

***SPS* International Limited**

FOURTEENTH ANNUAL REPORT

2006 - 2007

SPS INTERNATIONAL LIMITED



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

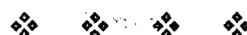
FF-8, Vishnu Palace, Sector-20B
Faridabad-121 003

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.
BEETAL HOUSE, 99 Madangir,
3rd Floor Behind Local Shopping Centre
Near Dada Harsukhdas Mandir
New Delhi-110 017
Phone No. (011) 29961281, 29961282
Fax No. (011) 29961284



SPS INTERNATIONAL LIMITED

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the shareholders of the Company will be held at Village Jatola, Tatarpur Road, Teh. Palwal, Distt. Faridabad on Friday, the 28th day of September, 2007 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, 2007 and the Profit and Loss Account of the Company as on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Shreyans Kumar Patni, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sh. Sudhir Jain, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Sudhir Chaudhary & Associates, Chartered Accountants as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

5. To Consider and if thought fit, pass with or without modification(s) the following resolution as an Ordinary Resolution.

"Resolved that pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Sh. S. K. Jain be and is hereby re-appointed as Chairman and Managing Director of the Company with effect from February 1, 2007 for a maximum period of five years, not liable to retire by rotation, on the following remuneration and terms and conditions:

- I. Basic Salary : Upto Rs. 2,00,000 per month as may be determined by the Board of Directors or any Committee of the Board or any person authorised by the Board or any Committee of the Board from time to time.
- II. Perquisites/Allowances : Perquisites shall be allowed in addition to salary.
 - i. Special Allowance : Upto Rs. 1,00,000 per month as may be decided by the Board of Directors or any Committee of the Board or any person authorised by the Board or any Committee of the Board from time to time.
 - ii. Leased accommodation or HRA in lieu thereof and reimbursement of expenditure or allowance in respect of medical expenses and leave travel concession incurred for self and family, soft furnishing, maintenance of furniture & fixtures etc., ex-gratia and education allowance and any other perquisites or allowances etc. : In accordance with the rules of the Company.

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

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

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

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

"Resolved that pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Sh. Sudhir Jain be and is hereby re-appointed as Whole-time Director of the Company with effect from October 1, 2007 for a maximum period of three years, liable to retire by rotation, on the following revised remuneration and terms and conditions:

I. Basic Salary : Upto Rs. 1,50,000 per month as may be determined by the Board of Directors or any Committee of the Board or any person authorised by the Board or any Committee of the Board from time to time.

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

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

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

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

iii. Other entitlements : a) **Contribution to Provident Fund & Superannuation Fund or Annuity Fund** - Contribution to Provident Fund & Superannuation Fund or Annuity Fund to the extent, these either singly or put together are not taxable under the Income Tax Act, 1961, and shall be subject to maximum amount as may be permitted under the Company's rules.

b) **Gratuity** - Gratuity payable shall not exceed half a month's salary for each completed year of service and shall be subject to maximum amount as may be permitted under the Gratuity Act.

c) **Car and Telephone** - Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Sh. 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 authorised by the Board or any Committee of the Board from time to time:

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

Place : Faridabad
Dated : 30th July, 2007

By the order of the Board of Directors
Sd/-
S.K. JAIN
(Chairman and Managing Director)

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be valid must be deposited at the registered office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books shall remain closed from Friday, 21st September, 2007 to Friday, 28th September, 2007 (both days inclusive).
3. Brief resume of Sh. S.K. Jain, Sh. Sudhir Jain and Sh. Shreyans Kumar Patni 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 De-materialisation or physical transfer of shares, please write to Registrar and Share Transfer Agent of the Company M/s Beetal Financial and Computer Services Pvt. Ltd., at Beetal House, 99 Madangir, 3rd Floor Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110 017
6. Members holding shares in physical form may write to the Registrar and Share Transfer Agent for any change in their address. However, members holding shares in electronic form may write to their DP directly.
7. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
8. No gifts, coupons, complimentaries etc., shall be distributed at the Annual General Meeting.
9. Ballot papers, if required, for each proposed resolution, will be provided to the members/proxies at the registration counter.
10. The registration counter shall open at 10.00 a.m. and close at 11.00 a.m. and thereafter no registration will be done.
11. Members are requested to bring their copy of Annual Report at the AGM.

Place : Faridabad
Dated : 30th July, 2007

By the order of the Board
Sd/-
S.K. JAIN
(Chairman and Managing Director)

EXPLANATORY STATEMENT

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

ITEM NO. 5

Sh. S.K. Jain was re-appointed as Chairman and Managing Director of the Company for 5 years w.e.f. 1st February, 2002 for a period of five years. Accordingly, his term of office had expired on January 31, 2007. Therefore, on the recommendations of the Remuneration Committee, the Board of Directors in their meeting held on January 27, 2007 re-appointed Sh. S.K. Jain as Chairman and Managing Director effective 1st February, 2007, subject to approval by shareholders in general meeting.

