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***SPS* International Limited**

FIFTEENTH ANNUAL REPORT
2007-2008

SPS INTERNATIONAL LIMITED

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BOARD OF DIRECTORS

Sh. S.K. Jain, Chairman & Managing Director

Sh. Sudhir Jain, Wholetime Director

Sh. Shreyans Kumar Patni

Sh. Vipin Kumar Gupta

Sh. Anoop Dawar

COMPANY SECRETARY

Ms. Meenu Kapoor

AUDITORS

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

BANKERS

Corporation Bank, New Delhi
ICICI Bank, New Delhi

REGISTERED OFFICE

402, Sector-21C
Faridabad-121 001

CORPORATE OFFICE

302-B, Sant Nagar, East of Kailash
New Delhi- 110 065

SHARE TRANSFER AGENTS

For Physical and Demat Shares

Beetal Financial & Computer Services Pvt. Ltd. 2
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 Fifteenth Annual General Meeting of the shareholders of the Company will be held at Plot No. 51, Naharpar, Kheri Road, Bharat Colony, Old Faridabad on Tuesday, the 30th day of September, 2008 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, 2008 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 Kumar 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.

By the order of the Board of Directors

Place : Faridabad

Dated : 30th July 2008

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 Monday, 22nd September, 2008 to Tuesday, 30th September, 2008 (both days inclusive).
3. Brief resume of Sh. Vipin Kumar Gupta and Sh. Anoop Dawar are given in the Corporate Governance Report.
4. For any information or clarification with regard to accounts, written requests should be made at least 7 days before the Annual General Meeting at the Corporate Office address, so as to enable the management to keep ready the information or clarifications, as the case may be.
5. For any correspondence/ query regarding dematerialisation or physical transfer of shares, please write to Registrar and Share Transfer Agent of the Company M/s Beetal Financial and Computer Services Pvt. Ltd., at Beetal House, 99 Madangir, 3rd Floor Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110 017.
6. Members holding shares in physical form may write to the Registrar and Share Transfer Agent for any change in their address. However, members holding shares in electronic form may write to their DP directly.
7. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
8. No gifts, coupons, complimentaries etc., shall be distributed at the Annual General Meeting.
9. Ballot papers, if required, for each proposed resolution, will be provided to the members/proxies at the registration counter.
10. The registration counter shall open at 10.00 a.m. and close at 11.00 a.m. and thereafter no registration will be done.
11. Members are requested to bring their copy of Annual Report at the AGM.

By the order of the Board

Place : Faridabad

Dated : 30th July, 2008

Sd/-

S.K. JAIN

(Chairman and Managing Director)

SPS INTERNATIONAL LIMITED DIRECTORS' REPORT

To
The Shareholders,

Your Directors are pleased to present the Fifteenth Annual Report for the year ended 31st March, 2008.

FINANCIAL RESULTS

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

PARTICULARS	(Rs./Lakh)	
	Year ended on	
	31.03.2008	31.03.2007
Incomes:		
Net Sales/ Income from operations	1320.54	1000.58
Other Income	12.65	15.22
Total (A)	1333.19	1015.80
Expenditure:		
(Increase)/Decrease in stock in trade	(89.39)	(19.45)
Consumption of raw material	944.89	549.00
Staff cost	116.47	109.20
Other expenditure	238.85	280.55
Interest	19.75	15.61
Depreciation	75.46	67.23
Total (B)	1306.03	1002.14
Profit (+)/ Loss (-) before tax (A-B)	27.16	14.26
Provision for taxation	10.90	4.60
Provision for Fringe Benefit Tax	2.12	2.33
Provision for deferred tax liability	(2.50)	8.59
Net profit (+)/ Loss (-)	16.64	(1.26)
Paid-up equity shares capital (Face value)	322.59	322.59
Reserves	66.11	50.35
Basic and diluted EPS	0.51	-

The performance of the Company during the year have shown tremendous increase. During the year under review the total income has increased by 31.25% from Rs. 1015.80 Lac in F.Y. 2006-07 to Rs. 1333.19 Lac in F.Y. 2007-08. The net profits after tax for the year are Rs. 16.64 Lac (previous year loss of Rs. 1.26 Lac).

DIVIDEND

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

STOCK EXCHANGES

The shares of the Company are listed at Bombay Stock Exchange Ltd. The listing fee for the financial year 2008-2009 has been paid to Bombay Stock Exchange Ltd.

DIRECTORS

Sh. Vipin Kumar Gupta and Sh. Anoop Dawar 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 15th Annual General Meeting.

PROMOTER GROUP

The promoter group consists of Sh. S.K. Jain, Smt. Sarla Jain, Sh. Ankur Jain, MAJA Merchandise Private Limited and Tender Leasing and Finance Ltd.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under section 217(2AA) of the Companies Act, 1956, we report that:

- 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 16/7/2008 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 16/7/2008 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 : 30th July 2008

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The Company is primarily involved in the IT business comprising of sale of OMR Sheets, Scanners, Image Scanners, and Service Bureau for scanning and data capturing. The Company holds the major share of the market in its business operations.

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

Particulars	Sale Quantity	
	2007-08	2006-07
OMR Sheets (In Cr.)	4.20	3.16
OMR Scanners	56	40
Image Scanners	9	2

The demand for the products of the Company has increased considerably during the financial year 2007-08 and is expected to further increase in future.

OPPORTUNITY AND THREATS

With increasing and continuous growth in the number of management, engineering, medical institutes in private sector, increased enrolment of student in professional courses and more vacancies being created by Governmental bodies, the business opportunities for Company are on increase. In near future the management perceives no threat to the growth of business on this count. However, adverse change in Government's policies on education sector and recruitments may affect growth of business.

The management do not perceive any major business threat from competitors except in usual course of business. The Company is able to maintain its leadership position in its business with its infrastructure, experienced staff, quality of service & products and cost effectiveness. However, increased competition may have some impact on the profitability.

FINANCIAL PERFORMANCE

During the year under review, the total income of the Company has increased by 31.25% over the last year. The Company has earned a net profit of Rs. 16.64 Lac against a loss of Rs. 1.26 Lac during the previous year. The cost of purchases and indirect expenses were stable during the year. However, the management is continuing its efforts for cost management in various areas. The Company is engaged in only one product segment as defined in Accounting Standard on Segmental Reporting.

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 reason, there is adverse change in these policies, earnings of the Company may be adversely affected. Awareness about education is on the increase in Indian masses. Government has also been launching campaigns to promote educational awareness. Indian professionals are in great demand in other countries. It has established the significance of education and is attracting more students in every passing year. There is a clear demand supply gap of resources in education sector.

The Government may, to promote the education and bridge the gap may take certain promotional measures like removing entrance test from certain sectors. This may have adverse affect on business and profitability of the Company. However, these are very remote possibilities and management does not have any worries about such a scenario in the present. The management does not foresee any risk on account of availability of raw material and manpower, as these are available in the market. Also with vast experience in the field, the Company has sufficient back up to develop manpower for future.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established internal control systems, which provide reasonable assurance with regard to safeguarding of the Company's assets, promoting operational efficiency and ensuring compliance with various statutory provisions. The internal control systems are reviewed at a reasonable period of time by management and statutory auditors. The Report on the internal control systems is also placed before the Audit Committee regularly. The Statutory Auditors also review the findings with the Senior Management and Audit Committee. The Company is accredited with the ISO 9001-2000 certification by NQAQSR-JAS ANZ.