



***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:

- 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 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.

OUTLOOK FOR THE YEAR 2008-2009

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 2008-09.

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

The Company has 51 numbers of employees as on 31/3/2008. The relationship of management with employees has been very cordial during the period under review.

On behalf of the Board of Directors

Place : Faridabad
Dated : 30th July 2008

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 31st March 2008, 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 2008.

| Sl. 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 |

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 2007-08, the Board of Directors met 7 times on 2nd May 2007, 4th June 2007, 30th July 2007, 30th August 2007, 31st October 2007, 10th December 2007 and 31st January 2008. The longest gap between any two Board meetings did not exceed 4 months.

Attendance record of Board of Directors as on 31st March, 2008. (Total Meetings held-7)

| Name of Director | No of Board meetings attended | Whether attended last AGM |
|--------------------------|-------------------------------|---------------------------|
| Sh. S.K. Jain | 7 | Yes |
| Sh. Sudhir Jain | 7 | Yes |
| Sh. Shreyans Kumar Patni | 7 | Yes |
| Sh. Vipin Gupta | 7 | Yes |
| Sh. Anoop Dawar | 7 | 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 2007-2008 are as under.

| Name of Directors | Salary | Sitting fees | Perquisites | Deferred Benefits (PF and superannuation) | Amount (Rs.) | | |
|--------------------------|------------------|---------------|-------------|-------------------------------------------|--------------|-------------------|------------------|
| | | | | | 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 | - | 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 2008, 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 2007-08, the Committee met 4 times on 2nd May 2007, 30th July 2007, 31st October 2007 and 31st January 2008.

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 2007-08, one meeting of the Committee was held on 30th July 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 31st March, 2008, 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 2007-08, the Committee met 11 times.

Details of Shareholders' and Investors' Grievance Committee as on 31st March, 2007 (Total Meetings held- 11)

| S. No | Name of Directors | Category | Meetings attended |
|-------|--------------------------|----------------------|-------------------|
| 1 | Sh. Shreyans Kumar Patni | Independent Director | 11 |
| 2 | Sh. Vipin Gupta | Independent Director | 11 |
| 3 | Sh. Anoop Dawar | Independent Director | 11 |
| 4 | Sh. S.K. Jain | Executive Director | 11 |

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 2008, 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

Shareholders

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

Sh. Vipin Gupta (37) is Chartered Accountant by profession and has over 9 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 (36) is a Company Secretary by profession and has over 12 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.

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.

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 |
|---------|------------------------------------------------------|-----------|------------|---------------------------|
| 2004-05 | Basement Hall, Vishnu Palace, Sector-20B, Faridabad | 28/9/2005 | 11.00 a.m. | Nil |
| 2005-06 | FF-1, Vishnu Palace, Sector-20B, Faridabad | 28/9/2006 | 11.00 a.m. | Nil |
| 2006-07 | Village Tatarpur Road, Teh. Palwal, Distt. Faridabad | 28/9/2007 | 11.00 a.m. | Nil |

No resolution was put through postal ballot during 2007-08.

Additional shareholder information

Annual General Meeting

Date : Tuesday, 30th September 2008

Time : 11.00 A.M.

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

Financial Calendar

Financial year: 1 April to 31 March 2008

During the year ended 31 March 2008, results were announced on:

| | |
|-------------------|----------------------------|
| 2nd May 2007 | : Annual financial results |
| 30th July 2007 | : First Quarter |
| 31st October 2007 | : Second Quarter |
| 31st January 2008 | : Third quarter |

The tentative schedule for the financial year 2008-09:

| | |
|---------------------------|-----------------------------|
| July 2008 (last week) | : First quarter |
| October 2008 (last week) | : Half yearly |
| January 2009 (third week) | : Third quarter |
| May 2009 (last week) | : Annual and Fourth quarter |

Book Closure Date

Monday, 22nd September, 2008 to Tuesday, 30th September, 2008 (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 2008-2009 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 2007-08 is as under:

| Year 2007-08 | Price of Share of the Company at BSE | | | BSE SENSEX | |
|--------------|--------------------------------------|-----------|---------------|------------|-----------|
| | High (Rs.) | Low (Rs.) | Volume (Nos.) | High | Low |
| April | 4.90 | 3.40 | 5245 | 14,383.72 | 12,425.52 |
| May | 6.52 | 4.28 | 80198 | 14,576.37 | 13,554.34 |
| June | 5.79 | 4.10 | 32955 | 14,683.36 | 13,946.99 |
| July | 6.19 | 4.85 | 52310 | 15,868.85 | 14,638.88 |
| August | 6.00 | 4.41 | 16726 | 15,542.40 | 13,779.88 |
| September | 5.79 | 4.77 | 38173 | 17,361.47 | 15,323.05 |
| October | 5.26 | 4.22 | 32176 | 20,238.16 | 17,144.58 |
| November | 5.59 | 4.05 | 48789 | 20,204.21 | 18,182.83 |
| December | 7.32 | 5.11 | 12403 | 20,498.11 | 18,886.40 |
| January | 9.78 | 4.50 | 78328 | 21,206.77 | 15,332.42 |
| February | 5.30 | 4.10 | 17065 | 18,895.34 | 16,457.74 |
| March | 4.51 | 2.66 | 111110 | 17,227.56 | 14,677.24 |