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

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

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

ITEM NO. 6

Sh. Sudhir Jain is Wholetime Director of the Company. Subject to the approval of shareholders, Remuneration Committee had in their meeting held on July 30, 2007, revised the terms of appointment of Sh. Sudhr Jain. The revised terms will be effective from October 1, 2007. The details of revised terms of appointment of Sh. Sudhir Jain are set out in the resolution.

The remunerations being paid to Sh. Sudhir Jain are within the limits of Schedule XIII to the Companies Act, 1956.

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

The resolution is for approval by the members.

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

Place : Faridabad
Dated : 30th July, 2007

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 Fourteenth Annual Report for the year ended 31st March, 2007.

FINANCIAL RESULTS

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

(Rs./Lakh)

PARTICULARS	Year ended on	
	31.03.2007	31.03.2006
Incomes:		
Net Sales/ Income from operations	1000.58	1139.44
Other Income	15.22	1.87
Total (A)	1015.80	1141.31
Expenditure:		
(Increase)/Decrease in stock in trade	(19.45)	10.93
Consumption of raw material	549.00	609.50
Staff cost	109.20	89.03
Other expenditure	280.55	311.74
Interest	15.61	4.99
Depreciation	67.23	56.63
Total (B)	1002.14	1082.82
Profit (+)/ Loss (-) before tax (A-B)	13.66	58.49
Provision for taxation	4.60	17.00
Provision for Fringe Benefit Tax	2.33	4.40
Provision for deferred tax liability	8.59	3.39
Net profit (+)/ Loss (-)	(1.86)	33.70
Paid-up equity shares capital (Face value)	322.59	322.59
Reserves	50.35	52.21
Basic and diluted EPS	-	1.04

During the year under review the total income has decreased by 11% from Rs. 1141.31 Lacs in F.Y. 2005-06 to Rs. 1015.80 Lacs in F.Y. 2006-07 due to non allocation of a major job from Kerala Public Service Commission. However, the foregoing performance does not have in any way has major bearing upon the future prospects of the Company. The Company incurred a net loss of Rs. 1.86 lacs in F.Y. 2006-07 as compared to a profit of Rs. 33.70 Lacs in F.Y. 2005-06 due to shortfall in revenue of the Company as stated above and also due to disproportionate increase in the costs particularly travelling, transportation and communication.

DIVIDEND

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

STOCK EXCHANGES

The shares of the Company are listed at Bombay Stock Exchange Ltd. The listing fee for the financial year 2007-2008 has been paid to Bombay Stock Exchange Ltd.

DIRECTORS

Sh. Shreyans Kumar Patni and Sh. Sudhir Jain are retiring at the ensuing Annual General Meeting and have offered themselves for re-appointment. Proposal for their re-appointment is being included in the Notice convening 14th 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:

- 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 Sùdhir 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 24/7/2007 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 said 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. A Report on the Corporate Governance is enclosed as **Annexure-II**. A certificate dated 23/7/2007 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.

Place : Faridabad

On behalf of the Board of Directors

Dated : 30th July 2007

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

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENT**

The Company is primarily involved in the business of OMR Sheets, Scanners, Image Scanners, and Service Bureau. 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	
	2006-07	2005-06
OMR Sheets	3.16 Cr	3.28 Cr
OMR Scanners	40	42
Image Scanners	2	5

The demand for the products of the Company has been consistent during the financial year 2006-07 and is expected to increase in future also.

OPPORTUNITY AND THREATS

With increase in the number of management 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 management perceives no threat to 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 and products, 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 decreased by 11% over the last year. The profits of the Company (before tax) have decreased 75.62% over 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 reasons, 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 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 certificate by NQAQSR-JAS ANZ.

OUTLOOK FOR THE YEAR 2007-2008

In view of the increased competition the company will try to maintain / increase its growth in all its business areas like sale of OMR Sheets and Scanners and Image Scanners during the financial year 2007-08.

HUMAN RESOURCES DEVELOPMENT/ INDUSTRIAL RELATIONS.

The Company has a system for 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 provided. This process has helped in career planning and growth of the employees.

The Company has 49 numbers of employees as on 31/3/2007. The relationship of management with employees has been very cordial during the period under review.

Place : Faridabad
Dated : 30th July 2007

On Behalf of the Board of Directors
Sd/-
S.K. JAIN
(Chairman and Managing Director)

ANNEXURE -II

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 lay strong emphasis on trusteeship, transparency, accountability and integrity in all facets of its operations and in all its interactions with shareholders, employees, Government and its customers.

SPS believes that all its operations and actions must serve the underlying goal of enhancing over all shareholders value over a sustained period of time.

Board of Directors

Composition of the Board

As on 31 March 2007, SPS's Board has five Directors, two of whom are Executive Directors, while the remaining three are all non-executive independent Directors. The Chairman is Executive Director.

Composition of the Board as on 31st March 2007.

