
	<b>Total</b>	<b>3,225,900</b>	<b>100.00</b>

### Dematerialisation of shares as on 31st March 2010

There were 19,98,790 shares in electronic form, which constitute 61.96 per cent of the total paid-up share capital of the Company.

## **Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs/ ADRs/ Warrants or other instruments, which are pending for conversion.

## **Details of public funding obtained in the last three years**

The Company has not obtained any public funding in the last three years

## **Registrar and Share Transfer Agents**

M/s Beetal Financial & Computer Services Pvt. Ltd. are Registrar and Share Transfer Agent of the Company for handling both electronic as well as physical shares. The communication regarding shares in physical or electronic form can be sent to the Registrar and Share Transfer agent at the address given herein below.

## **Share Transfer System**

The Share certificates sent for transfer are received at the office of Registrar and Share Transfer Agent, M/s Beetal Financial & Computer Services Pvt. Ltd. All valid transfer requests are processed and the Shareholder's/ Investor's Grievances Committee approves the valid transfer requests and after approval by the Committee, the physical shares are sent to the shareholders.

During the year, the Company received Nil complaints and as on 31st March, 2010 no complaint was pending.

## **Depository System**

The shareholders can trade in the shares of the Company only in electronic form.

Following is the process for getting the shares dematerialized:-

- Shareholder submits the shares certificate alongwith DRF to DP.
- DP processes the DRF and generates a unique DRN.
- DP forwards the DRF and share certificates to the Share Transfer Agent.
- Share Transfer Agent after processing the DRF confirms or rejects the request to Depositories.
- Depositories give the credit to shareholder in his account maintained with DP.

This process takes approximately 10 to 15 days from the date of receipt of DRF.

As the trading in the shares of the Company can be done only in the electronic form, it is advisable that the shareholders who have the shares in physical form get their shares dematerialised.

## **Adoption of Non-mandatory Requirements**

Remuneration Committee has been constituted in accordance with the requirements of the Listing Agreement.

## **Plant/Business Location**

### **SPS International Limited**

W-12, Okhla Industrial Area  
Phase-II, New Delhi-110020

### **Address for Correspondence**

#### **Company:**

#### **Sh. S.K. Jain**

Chairman and Managing Director  
SPS International Ltd.  
W-12, Okhla Industrial Area  
Phase-II, New Delhi-110020  
Tel No. + 91 011-47190190  
Fax No. + 91 011-47190160  
e-mail : [skjain402@gmail.com](mailto:skjain402@gmail.com)

#### **Registrar & Share Transfer Agent:**

Sh. Puneet Mittal, General Manager  
Beetal Financial & Computer Services Pvt. Ltd.  
BEETAL House  
3rd Floor, 99 Madangir  
Behind Local Shopping Complex  
Near Dada Harsukhdas Mandir  
New Delhi 110 062  
Tel. No. +91 011-29961281  
Fax No. +91 011-29961282  
e-mail: [beetal@rediffmail.com](mailto:beetal@rediffmail.com)



## CORPORATE GOVERNANCE CERTIFICATE

To

The Members  
SPS International Ltd

We have examined the compliance of the conditions of Corporate Governance by SPS International Limited for the year ended on March 31<sup>st</sup>, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examinations have been limited to a review of the procedures and implementations thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that based on the report given by the Registrars of the Company to the Investors Grievance Committee, as on March 31<sup>st</sup> 2010 there were no Investors Grievance matters against the Company remaining unattended/ pending for more than 30 days.

We further state that such compliance is neither an assurance as to future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Place : Faridabad**  
**Dated : 17.08.2010**

**For Sudhir Chaudhary & Associates**  
**Chartered Accountants**  
Sd/-  
**Sudhir Chaudhary (Partner)**  
**M. No. 91302**

### ANNEXURE –III

Disclosures under section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particular in the Report of Board of Directors) Rules, 1988.

#### **CONSERVATION OF ENERGY**

- A. Energy conservation measures taken : NA  
B. Additional investment and proposals, if any, being implemented for reduction of consumption of energy : NA  
C. Impact of above measures : NA

#### **FORM – A**

##### **Form for disclosure of particulars with respect to conservation of energy**

<b>A. Power and Fuel consumption</b>	<b>2009-10</b>	<b>2008-09</b>
<b>1. Electricity</b>		
a) Purchased unit	99226	74624
Total amount	5.70551	429089
Rate / Unit ( ` )	5.75	5.75
b) Own generation through DG Sets/Turbine	17851	14264
<b>2. Coal</b>	Nil	Nil
<b>3. Furnace Oils</b>	Nil	Nil
<b>B. Consumption per unit of Production :</b>		
Production	N.A	N.A
Electricity	N.A	N.A
Furnace Oil	N.A	N.A
Coal	N.A	N.A

**FORM – B****Form of disclosure of particulars with respect to technology absorption :**

<b>A. Research and Development</b>		
1. Specific areas in which research and development were carried out by the Company	N.A	Nil
2. Benefits derived	N.A	Nil
3. Future plan of action	N.A	Nil
4. Expenditure on R & D	N.A	Nil
<b>B. Technology absorption, adaptation &amp; Innovation (R&amp;D)</b>		
1. Efforts made towards technology Absorption, adaptation & Innovation	N.A	N.A
2. Benefits derived	N.A	N.A
3. Particulars of imported Technologies	N.A	N.A
<b>C. Exchange earnings and outgo</b>		
1. Earned ( ` in lac)	6.87	7.69
2. Outgo ( ` in lac)	274.96	198.15