SI No	Name of Director	Category of Director	No. of other Directorships	No. of Committees chairpersonship/ Membership held	
				Chairperson	Member
1	Sh. S.K. Jain	Executive	-	-	1
2	Sh. Sudhir Jain	Executive	-	-	-
3	Sh. Shreyans Kumar Patni	Non-executive independent #	-	2	-
4	Sh. Vipin Gupta	Non-executive independent #	-	-	2
5	Sh. Anoop Dawar	Non-executive independent #	-	-	2

Independent director mean a non-executive director of the company who:

- a) apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect independence of the director;

- b) is not related to promoters or persons occupying management positions at the board level or at one level below the board;
- c) has not been an executive of the company in the immediately preceding three financial years;
- d) is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:
 - i) the statutory audit firm or the internal audit firm that is associated with the company, and
 - ii) the legal firm(s) and consulting firm(s) that have a material association with the company.
- e) is not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect independence of the director; and
- f) is not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.

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.

Board Meetings

During 2006-07, the Board of Directors met 4 times on 8th June 2006, 26th July 2006, 30th October 2006, 27th January 2007. The longest gap between any two Board meetings did not exceed 4 months.

Attendance record of Board of Directors as on 31st March, 2007. (Total Meetings held-4)

Name of Director	No of Board meetings attended	Whether attended last AGM
Sh. S.K. Jain	4	Yes
Sh. Sudhir Jain	4	Yes
Sh. Shreyans Kumar Patni	4	Yes
Sh. Vipin Gupta	4	Yes
Sh. Anoop Dawar	4	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 2006-2007 are as under.

Amount (Rs.)

Name of Directors	Salary	Sitting fees	Perquisites	Deferred Benefits (PF and superannuation)	Terminal Benefits	Commission	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	-	11,000	-	-	-	-	11,000
Sh. Vipin Gupta	-	11,000	-	-	-	-	11,000
Sh. Anoop Dawar	-	11,000	-	-	-	-	11,000
Total	24,00,000	33,000	-	2,88,000	-	-	27,21,000

Committees of the Board

Audit Committee

As on 31 March 2007, the Audit Committee of the Company comprises three independent Directors. The constitution of the Committee meets the requirements of Section 292A of the Companies Act, 1956 as well as SEBI's Corporate Governance Code. During 2006-07, the Committee met 4 times on 8th June 2006, 26th July 2006, 30th October 2006 and 27th January 2007.

Details of the Audit Committee as on 31st March 2007 (Total Meetings held-4)

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

The terms of reference of the Audit Committee include:

- * Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- * Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- * Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- * Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report.
- * Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- * Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- * Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- * Discussion with internal auditors any significant findings and follow up there on.
- * Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- * Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

- * To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- * Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Managerial Remuneration Committee

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. During 2006-07, one meeting of the Committee was held on 27 January 2007 where all the members were present. The Committee decides the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by shareholders).

Shareholders/Investors Grievance Committee

As on 31 March, 2007, 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 2006-07, the Committee met 14 times.

Details of Shareholders' and Investors' Grievance Committee as on 31st March, 2007 (Total Meetings Held – 14)

S. No	Name of Directors	Category	Meetings attended
1	Sh. Shreyans Kumar Patni	Independent Director	14
2	Sh. Vipin Gupta	Independent Director	14
3	Sh. Anoop Dawar	Independent Director	14
4	Sh. S.K. Jain	Executive Director	14

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 31 March 2007, 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 at point No. 5 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

Shareholders

Resumes of the directors being re-appointed

Sh. S.K. Jain (52) is a member of Institute of Chartered Accountants of India since 1981. He has varied experience in the matters relating to Finance, Accounting, Corporate affairs. He promoted the company in 1993 and has been associated with it since then and has been instrumentally growth made by the company.

Sh. S.K. Jain is not director in any other Public Limited Company. He is member of Shareholders/Investors Grievance Committee of the company. He holds 72000 equity shares of the company.

Sh. Sudhir Jain (42) is a Bachelor of Engineering (Electronics) from Bangalore. He has over 18 years of experience in the industry. He has associated with many MNCs like National Computer System USA, Qualstar Corporation USA and Kontron Electronics, Germany etc. He has been associated with the company for last 10 years and is on the Board of the Company and he is a whole time director since 28th October 1995. He is a Director retiring by rotation and his term of office is expiring at the ensuing Annual General Meeting.

Sh. Sudhir Jain is not director in any other Public Limited Company and is not member of any committee of directors. He holds 1000 equity shares of the company.

Sh. Shreyans Kumar Patni (58) is an Engineer by profession and has an experience of approximately 29 years in the industry. He has been on the Board of the Company since 15th February 2002. Since he is the Senior Director by age, it was decided to retire him by rotation. However, he has given his consent to act as the Director of the company, if appointed.

Sh. Shreyans Kumar Patni is not director in any other Public Limited Company. He is Chairman of the Audit Committee, Remuneration Committee and Shareholders/Investors Grievance Committee of the company. He holds no equity shares in the company.

Means of Communication

The quarterly and annual results are regularly published in leading English and Hindi newspapers like The Pioneer (English) and Veer Arjun (Hindi). The periodical financial results of the Company and other relevant information is regularly placed on the website by the Stock Exchanges. The press releases are also regularly forwarded to Stock Exchanges for placing on their websites. The Company has not made any formal presentations to institutional investors or to analysts during the year.