**On behalf of the Board of Directors**

**Place : Faridabad**

**Dated : 17.08.2010**

**Sd/-**

**S.K. JAIN**

**(Chairman and Managing Director)**

**AUDITORS' REPORT TO THE MEMBERS OF SPS INTERNATIONAL LIMITED**

**To  
The Members,**

We have audited the attached Balance Sheet of M/s SPS INTERNATIONAL LIMITED as at 31<sup>ST</sup> March 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement of the Company for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the **Companies Auditor's Report (Amendment) Order, 2004** issued by the Central Govt. of India in terms of sub-section (4A) of the section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that:-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.
3. The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
4. In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of the section 211 of the Companies Act, 1956.

5. On the basis of written representations received from the Director's, as on **31<sup>st</sup> March, 2010** and taken on record by the Board of Director's, we report that none of the Director's is disqualified as on **31<sup>st</sup> March, 2010** from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of The Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- In the case of the Balance Sheet, of the state of affairs of the Company as at **31<sup>st</sup> March, 2010**;
  - In the case of the Profit and Loss Account, of the **Profit** for the year ended on that date.
  - In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**Place : Faridabad**  
**Dated : 28-05-2010**

**For Sudhir Chaudhary & Associates**  
**Chartered Accountants**

**Sd/-**  
**Sudhir Chaudhary (Partner)**  
**M. No. 091302**

#### **ANNEXURE TO THE AUDITOR'S REPORT**

(Referred to in paragraph 1 of our report of even date on the accounts of  
**SPS INTERNATIONAL LIMITED** for the year ended **March 31, 2010**)

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - During the year, the company has not disposed off any major part of the fixed assets.
- The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- The company has not granted loan to other companies covered in the register maintained under section 301 of the companies Act, 1956.
  - The company has not accepted loan from other companies covered in the register maintained under section 301 of the companies Act, 1956.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- During the year covered by our Audit Report, there was no contracts or arrangements during the year which are to be entered into the register maintained under section 301 of the Companies Act, 1956.
- During the year covered by our Audit Report, the company has not accepted any deposits pursuant to section 58A, section 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- Since the company is not covered for the purpose of cost records under section 209(1)(d) of the Companies Act, this clause is not applicable so it is not given.
- The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues applicable to it.
  - According to the information and explanations given to us, no disputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty, service tax and cess were in arrears, as at **2010** for a period of more than six months from the date they became payable.

10. In our opinion, the accumulated losses of the company are not more than 50% of its net worth. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. This clause is not applicable so it is not given.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) Order are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the company.
15. According to the information and explanation given to us, the company has not given any guarantee for loan taken by others from banks or financial institution.
16. In our opinion, the terms loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment except permanent working capital.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
20. No money was raised by public issues during the period covered by our Audit Report.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**Place : Faridabad**  
**Dated : 28-05-2010**

**For Sudhir Chaudhary & Associates**  
**Chartered Accountants**  
**Sd/-**  
**Sudhir Chaudhary (Partner)**  
**M.No. 091302**

**SPS INTERNATIONAL LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2010**

Particulars	Sch No.	Current Year 31/03/2010 Amount ( ` )	Previous Year 31/03/2009 Amount ( ` )
<b>SOURCES OF FUNDS :</b>			
<b><u>Shareholders Funds :</u></b>			
a) Share Capital	1	32259000	32259000
b) Reserves and Surplus	2	10111880	8656059
<b><u>Loan Funds :</u></b>			
a) Secured Loans	3	10546700	14011841
Deferred Tax Liability		771279	1209411
<b>TOTAL :</b>		<b>53688859</b>	<b>56136311</b>
<b>APPLICATION OF FUNDS :</b>			
<b><u>Fixed Assets :</u></b>			
Gross Block	4	107114502	88126172
Under Construction		0	3930648
		107114502	92056820
Less : Depreciation		71894542	65189526
Net Block		<b>35219960</b>	<b>26867294</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES :</b>			
a) Inventories	5	13161527	16120068
b) Sundry Debtors	6	28012277	22000046
c) Cash and Bank balances	7	2692148	3227875
d) Loans and Advances	8	12797593	9693330
		56663545	51041319
Less : Current Liabilities	9	35234193	19437391
Less : Provision for Taxation		3170500	2695000
<b>NET CURRENT ASSETS</b>		<b>18258852</b>	<b>28908928</b>
<b>MISCELLANEOUS EXPENDITURE :</b>			
(To the extent not written off or adjusted)			
- Preliminary Expenses	10	210047	360089
<b>PROFIT AND LOSS ACCOUNT (DR)</b>			
<b>TOTAL</b>		<b>53688859</b>	<b>56136311</b>
<b>NOTES TO THE ACCOUNTS :</b>	17		

“The Schedules referred to above form an integral part of the Balance sheet. This is the Balance Sheet referred to in our report of even date”.