The Company is regularly filing financial information, statements and reports on the Electronic Data Information Filing and Retrieval (EDIFAR) maintained on SEBI website.

General Body Meetings

Location and time of last three AGMs

Year	Location	Date	Time	Special Resolution passed
2003-2004	Lions Bhawan, 1143, Sector-14, Faridabad.	29/9/2004	10.30 a.m.	Nil
2004-2005	Basement Hall, Vishnu Palace, Sector-20B, Faridabad	28/9/2005	11.00 a.m.	Nil
2005-2006	FF-1, Vishnu Palace, Sector-20B, Faridabad	28/9/2006	11.00 a.m.	Nil

No resolution was put through postal ballot during 2006-07.

Additional shareholder information

Annual General Meeting

Date : Friday, 28th September 2007

Time : 11.00 A.M.

Venue: Village Jatola, Tatarpur Road, Teh. Palwal, Distt. Faridabad.

Financial Calendar

Financial year: 1 April to 31 March 2007

During the year ended 31 March 2007, results were announced on :

8 th June 2006	: Annual financial results
26 th July 2006	: First Quarter
30 th October 2006	: Second Quarter
27 th January 2007	: Third quarter 3

The tentative schedule for the financial year 2007-08:

July 2007 (last week)	: First quarter
October 2007 (last week)	: Half yearly
January 2008 (third week)	: Third quarter
May 2008 (last week)	: Annual and Fourth quarter

Book Closure Date

Friday, 21st September, 2007 to Friday, 28th September, 2007 (both days inclusive).

Dividend

Due to absence 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 2007-2008 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 2006-07 is as under:

Year 2006-07	Price of Share of the Company at BSE			BSE SENSEX	
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High	Low
April	4.70	3.66	25543	12102.00	11008.43
May	5.89	3.80	49145	12671.11	9826.91
June	4.77	3.35	31152	10626.84	8799.01
July	4.20	2.26	42521	10940.45	9875.35
August	4.15	2.65	25836	11794.43	10645.99
September	4.00	2.75	83871	12485.17	11444.18
October	7.75	2.72	256138	13075.85	12178.83
November	6.95	5.00	99787	13799.08	12937.30
December	5.93	4.38	37013	14035.30	12801.65
January	7.50	5.00	75723	14325.92	13303.22
February	7.51	4.07	146539	14723.88	12800.91
March	4.64	3.50	67411	13386.95	12316.10

Distribution of shareholding

Distribution of shareholding by number of shares held as on 31st March, 2007

No. of equity shares held	No. of share holders	% of shareholders	No. of share	% of share holding
Upto 500	1993	76.01	372082	11.53
501 – 1000	271	10.34	231030	7.16
1001-2000	185	7.06	305608	9.47
2001-3000	59	2.25	147672	4.58
3001-4000	20	0.76	70645	2.19
4001-5000	29	1.11	137369	4.26
5001-10000	34	1.30	263543	8.17
10000 and above	31	1.18	1697951	52.64
Total	2622	100.00	3225900	100.00

Distribution of shareholding by shareholding pattern as on 31st March, 2007.

Sl. No	Category	No. of Shares Held	% Age of Holding
A.	Shareholding of promoter and promoter group	1201568	37.25
B.	Public Shareholding		
	Bodies Corporate	261449	8.10
	Individual shareholders holding nominal share capital up to Rs. 1 Lac	1310968	40.64
	Individual shareholders holding nominal share capital in excess of Rs. 1 Lac	374969	11.62
	NRIs	75946	2.35
	Clearing members	1000	0.03
	Total	3,225,900	100.00

Dematerialisation of shares as on 31st March 2007

There were 18,97,590 shares in electronic form, which constitute 58.82 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

SPS 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 address of the agent for communication regarding shares in physical or electronic form is as under:

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@rediff.com

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 Shareholders/ Investors Grievances Committee approves the valid transfer requests and after approval by the Committee, the physical shares are sent to the shareholders.

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

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

Address for Correspondence

Company:

S.K. Jain
Chairman and Managing Director
SPS International Ltd.
302-B, Sant Nagar, East of Kailash
New Delhi-110 065
Tel No. + 91 011-26434122
Fax No. + 91 011-26433731
e-mail : skjain402@gmail.com

Registrar & Share Transfer Agent:

Mr. 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

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, 2007, 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 31st 2007 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 : 23rd July 2007

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

A. Power and Fuel consumption	2006-07	2005-06
1. Electricity		
a) Purchased unit	69481	64465
Total amount (Rs.)	375200	348110
Rate / Unit (Rs.)	5.40	5.40
b) Own generation through DG Sets/Turbine	20867	18696
2. Coal	Nil	Nil
3. Furnace Oils	Nil	Nil
B. Consumption per unit of Production :		
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 :**

A. Research and Development		
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. Technology absorption, adaptation & Innovation (R&D)		
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
C. Exchange earnings and outgo		
1. Earned (Rs. in lac)	5.16	34.82
2. Outgo (Rs. in lac)	142.54	135.85

Place : Faridabad
Dated : 30th July, 2007

On behalf of the Board of Directors

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 31st March 2007 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. 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 31st March, 2007 and taken on record by the Board of Director's, we report that none of the Director's is disqualified as on 31st March, 2007 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.
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Place : Faridabad
Dated : 2nd May 2007

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

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, 2007**)

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. 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.
- c. During the year, the company has not disposed off any major part of the fixed assets.
2. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. 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.