**For and on behalf of the Board of Directors**

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

Sd/-  
**SUDHIR JAIN**  
(Director)

Sd/-  
**D.S. BHATI**  
AGM (Commercial)

Sd/-  
**MEENU KAPOOR**  
(Company Secretary)

As per our report of even date

**For SUDHIR CHAUDHARY & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

Sd/-  
**SUDHIR CHAUDHARY (Partner)**  
M.NO. 091302

**Place : Faridabad**  
**Dated : 28-05-2010**

**SPS INTERNATIONAL LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010**

Particulars	Sch. No.	Current Year 31/03/2010 Amount ( ` )	Previous Year 31/03/2009 Amount ( ` )
<b>INCOME :</b>			
- Sales and Services	11	119895134	132440731
- Other Income	12	1097150	1236922
- Increase/(Decrease) in the stocks	13	663546	4531132
<b>TOTAL</b>		<b>121655830</b>	<b>138208785</b>
<b>EXPENDITURE :</b>			
- Processing, Administrative and Selling Expenses	14	98097676	114350235
- Personnel Expenses	15	13350994	13669141
- Financial Expenses	16	2258316	1661279
- Depreciation	4	6705016	5223581
		120412002	134904236
<b>Net Profit</b>		<b>1243828</b>	<b>3304549</b>
Less : Preliminary Expenses written off		150042	150042
<b>Net Profit before tax for the year</b>		<b>1093786</b>	<b>3154507</b>
Less: Provision for Taxation (Current Tax)		730500	1350000
Provision for Fringe Benefit Tax		0	255000
Add : Deferred Tax Assets		438132	495213
<b>Net Profit for the year</b>		<b>801418</b>	<b>2044720</b>
Add : Provision written Back		654403	0
Add : Profit Brought Forward		6256059	4211339
<b>PROFIT /(LOSS) CARRIED OVER TO BALANCE SHEET</b>		<b>7711880</b>	<b>6256059</b>
Notes to the Accounts	17		

“The Schedules referred to above form an integral part of the Profit and Loss Account. This is the Profit and Loss Account referred to in our report of even date”.

**For and on behalf of the Board of Directors**

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

Sd/-  
**SUDHIR JAIN**  
(Director)

Sd/-  
**D.S. BHATI**  
AGM (Commercial)

Sd/-  
**MEENU KAPOOR**  
(Company Secretary)

As per our report of even date

**For SUDHIR CHAUDHARY & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Sd/-  
**SUDHIR CHAUDHARY (Partner)**  
M.NO. 091302

**Place : Faridabad  
Dated : 28-05-2010**

**SPS INTERNATIONAL LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND**  
**LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2010**

Particulars	For the Year Ended 31/03/2010 Amount ( ` )	For the Year Ended 31/03/2009 Amount ( ` )
<b>SCHEDULE – 1</b>		
<b>Share Capital :</b>		
<b>Authorised :</b>		
- 10000000 Equity shares of ` 10/- each	10000000 =====	10000000 =====
<b>Issued, Subscribed and Paid up :</b>		
- 3225900 Equity shares of ` 10/- each fully paid up	32259000	32259000
	32259000	32259000
<b>SCHEDULE – 2</b>		
<b>Reserves and Surplus :</b>		
<b>General Reserve :</b>		
- Opening Balance	2400000	2400000
- Profit during the year	7711880	6256059
Carried forwarded to Balance sheet	10111880	8656059
<b>SCHEDULE - 3</b>		
<b>Secured Loans :</b>		
(Including interest accrued and due)		
- Corporation Bank CCSDL	22094	0
- Corporation Bank Cash Credit	3652816	9838588
- Corporation Bank – Term Loan	2061713	3431764
- ICICI Bank OD A/c	275487	443551
- Car Loan Corporation Bank (BMW-1)	2165816	0
- Car Loan Corporation Bank (BMW-2)	2165816	0
- Car Loan Corporation Bank (Swift)	202958	297938
	10546700	14011841

**SCHEDULE -4**

**FIXED ASSETS**

Amount ( ` )

S No	DESCRIPTION OF ASSETS	COST			DEPRECIATION				WDV		
		AS ON 1.4.2009	ADDITI-ONS	SALES/ TRANS FER	AS ON 31.3.2010	UPTO 1.4.2009	DURIN G THE YR.	WRIT TEN BACK	UPTO 31.3.2010	AS ON 31.3.2010	AS ON 31.3.2009
1.	LAND, SANT NAGAR	300000	0	0	300000	0	0	0	0	300000	300000
2.	LAND, W-12, OKHLA	9951737	284060	0	10235797	0	0	0	0	10235797	9951737
3.	BUILDING, SANT NAGAR	2828500	0	0	2828500	1401175	71366	0	1472541	1355959	1427325
4.	BUILDING, W-12 OKHLA	5210313	1615087	0	6825400	85150	316654	0	401804	6423596	5125163
5.	COMPUTERS	59404909	3769687	0	63174596	53135788	3971868	0	57107656	6066940	6269121
6.	ELECTRIC EQUIPMENT, SANT NAGAR	4282060	0	0	4282060	3211354	148935	0	3360289	921771	1070706
7.	ELECTRIC EQUIPMENT, W-12, OKHLA	423335	1744538	0	2167873	0	266164	0	266164	1901709	423335
8.	OFFICE EQUIPMENT, SANT NAGAR	666834	0	0	666834	481694	25753	0	507447	159387	185140
9.	OFFICE EQUIP. W-12, OKHLA	0	282757	0	282757	0	25375	0	25375	257382	0
10.	VEHICLES	7324162	6440504	0	13764666	5406097	1706303	0	7112400	6652266	1918065
11.	FUR & FIXTURES, SANT NAGAR	1530186	0	0	1530186	1350189	32579	0	1382768	147418	179997
12.	FUR.& FIXTURES, W-12, OKHLA	0	921049	0	921049	0	133337	0	133337	787712	0
13.	SOFTWARE & LICENSE	134784	0	0	134784	118079	6682	0	124761	10023	16705
	<b>TOTAL</b>	<b>92056820</b>	<b>15057682</b>	<b>0</b>	<b>107114502</b>	<b>65189526</b>	<b>6705016</b>	<b>0</b>	<b>71894542</b>	<b>35219960</b>	<b>26867294</b>
	<b>PREVIOUS YEAR'S FIGURES</b>	<b>87428585</b>	<b>6331235</b>	<b>1703000</b>	<b>92056820</b>	<b>59965945</b>	<b>5223581</b>	<b>0</b>	<b>65189526</b>	<b>26867294</b>	<b>27462640</b>

Particulars	For the Year Ended 31/03/2010 Amount ( ` )	For the Year Ended 31/03/2009 Amount ( ` )
<b>SCHEDULE – 5</b>		
<b>Inventories :</b>		
<b>(As taken valued and certified by the management)</b>		
- Pre printed stationery	0	50775
- OMR sheets	163238	158736
- Scanners	9632380	11502568
- Stores and Spares	1919387	1391904
- Packing material	247350	487214
- Computer and General Stationery	206210	409222
- Work in process	992962	2119649
	<b>13161527</b>	<b>16120068</b>
<b>SCHEDULE-6</b>		
<b>Sundry Debtors :(Considered good unless stated otherwise)</b>		
a) Debts outstanding for a period not exceeding six months	23009577	15982831
b) Debts outstanding for a period exceeding six months	5002700	6017215
c) Suit filed debtors (considered doubtful)	0	305925
d) Doubtful debtors	0	348477
	28012277	22654448
Less : Provision for doubtful & Suit filed debts	0	654402
	<b>28012277</b>	<b>22000046</b>
<b>SCHEDULE - 7</b>		
<b>Cash and Bank Balances :</b>		
- Cash in hand	151280	229825
<b>Balance in Current Accounts with:</b>		
- Corporation Bank, New Delhi (CCSDL A/c)	0	11686
- Corporation Bank, New Delhi (Fixed deposits)	2162451	2717850
- State Bank of India, Faridabad (Current A/c)	35193	35193
- Interest accrued on FDR's	343224	233321
	<b>2692148</b>	<b>3227875</b>
<b>SCHEDULE-8</b>		
<b>Advances Recoverable in cash or in kind or for value to be received :</b>		
(Considered good)		
- Advances recoverable	9163329	6977739
- Tax deducted at source	3634264	2715591
	<b>12797593</b>	<b>9693330</b>
<b>SCHEDULE - 9</b>		
<b>Current Liabilities and Provisions :</b>		
<b>a) Current Liabilities and Provisions :</b>		
- Sundry Creditors	18500785	15309880
- Advance / deposits from customers	12650000	750716
- Expenses Payable	3803408	2883711
- Other Liabilities	280000	493084
	<b>35234193</b>	<b>19437391</b>
<b>b) Provisions :</b>		
- Provision for taxation (Current & Previous years)	730500	2440000
- Provision for Fringe Benefit Tax (Current year)	0	255000
		<b>2695000</b>
<b>SCHEDULE – 10</b>		
<b>Miscellaneous Expenditure :</b>		
(To the extent not written off or adjusted)		
- Travelling Expenses capitalized	40047	80089
- Market Development Expenses Capitalized	170000	280000
	<b>210047</b>	<b>360089</b>



Particulars	For the Year Ended 31/03/2010 Amount ( ` )		For the Year Ended 31/03/2009 Amount ( ` )	
<b>SCHEDULE – 11</b>				
<b>Sales and Services :</b>				
- Gross Sales (Domestic)	109094529		120370250	
Less : taxes	4328756	104765773	4460160	115910090
- Gross Services	15896973		17738590	
Less : taxes	1454869	14442104	1976612	15761978
- Commission		687257		768663
	<b>119895134</b>		<b>132440731</b>	
<b>SCHEDULE – 12</b>				
<b>Other Income :</b>				
- Interest received (Gross)		484107		192979
- Miscellaneous Income		613043		1043943
	<b>1097150</b>		<b>1236922</b>	
<b>SCHEDULE – 13</b>				
<b>Increase/Decrease in Closing Stocks :</b>				
<b>Closing Stocks :</b>				
- Pre printed stationery		0		50775
- Computer and General Stationery		206210		409222
- Scanners		9632380		11502568
- OMR Sheets		163238		158736
- Stores and Spares		1919387		1391904
- Packing material		247350		487214
- Work in process		992962		2119649
		13161527		16120068
<b>Opening Stocks :</b>	16120068		11588936	
Less : Stock capitalized	3622087	12497981	0	11588936
Increase	<b>663546</b>		<b>4531132</b>	
<b>SCHEDULE - 14</b>				
<b>Processing, Administrative and Selling Expenses :</b>				
Purchase of Scanners & Computers		28876750		22988145
Purchase of OMR Sheets & Stationery		51137960		70180382
Purchase of OMR Spare Parts		2697520		1391832
Computer and General Stationery		724097		797152
Insurance charges		337509		397271
Scanning / Data Entry expenses		135853		587442
Electricity and water charges		595220		454015
Freight and Cartage		6124192		10098553
Legal and Professional Charges		90000		521050
Travelling and Conveyance		2771206		3193639
Directors' Travelling and Conveyance		663438		902640
Directors' Meeting fee		24000		25500
Mailing Charges		53818		30429
Telephone, Mobile and Fax Expenses		443261		496138
Rent, rates and taxes		730911		863794
<b>Auditors' Remuneration :</b>				
- As Auditors		45000		45000
- For Income tax matters		41150		30720
Repairs and maintenance		675510		876024
Subscription and Periodicals		30188		24840
Miscellaneous Expenses		1397453		352919
Marketing Expenses		502640		92750
	<b>98097676</b>		<b>114350235</b>	