- c. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. a. The company has not granted loan to other companies covered in the register maintained under section 301 of the companies Act, 1956.
b. The company has not accepted loan from other companies covered in the register maintained under section 301 of the companies Act, 1956.
4. 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.
5. 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.
6. 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.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. 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.
9. a. 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.
b. 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 2007 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. This clause is not applicable so it is not given.
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 : 2nd May 2007

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

SPS INTERNATIONAL LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2007

Particulars	Sch No.	Current Year 31/03/2007 Amount (Rs)	Previous Year 31/03/2006 Amount (Rs)
SOURCES OF FUNDS :			
Shareholders Funds :			
a) Share Capital	1	32259000	32259000
b) Reserves and Surplus	2	5035001	5221287
Loan Funds :			
a) Secured Loans	3	14174964	4006171
Deferred Tax Liability		1955381	1096699
TOTAL :		53424346	42583157
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	4	81117587	68477603
Less : Depreciation		53181505	46684727
Net Block		27936082	21792876
CURRENT ASSETS, LOANS & ADVANCES :			
a) Inventories	5	7203748	5259231
b) Sundry Debtors	6	19790830	24417017
c) Cash and Bank balances	7	1685513	3913064
d) Loans and Advances	8	9086032	8579516
		37766123	42168828
Less : Current Liabilities & Provisions	9	12938032	22188762
NET CURRENT ASSETS		24828091	19980066
MISCELLANEOUS EXPENDITURE :			
(To the extent not written off or adjusted)			
- Preliminary Expenses	10	660173	810215
TOTAL		53424346	42583157
NOTES TO THE ACCOUNTS :	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".

As per our report of even date.

For and on behalf of the Board of Directors

For SUDHIR CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
SUDHIR CHAUDHARY (PARTNER)
M.NO. 91302

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

Sd/-
SUDHIR JAIN
(Director)

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

Place : Faridabad
Dated : 2nd May 2007

SPS INTERNATIONAL LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2007

Particulars	Sch. No.	Current Year 31/03/2007 Amount (Rs)	Previous Year 31/03/2006 Amount (Rs)
INCOME :			
- Sales and Services	11	100057733	113943692
- Other Income	12	1522293	186528
- Increase/(Decrease) in-the stocks	13	1944517	(1093255)
TOTAL		103524543	113036965
EXPENDITURE :			
- Processing, Administrative and Selling Expenses	14	82744833	91370952
- Personnel Expenses	15	10920067	8903373
- Financial Expenses	16	1560985	498953
- Depreciation	4	6722557	5663054
		101948442	106436332
Net Profit for the year		1576101	6600633
Less : Preliminary Expenses written off		150042	751174
Prior Period Adjustment		60663	0
Net Profit before tax for the year		1365396	5849459
Less: Provision for Taxation (Current Tax)		460000	1700000
Provision for Fringe Benefit Tax		233000	440000
Provision for Deferred Tax Liability		858682	338989
Net Profit after tax for the year		(186286)	3370470
Add : Prior Period Adjustment		0	14650
Provisions Written Back		0	280457
Profit Brought Forward		2821287	(844290)
PROFIT CARRIED OVER TO BALANCE SHEET		2635001	2821287
Notes to the Accounts	18		

*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".

As per our report of even date.

For and on behalf of the Board of Directors

For SUDHIR CHAUDHARY & ASSOCIATES
 CHARTERED ACCOUNTANTS

Sd/-
 SUDHIR CHAUDHARY (PARTNER)
 M.NO. 91302

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

Sd/-
 SUDHIR JAIN
 (Director)

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

Place : Faridabad
 Dated : 2nd May 2007

SPS INTERNATIONAL LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND
LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2007

Particulars	For the Year Ended 31/03/2007 Amount (Rs)	For the Year Ended 31/03/2006 Amount(Rs)
SCHEDULE – 1		
Share Capital :		
Authorised :		
- 10000000 Equity shares of Rs. 10/- each	100000000	100000000
Issued, Subscribed and Paid up :		
- 3225900 Equity shares of Rs. 10/- each fully paid up	32259000	32259000
	32259000	32259000
SCHEDULE – 2		
Reserves and Surplus :		
General Reserve :		
- Opening Balance	2400000	2400000
- Profit during the year	2635001	2821287
Carried forwarded to Balance sheet	5035001	5221287
SCHEDULE - 3		
Secured Loans :		
(Including interest accrued and due)		
- Corporation Bank OD A/c	6645684	2209854
- Corporation Bank – Term Loan	6125199	0
- ICICI Bank	245839	0
- Apeejay Finance Group	177377	261249
- Car Loan ICICI Bank Ltd. (CRV Honda)	419665	718329
- Car Loan ICICI Bank Ltd. (Corolla)	400800	580728
- Car Loan ICICI Bank Ltd. (Indica)	160400	236011
	14174964	4006171

SCHEDULE -4

FIXED ASSETS

Amount (Rs)

S. No.	DESCRIPTION OF ASSETS	COST				DEPRECIATION				WDV	
		AS ON 1.4.2006	ADDI- TIONS	SALES/ TRANSFER	AS ON 31.3.2007	UPTO 1.4.2006	DURING THE YR.	WRITTEN BACK	UPTO 31.3.2007	AS ON 31.3.2007	AS ON 31.3.2006
1	LAND, SANT NAGAR	300000	0	0	300000	0	0	0	0	300000	300000
2	LAND, OKHLA	0	11280350	0	11280350	0	0	0	0	11280350	0
3	BUILDINGS	2828500	0	0	2828500	1163739	83238	0	1246977	1581523	1664761
4	COMPUTERS	52047958	2854194	1559160	53342992	38312537	5289220	225779	43375978	9967014	13735421
5	ELECTRIC EQUIPMENTS	4185626	35600	0	4221226	2620537	219767	0	2840304	1380922	1565089
6	OFFICE EQUIPMENTS	637834	29000	0	666834	376671	40362	0	417033	249801	261163
7	VEHICLES	6812716	0	0	6812716	2951260	999731	0	3950991	2861725	3861456
8	FURNITURE& FIXTURES	1530185	0	0	1530185	1202534	59305	0	1261839	268346	327651
9	SOFTWARE & LICENSE	134784	0	0	134784	57449	30934	0	88383	46401	77335
	TOTAL	68477603	14199144	1559160	81117587	46684727	6722557	225779	53181505	27936082	21792876
	PREVIOUS YEAR'S FIGURES	54087409	15101194	711000	68477603	41443272	5663054	421599	46684727	21792876	12644137

Particulars	For the Year Ended 31/03/2007 Amount (Rs)	For the Year Ended 31/03/2006 Amount (Rs)
SCHEDULE - 5		
Inventories :		
- OMR sheets	366835	3958805
- Scanners	5261703	703076
- Stores and Spares	1145370	399800
- Packing material	46660	0
- Computer	32400	100000
- Computer and General Stationery	350780	97550
	7203748	5259231
SCHEDULE-6		
Sundry Debtors :		
(Considered good unless stated otherwise)		
a) Debts outstanding for a period not exceeding six months	16431447	23212006
b) Debts outstanding for a period exceeding six months	3359383	1205011
c) Suit filed debtors (considered doubtful)	305925	305925
d) Doubtful debtors	348477	348477
	20445232	25071419
Less : Provision for doubtful & Suit filed debts	654402	654402
	19790830	24417017
SCHEDULE - 7		
Cash and Bank Balances :		
- Cash in hand	304055	67780
Balance in Current Accounts with :		
- Corporation Bank, CC Account	22770	1167833
- ICICI Bank, New Delhi	0	787423
- State Bank of India, Faridabad	35743	36291
Balance in Fixed Deposit Accounts with :		
- Corporation Bank, New Delhi	1271226	1748334
- Interest accrued on FDR's	51719	105403
	1685513	3913064
SCHEDULE-8		
Advances Recoverable in cash or in Kind or for value to be received :		
(Considered good)		
Advances recoverable	6656731	6212568
Tax deducted at source	2429301	2366948
	9086032	8579516
SCHEDULE - 9		
Current Liabilities and Provisions :		
a) Current Liabilities :		
- Sundry Creditors	7575257	17051668
- Advance from customers	872000	606542
- Expenses Payable	1882401	1364909
- Other Liabilities	215374	114075
b) Provisions :		
- Provision for taxation (Current & Previous Years)	2160000	2554000
- Provision for Fringe Benefit Tax (Current year)	233000	440000
- Provision for gratuity	0	57568
	12938032	22188762