Particulars	For the Year Ended 31/03/2010 Amount ( ` )	For the Year Ended 31/03/2009 Amount ( ` )
<b>SCHEDULE – 15</b>		
<b>Personnel Expenses :</b>		
Salaries	6841136	6645129
HRA	1949831	1852928
Incentive paid/ Overtime Allowance	584072	985618
ESI Contribution	78990	108347
Provident Fund	743862	734691
Bonus	214175	295871
Ex-gratia payments	433815	528915
Leave encashment	228880	325014
Leave travelling allowance	91460	308086
Staff Welfare expenses	416228	310738
Medical Allowance	793413	757417
Transportation Allowance/ Travelling Allowance	838046	803335
Contribution to App. gratuity fund	137086	13052
	<b>13350994</b>	<b>13669141</b>
<b>SCHEDULE – 16</b>		
<b>Financial Expenses :</b>		
Bank charges and commission	338296	196179
Bank Interest	1920020	1417226
Interest others	0	47874
	<b>2258316</b>	<b>1661279</b>

### **SCHEDULE-17 :**

#### **NOTES FORMING PART TO THE ACCOUNTS FOR THE YEAR ENDED ON 31/03/2010**

#### **A. ACCOUNTING POLICIES:**

The Financial statements are prepared under historical cost convention, on a going concern basis and in accordance with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards and relevant provisions of the Companies Act, 1956.

#### **1. FIXED ASSETS:**

- Fixed assets are stated at cost less accumulated Depreciation. The cost of assets Comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use.
- Capital work in progress includes cost of assets at sites, construction expenditure, advances made for acquisition of capital assets and interest on the funds deployed.
- Estimated amount of contracts remaining to be executed exceeding rupees one lakh in each case are disclosed in the notes to accounts.

#### **2. DEPRECIATION:**

The Depreciation has been provided as per the rates prescribed under Schedule XIV to the Companies Act 1956 as amended to date on written down value method and on pro-rata basis.

#### **3. INVENTORIES:**

The company has adopted the policy to evaluate its stock-in-trade and other stores and spares at cost (FIFO).

#### **4. SALE/REVENUE RECOGNITION:**

- Sales are net of sales tax. Revenue from sales is recognized at the point of dispatch to the customers when risk and reward stands transferred to the customers.
- Services are net of service tax. Revenue from services is recognized when services are rendered and related costs are incurred.
- Interest income is recognized on time proportion basis.

#### **5. FOREIGN CURRENCY TRANSACTIONS:**

- Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction.
- Monetary items denominated in foreign currencies ( such as cash, receivables, payables etc.) outstanding at the year end, are translated at exchange rates applicable on that date.
- Non-monetary items denominated in foreign currency, (such as fixed assets) are valued at the exchange rate prevailing on the date of transaction.

- d Any gains or losses arising due to exchange differences arising on translation or settlement are accounted for in the Profit and Loss account.

**6. BORROWING COSTS:**

Borrowing cost attributable to acquisition, construction or production of qualifying assets are capitalized as part of the cost till the assets is ready for use. Other borrowing costs are recognized as expense in the period in which these are incurred.

**7. TAXES ON INCOME:**

Provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted or substantially enacted tax rates.

Deferred tax assets are recognized, only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

**8. EMPLOYEE BENEFITS:**

Contribution payable to an approved gratuity fund, a defined benefit plan, determined by an independent actuary at the balance sheet date and contributions payable to the recognized provident fund, which is defined contribution scheme are charged to the profit and Loss account of the year. Provision for Leave encashment cost is made on the basis of actuarial valuation at the balance sheet date, carried out by an independent actuary.

**9. AMORTIZATION OF PRELIMINARY EXPENSES, PUBLIC ISSUE EXPENSES AND OTHER CAPITALISED EXPENSES:**

The company has been writing off 1/10th of the preliminary expenses, public issue expenses and other expenses capitalized every year.

**10. AMORTIZATION OF DEVELOPMENT EXPENSES:**

The company has been writing off 1/10th of the expenditure capitalized and incurred upon travelling and marketing of new products every year.