Particulars	For the Year Ended 31/03/2007 Amount (Rs)	For the Year Ended 31/03/2006 Amount (Rs)
SCHEDULE – 10		
Miscellaneous Expenditure :		
(To the extent not written off or adjusted)		
- Travelling Expenses capitalized	160173	200215
- Market Development Expenses Capitalised	500000	610000
	660173	810215
SCHEDULE – 11		
Sales and Services :		
- Sales (Export)	0	116100
- Sales (Domestic)	79419259	94421678
- Services	20122676	16040028
- Commission	515798	3365886
	100057733	113943692
SCHEDULE – 12		
Other Income :		
- Interest received (Gross)	30193	142488
- Miscellaneous Income	481	44040
- Profit on sale of fixed assets	1491619	0
	1522293	186528
SCHEDULE – 13		
Increase/Decrease in Closing Stocks :		
Closing Stocks :		
- Computer	32400	100000
- Computer and General Stationery	350780	97550
- Scanners	5261703	703076
- OMR Sheets	366835	3958805
- Stores and Spares	1145370	399800
- Packing material	46660	0
	7203748	5259231
Opening Stocks :	5259231	6970925
Less : Stock capitalized	0	618439
Increase (Decrease)	1944517	(1093255)
SCHEDULE - 14		
Processing, Administrative and Selling Expenses :		
Purchase of Scanners & Computers	16731339	9740035
Purchase of OMR Sheets & Stationery	36650573	50035394
OMR Spare Parts	1518140	1174219
Floppies and Tapes	4780413	6684062
Computer and General Stationery	14257327	12558578
Insurance charges	266646	487128
Scanning / Data Entry expenses	749295	626297
Electricity and water charges	375200	355141
Freight and Cartage	1311437	2978101
Legal and Professional Charges	91795	56918
Travelling and Conveyance	2692115	2888849
Directors' Travelling and Conveyance	1242807	1203092
Directors' Meeting fee	33000	64000
Mailing Charges	216482	519817
Telephone, Mobile and Fax Expenses	490313	606559
Rent, rates and taxes	265878	227687
Auditors' Remuneration :		
- As Auditors	28060	22448
- For Income tax matters	17386	25360
Repairs and maintenance	401569	390573
Subscription and Periodicals	19989	21658
Miscellaneous Expenses	372203	504241
Marketing Expenses	96866	128795
Rebate and Discount	136000	72000
	82744833	91370952

Particulars	For the Year Ended 31/03/2007 Amount (Rs)	For the Year Ended 31/03/2006 Amount (Rs)
SCHEDULE – 15		
Personnel Expenses :		
Salaries	5596627	4335149
HRA	1436722	1433060
Incentive paid	814510	829723
ESI Contribution	88002	71687
Provident Fund	674954	509871
Bonus	80603	100610
Ex-gratia payments	558722	435105
Leave encashment	274690	213939
Leave travelling allowance	561134	191509
Staff Welfare expenses	259771	257344
Stipend	6480	3400
Transportation Allowance	450529	406840
Contribution to App. gratuity fund	117323	115136
	10920067	8903373
SCHEDULE – 16		
Financial Expenses :		
Bank charges and commission	286545	283675
Bank Interest	1088569	119669
Interest others	185871	95609
	1560985	498953

SCHEDULE-17 :

NOTES FORMING PART TO THE ACCOUNTS FOR THE YEAR ENDED ON 31/03/2007

A. ACCOUNTING POLICIES :

1. FIXED ASSETS :

Fixed assets are stated at cost less accumulated Depreciation.

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. GRATUITY :

The gratuity is accounted for on accrual basis.

5. 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 capitalised every year.

6. AMORTIZATION OF DEVELOPMENT EXPENSES:

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

B. NOTES ON ACCOUNTS :

Particulars	Previous Year's Figures	Current Year's Figures
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	91 lac
2. Particulars of Employees who were in receipt of remuneration which in aggregate was not less than Rs. 24,00,000/-, if employed through out the year or Rs. 2,00,000/- p.m. if employed for a part of the year	Nil	Nil

3. The company accounts for death cum retirement gratuity on accrual basis and has been contributing to LIC towards approved gratuity fund. The amount includes dues pertaining to previous financial years also for those employees who have become eligible for the first time in this financial year.
4. In compliance to the provisions of Accounting Standard-22 "Accounting for Taxation of Income", issued by The Institute of Chartered Accountants of India, the company has accounted for the deferred tax liability amounting to Rs. 8,58,682/-.
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 (Rs)
1	Sh. S.K. Jain	Chairman and Managing Director	A. Salary B. Club Expenses C. Travelling Exps.	1200000 6310 5058 1211368
2.	Sh. Sudhir Jain	Wholetime Director	A. Salary B. HRA C. Travelling Exps.	1200000 - 1237749 2437749

6. The figures have been rounded off to the nearest of rupees.
7. Contingent liability on account of bank guarantee given to customers Rs. 2.44 lac (P.Y. 1.21 Lac)
8. Personal accounts are subject to the confirmation of the respective parties.

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 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 effected. 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 (Rs)	Qty. (Nos.)	Value (Rs.)
OMR Sheets				
Opening Stock	2640000	3958805	1307040	1715248
Purchases	29458137	27134649	34133697	36042131
Sales	31623337	44318155	32800737	45109813
Closing Stock	474800	366835	2640000	3958805
Scanners :				
Opening Stock	9	703076	26	4388587
Purchases	41	15586659	33	9640035
Sales	42	17358000	47	18925713
Capitalized	-	-	3	618439
Closing Stock	8	5261703	9	703076

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

- Scanners	12553021	11994171
- Stores and Spares	1120296	898462

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 Amount (Rs.)	Previous Year Amount (Rs)
Remuneration	2400000	1630000
Travelling (including foreign)	1242807	1203093
H.R.A	-	220000

e) TOTAL EARNINGS IN FOREIGN CURRENCY 515798 3481986

f) TOTAL EXPENDITURE IN FOREIGN EXCHANGE 14253569 13584661

As per our report of even date.