**11. NOTES ON ACCOUNTS:**

Particulars	Current Year's Figures	Previous Year's Figures
1 Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	25 Lacs
2 Particulars of Employees who were in receipt of remuneration which in aggregate was not less than ` 24,00,000/-, if employed through out the year or ` 2,00,000/- p. m if employed for a part of the year	Nil	Nil
3 The company has not received any information from suppliers or service providers, whether they are covered under the "Micro, Small and Medium Enterprises (Development) Act, 2006". Therefore it is not possible to provide the information required under the Act.		
4 In compliance to the provisions of Accounting Standard-22 "Accounting for Taxation of Income", the company has accounted for the deferred tax liability amounting to ` Nil during the year.		
5 In compliance to the provisions of Accounting Standard-18 "Related party Disclosures" issued by the Institute of Chartered Accountants of India, the reporting of related party relationship and transactions is given below.		

S.No.	Name	Relationship	Nature of transactions	Amount ( ` )
1	Sh. S.K. Jain	Chairman and Managing Director	A. Salary B. Club Expenses	1200000 3000
2.	Sh. Sudhir Jain	Wholetime Director	A. Salary	1200000

6. The figures have been rounded off to the nearest of rupees.

**7. Earning per Share (EPS) (AS - 20)**

	<b>2009-2010</b>	<b>2008-09</b>
Net Profit/(loss) after current and deferred tax	8,08,456/-	20,44,720/-
Weighted average number of equity shares of ` 10/- each	3225900	3225900
EPS (`) - Basic and Diluted	0.25	0.63

8. Contingent liability on account of bank guarantee given to customers ` 18.95 Lacs (P.Y. 17.49 Lac)

9. Personal accounts are subject to the confirmation of the respective parties.

10. As per accounting standard 15 "Employee Benefits", the disclosures of employee benefits as defined in the accounting standard are given below.

**DEFINED CONTRIBUTION PLAN :**

Contribution to defined contribution plan, recognized as expenses for the year are as under:

	<b>2009-2010</b>	<b>2008-2009</b>
Employer's contribution to provident fund	` 7,43,862.00	` 7,34,691.00

**DEFINED BENEFIT PLAN :**

The employees' gratuity fund scheme managed by LIC is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

**I. CHANGE IN PRESENT VALUE OF OBLIGATION**

Sl. No.	Particulars	Gratuity (Funded) 31/03/2010
a)	Present value of obligation as at the beginning	1880678
b)	Acquisition adjustment	-
c)	Interest cost	150454
d)	Past service cost	-
e)	Current service cost	196647
f)	Curtailement cost/ (Credit)	-
g)	Settlement cost/ (Credit)	-
h)	Benefits paid	-
i)	Actuarial (gain)/ Loss on obligation	109572
j)	Present value of obligation as at the end of period (31/3/2010)	2337351
<b>II.</b>	<b>CHANGE IN FAIR VALUE OF PLAN ASSET</b>	
a)	Fair value of plan assets at the beginning of the period	1865647
b)	Acquisition adjustment	-
c)	Expected return on plan assets	167908
d)	Contributions	-
e)	Benefits paid	-
f)	Actuarial gain/(loss) on plan assets	133022
	Actual Return on Plan Assets	
g)	Fair value of plan assets at the end of the period.	2166577
<b>III.</b>	<b>FAIR VALUE OF PLAN ASSETS</b>	
a)	Fair value of plan assets at the beginning of the period	1865647
b)	Acquisition adjustment	-
c)	Actual return on plan assets	300930
d)	Contributions	-
e)	Benefits paid	-
f)	Fair value of plan assets at the end of the period.	2166577
	Actual Return on Plan Assets	
g)	Funded Status	(170774)
f)	Excess of actual over estimated return on Plan Assets	133022

<b>IV.</b>	<b>ACTUARIAL GAIN/LOSS RECOGNIZED</b>	
a)	Actuarial gain/(loss) for the period obligation	(109572)
b)	Acquisition gain/(loss) for the period plan assets	(133022)
c)	Total gain/loss for the period	(23450)
d)	Actuarial gain/loss recognized in the period	(23450)
e)	Unrecognized actuarial (gains) losses at the end of period.	-
<b>V.</b>	<b>THE AMOUNTS RECOGNIZED IN BALANCE SHEET AND RELATED ANALYSIS:</b>	
a)	Present value of obligation as at the end of the period	2337351
b)	Fair value of plan assets as at the end of the period	2166577
c)	Funded status	(170774)
d)	Excess of actual over estimated	133022
e)	Unrecognized actuarial (gains)/ losses	-
f)	Net asset/ (liability) recognized in balance sheet	(170774)
<b>VI.</b>	<b>EXPENSES RECOGNISED IN STATEMENT OF PROFIT &amp; LOSS:</b>	
a)	Current service cost	196647
b)	Past service cost	-
c)	Interest cost	150454
d)	Expected return on plan assets	(167908)
e)	Curtailement cost/ (credit)	-
f)	Settlement cost/ (credit)	-
g)	Net actuarial (Gain)/ loss recognized in the period	(23450)
h)	Expenses recognized in the statement of profit & losses	155743
<b>VII.</b>	<b>RECONCILIATION STATEMENT OF EXPENSE IN THE STATEMENT OF PROFIT AND LOSS:</b>	
a)	Present value of obligation as at the end of the period	2337351
b)	Present value of obligation as at the beginning of the period	1880678
c)	Benefits paid	-
d)	Actual return on plan assets	(300930)
e)	Excess recognized in the statement of profit & losses	155743
<b>VIII.</b>	<b>AMOUNT FOR THE CURRENT PERIOD</b>	
a)	Present value of obligation as at the end of the period	2337351
b)	Fair value of plan assets at the end of the period	2166577
c)	Surplus / (Deficit)	(170774)
d)	Experience adjustment on plan Liabilities (loss)/ gain	152358
e)	Experience adjustment on plan Assets (loss) / gain	133022
<b>IX.</b>	<b>MOVEMENT IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>	
a)	Opening net liability	1880678
b)	Express as above	155743
c)	Benefits paid	-
d)	Actual return on plan assets	300930
e)	Acquisition adjustment	-
f)	Closing Liability	2337351
<b>X.</b>	<b>INVESTMENT DETAILS:</b>	<b>% INVESTED AS AT 31/3/2010</b>
a)	LIC Group Gratuity Policy	100
<b>XI.</b>	<b>ACTUARIAL ASSUMPTIONS :</b>	
<b>a) Economic Assumptions</b>		
i)	Discounting Rate	8.00
ii)	Future Salary Increase	6.00
iii)	Expected Rate of return on plan assts	9.00
<b>b) Demographic Assumption</b>		
i)	Retirement Age	60 years
ii)	Mortality Table	LIC: 94-96 duly modified
iii)	Withdrawal Rates	Ages & Withdrawal Rate
		Up to 30 years 3
		Up to 44 years 2
		Above 44 years 1