For and on behalf of the Board of Directors

For SUDHIR CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
SUDHIR CHAUDHARY (PARTNER)
M.NO. 91302

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

Sd/-
SUDHIR JAIN
(Director)

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

Place : Faridabad
Dated : 2nd May 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

Particulars	Figures as at 31.3.2007	Figures as at 31.3.2006
A. CASH FLOW FROM OPERATING ACTIVITIES:		
i) Net Profit before tax & extraordinary items	14,26,059	58,49,459
Adjustment for :		
Depreciation	67,22,557	56,63,054
Profit/Loss on Sale of Investments	0	1,75,000
Interest/Dividend	15,60,985	4,98,953
Preliminary/Deferred revenue expenditure	1,50,042	7,51,174
Profit/Loss on Sale of Assets	-14,91,619	1,09,401
ii) Operating Profit before working capital charges	83,68,024	1,30,47,041
Adjustment for :		
Trade & other receivable	41,19,671	-1,09,36,121
Inventories	-19,44,517	17,11,694
Trade payable	-86,49,730	80,67,177
iii) Cash generated from operations	18,93,448	1,18,89,791
Interest paid	15,60,985	-4,98,953
Direct Taxes Paid	-13,54,663	(8,93,557)
iv) Cash Flow before Extraordinary items	-10,22,200	1,04,97,281
Extraordinary items	0	0
Net cash from operating Activities	-10,22,200	1,04,97,281
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	-1,41,99,144	-1,51,01,194
Purchase of Investments	0	0
Sale of Fixed Assets	28,25,000	1,80,000
Sale of Investments	0	0
Net cash from investing activities	-1,13,74,144	-1,49,21,194
C. CASH FLOW FROM FINANCIAL ACTIVITIES :		
Proceeds from long term borrowings	61,25,199	17,96,317
Proceeds from short term borrowings	46,81,669	18,69,851
Repayment of financial lease liabilities	-6,38,075	-2,32,357
Net cash from financial activities	1,01,68,793	34,33,811
Net increase in cash & cash equivalents	-22,27,551	-9,90,102
Cash & Cash equivalents (Opening Balance)	39,13,064	49,03,166
Cash & cash equivalents (Closing Balance)	16,85,513	39,13,064

As per our report of even date.

For and on behalf of the Board of Directors

For SUDHIR CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
SUDHIR CHAUDHARY (PARTNER)
M.NO. 91302

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

Sd/-
SUDHIR JAIN
(Director)

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

Place : Faridabad
Dated : 2nd May 2007

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

REGISTRATION DETAILS :

CIN L74140HR1993PLC031900

STATE CODE : 05

BALANCE SHEET DATE : 31/03/2007

CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. '000) :

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

POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. '000) :

TOTAL LIABILITIES 66362
TOTAL ASSETS 66362

SOURCE OF FUNDS (AMOUNT IN RS. '000) :

PAID UP CAPITAL 32259 RESERVES & SURPLUS 5035
SECURED LOANS 0
UNSECURED LOANS 0 DEFERRED TAX LIABILITY 1955

APPLICATION OF FUNDS (AMOUNT IN RS. '000) :

NET FIXED ASSETS 27936 INVESTMENT 0 NET CURRENT ASSETS 24828
MISC. EXPENDITURE 660 ACCUMULATED LOSSES 0

PERFORMANCE OF COMPANY (AMOUNT IN RS. '000)

TURNOVER 101580 EXPENDITURE 100215 PROFIT BEFORE TAX 1365
PROFIT/(LOSS) AFTER TAX (186) EARNING PER SHARE 0 DIVIDEND NIL

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

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

As per our report of even date.

For and on behalf of the Board of Directors

For SUDHIR CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
SUDHIR CHAUDHARY (PARTNER)
M.NO.91302

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

Sd/-
SUDHIR JAIN
(Director)

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

Place : Faridabad
Dated : 2nd May 2007

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 Thirteenth Annual General Meeting of
the Company to be held Friday the 28th day of September, 2007 and at any adjournment thereof.

Affixed
Revenue
Stamp of Re. 1

As witness my/our hand(s) this day of 2007.

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.

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)

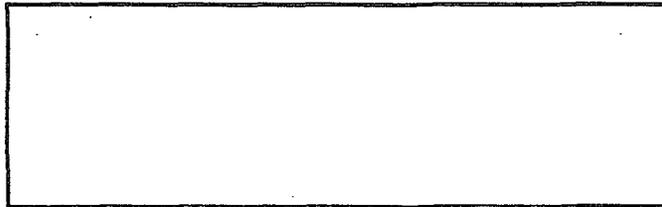
No. of shares held :

I hereby record my presence at the Fourteenth Annual General Meeting of the Company held at Village Jatola,
Tatarpur Road, Teh. Palwal, Distt. Faridabad on Friday the 28th day of September, 2007.

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.

BOOK - POST



If undelivered please return to :

***SPS* International Limited**

302-B, Sant Nagar, East of Kailash
New Delhi - 110065