Since the company makes the payment of unavailed leaves within 1st Qtr of the succeeding year, none of the earned and unavailed leave is carried forward to the next year. As a result no long term liability arises on account of leave encashment, which require actuarial certification. The short term liability as on 31st March on account of leave encashment has been duly provided.

**Information pursuant to provision to paragraph 3 and 4(c) of Part II of Schedule VI to the Companies Act, 1956 to the extent applicable.**

- a) The Company is an IT Company and is engaged in the business of sale/purchase of Optical Mark Readers, Image Scanners, Insight Scanners, Computers and other allied peripherals and equipments, 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. For the purpose of providing services, the company has installed its own hardware comprising of Optical Mark Reading System/ Image Scanners/ Insight Scanners and other computers etc. It requires stationery, computer stationery, floppies and tapes for the purpose of storing the data which are not treated as raw material and instead termed as stores. The answer sheets are traded as per drawing and design of the customers. These OMR Sheets are purchased from outside. The company does not require any industrial license and the capacity of machines also can not be quantified because of variety of uses of the same. The company uses its own updated software in this process.

**Particulars of goods Traded :**

Particulars	Current Year		Previous Year	
	Qty. (Nos)	Value (₹)	Qty. (Nos.)	Value(₹)
<b>OMR Sheets</b>				
Opening Stock	135050	158736	1156320	1169075
Purchases	32642175	29676467	39468945	41345488
Sales	32611925	45710071	40490215	58564681
Closing Stock	165300	163238	135050	158736
<b>Scanners :</b>				
Opening Stock	25	11502568	8	5586854
Purchases	63	28383429	78	22503729
Sales	74	39919557	61	26412038
Capitalized	1	3622087	-	-
Closing Stock	13	9632380	25	11502568

- b) Particulars of imported goods/stored and spares (C.I.F) value (₹)

Particulars	Current Year	Previous Year
- Scanners	25075704	18429106
- Stores and Spares	2242926	1104081

- c) The figures of the previous financial year have been re-grouped wherever considered necessary to make them comparable with that of current financial year.
- d) The Schedule 14 of the processing administrative and selling expenses and Schedule 15 of personnel expenses include amount paid/credited to the directors under the following heads.

Description	Current Year Amt (₹)	Previous year Amt (₹)
Remuneration	2400000	2400000
Travelling (including foreign)	663438	902640
e) TOTAL EARNINGS IN FOREIGN CURRENCY	687257	768663
f) TOTAL EXPENDITURE IN FOREIGN EXCHANGE	27495640	19815185

**For and on behalf of the Board of Directors**

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

Sd/-  
SUDHIR JAIN  
(Director)

Sd/-  
D.S. BHATI  
AGM (Commercial)

Sd/-  
MEENU KAPOOR  
(Company Secretary)

As per our report of even date

**For SUDHIR CHAUDHARY & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Sd/-  
SUDHIR CHAUDHARY (PARTNER)  
M.NO. 91302  
F. No. 015222N

**Place : Faridabad  
Dated: 28.05.2010**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

Particulars	Figures as at 31.3.2010	Figures as at 31.3.2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
i) Net Profit before tax & extraordinary items	10,93,786	31,54,507
<b>Adjustment for :</b>		
Depreciation	67,05,016	52,23,581
Interest/Dividend	22,58,316	16,61,279
Preliminary/Deferred revenue expenditure	1,50,042	1,50,042
Profit/Loss on Sale of Assets	0	0
ii) Operating Profit before working capital charges	1,02,07,160	1,01,89,409
<b>Adjustment for :</b>		
Trade & other receivable	-91,16,494	-55,59,879
Inventories	29,58,541	-45,31,132
Trade payable	1,57,96,802	44,85,920
iii) Cash generated from operations	1,98,46,009	45,84,318
Interest paid	-17,68,906	-16,18,773
Direct Taxes Paid	0	-2,55,151
iv) Cash Flow before Extraordinary items	1,80,77,103	27,10,394
<b>Net cash generated from operating Activities</b>	<b>1,80,77,103</b>	<b>27,01,394</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets	-1,50,57,682	-46,28,235
Purchase of Investments	0	0
Sale of Fixed Assets	0	0
Sale of Investments	0	0
<b>Net cash generated from investing activities</b>	<b>-1,50,57,682</b>	<b>-46,28,235</b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES :</b>		
Proceeds from long term borrowings	48,00,000	4,43,551
Proceeds from short term borrowings	-59,32,339	-4,47,677
Repayment of financial lease liabilities	-19,33,399	-18,97,473
Repayment of financial Interest	-4,89,410	-42,506
<b>Net cash generated from financial activities</b>	<b>-35,55,148</b>	<b>-19,44,105</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>-5,35,727</b>	<b>-38,61,946</b>
Cash & Cash equivalents (Opening Balance)	32,27,875	70,89,821
<b>Cash &amp; cash equivalents (Closing Balance)</b>	<b>26,92,148</b>	<b>32,27,875</b>

**For and on behalf of the Board of Directors**

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

Sd/-  
**SUDHIR JAIN**  
(Director)

Sd/-  
**D.S. BHATI**  
AGM (Commercial)

Sd/-  
**MEENU KAPOOR**  
(Company Secretary)

As per our report of even date

**For SUDHIR CHAUDHARY & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Sd/-  
**SUDHIR CHAUDHARY (PARTNER)**  
M.NO. 91302  
F. No. 015222N

**Place : Faridabad  
Dated : 28.05.2010**

**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE  
COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

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**REGISTRATION DETAILS :**

CIN No. L74140HR1993PLC031900 STATE CODE: 05 BALANCE SHEET DATE : 31/03/2010

**CAPITAL RAISED DURING THE YEAR (AMOUNT IN ` '000) :**

PUBLIC ISSUE/RIGHTS ISSUE/ BONUS ISSUE / PRIVATE PLACEMENT: NIL

**POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ` '000) :**

TOTAL LIABILITIES 92303 TOTAL ASSETS 92303

**SOURCE OF FUNDS (AMOUNT IN ` '000) :**

PAID UP CAPITAL 32259 RESERVES & SURPLUS 10112

UNSECURED LOANS 0 SECURED LOANS 10547

DEFERRED TAX LIABILITY 771

**APPLICATION OF FUNDS (AMOUNT IN ` '000) :**

NET FIXED ASSETS 35220 INVESTMENT 0

NET CURRENT ASSETS 18259 MISC. EXPENDITURE 210

ACCUMULATED. LOSSES 0

**PERFORMANCE OF COMPANY (AMOUNT IN ` '000)**

TURNOVER 120992 EXPENDITURE 120412 PROFIT BEFORE TAX 1094

PROFIT AFTER TAX 801 EARNING PER SHARE 0.25 DIVIDEND Nil

**GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY AS PER  
MONETARY TERMS :**

**PRODUCT DESCRIPTION :** OMR SHEETS, SCANNERS, IMAGE SCANNERS, SERVICE BUREAU

**For and on behalf of the Board of Directors**

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

Sd/-  
**SUDHIR JAIN**  
(Director)

Sd/-  
**D.S. BHATI**  
AGM (Commercial)

Sd/-  
**MEENU KAPOOR**  
(Company Secretary)

As per our report of even date

**For SUDHIR CHAUDHARY & ASSOCIATES  
CHARTERED ACCOUNTANTS**

Sd/-  
**SUDHIR CHAUDHARY (PARTNER)**  
M.NO. 91302  
F. No. 015222N

**Place : Faridabad  
Dated: 28.05.2010**



**SPS INTERNATIONAL LIMITED**  
Regd. Office : 402, Sector-21C, Faridabad.

**PROXY FORM**

I/We .....of .....  
in the district of .....being a member/members of SPS INTERNATIONAL LTD hereby  
appoint ..... of..... in the district of  
.....or failing him/her .....  
of .....in the district of ..... as  
my/our proxy to attend and vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the  
Company to be held Thursday the 30<sup>th</sup> day of September, 2010 and at any adjournment thereof.

As witness my/our hand(s) this ..... day of..... 2010.

Signed by said shareholder(s) .....

Regd. Folio No./DPID CLID..... No. of shares .....jointly with.....

Note : The proxy form duly stamped and completed must be deposited at the Regd. Office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.

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**SPS INTERNATIONAL LIMITED**  
Regd. Office : 402, Sector-21C, Faridabad.

**ATTENDANCE SLIP**

**TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL**

Name of the Attending member : .....  
(In Block Letters)

Members' Registered Folio No/ DPID CLID : .....

Name of the proxy (in Block Letters) : .....  
(To be filled in if the proxy attends instead of the members)

No. of shares held : .....

I hereby record my presence at the Seventeenth Annual General Meeting of the Company held at Plot No. 51, Naharpar, Kheri Road, Bharat Colony, Old Faridabad on Thursday the 30<sup>th</sup> day of September, 2010.

.....  
Member's/ Proxy's Signature  
(To be signed at the time of handing over the slip)

NOTE : The members are requested to bring their own copy of the Annual Report at the AGM.