Distribution of shareholding

Distribution of shareholding by number of shares held as on 31st March, 2008

| No. of equity shares held | No. of share holders | % of shareholders | No. of shares | % of share holding |
|---------------------------|----------------------|-------------------|----------------|--------------------|
| Upto 500 | 1953 | 76.68 | 361406 | 11.2033 |
| 501 – 1000 | 253 | 9.93 | 214706 | 6.6557 |
| 1001-2000 | 172 | 6.75 | 286841 | 8.8918 |
| 2001-3000 | 64 | 2.51 | 160831 | 4.9856 |
| 3001-4000 | 17 | 0.67 | 59702 | 1.8507 |
| 4001-5000 | 26 | 1.02 | 123610 | 3.8318 |
| 5001-10000 | 35 | 1.37 | 260221 | 8.0666 |
| 10000 and above | 27 | 1.06 | 1758583 | 54.5145 |
| Total | 2547 | 100.00 | 3225900 | 100.0000 |

Distribution of shareholding by shareholding pattern as on 31st March, 2008.

| 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 | 255254 | 7.91 |
| | Individual shareholders holding nominal share capital up to Rs. 1 Lac | 1267124 | 39.28 |
| | Individual shareholders holding nominal share capital in excess of Rs. 1 Lac | 437784 | 13.57 |
| | NRIs | 61846 | 1.92 |
| | Clearing members | 2324 | 0.07 |
| | Total | 3,225,900 | 100.00 |

Dematerialisation of shares as on 31st March 2008

There were 19,50,890 shares in electronic form, which constitute 60.48 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.

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:

Sh. 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:

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

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 31st, 2008 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 2008 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 : 16th July 2008

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

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 | 2007-08 | 2006-07 |
|------------------------------------------------|----------------|----------------|
| 1. Electricity | | |
| a) Purchased unit | 76307 | 69481 |
| Total amount | 427320 | 375200 |
| Rate / Unit (Rs.) | 5.60 | 5.40 |
| b) Own generation through DG Sets/Turbine | 20132 | 20867 |
| 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) | 54.36 | 5.16 |
| 2. Outgo (Rs. in lac) | 214.79 | 142.54 |

On behalf of the Board of Directors

Place : Faridabad
 Dated : 30th July 2008

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 2008 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, 2008 and taken on record by the Board of Director's, we report that none of the Director's is disqualified as on 31st March, 2008 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, 2008;
 - 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 : 25th June 2008

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, 2008)

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 2008 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 : 25th June 2008

For Sudhir Chaudhary & Associates
Chartered Accountants

Sd/-
Sudhir Chaudhary (Partner)
M.No. 91302

| Particulars | For the Year Ended 31/03/2008 Amount (Rs) | For the Year Ended 31/03/2007 Amount (Rs) |
|----------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| SCHEDULE – 10 | | |
| Miscellaneous Expenditure : | | |
| (To the extent not written off or adjusted) | | |
| - Travelling Expenses capitalized | 120131 | 160173 |
| - Market Development Expenses Capitalised | 390000 | 500000 |
| | 510131 | 660173 |
| SCHEDULE – 11 | | |
| Sales and Services : | | |
| - Sales (Export) | 4949285 | 0 |
| - Sales (Domestic) | 117073728 | 79419259 |
| - Services | 9096541 | 20122676 |
| - Commission | 934609 | 515798 |
| | 132054163 | 100057733 |
| SCHEDULE – 12 | | |
| Other Income : | | |
| † Interest received (Gross) | 105509 | 30193 |
| - Miscellaneous Income | 805548 | 481 |
| - Profit on sale of fixed assets | 353533 | 1491619 |
| | 1264590 | 1522293 |
| SCHEDULE – 13 | | |
| Increase/Decrease in Closing Stocks : | | |
| Closing Stocks : | | |
| - Pre printed stationery | 771000 | 0 |
| - Computer | 0 | 32400 |
| - Computer and General Stationery | 549317 | 350780 |
| - Scanners | 5586854 | 5261703 |
| - OMR Sheets | 1169075 | 366835 |
| - Stores and Spares | 1503180 | 1145370 |
| - Packing material | 519640 | 46660 |
| - Work in process | 1489870 | 0 |
| | 11588936 | 7203748 |
| Opening Stocks : | 7203748 | 5259231 |
| Less : Stock capitalized | 4553998 | 0 |
| Increase (Decrease) | 8939186 | 1944517 |
| SCHEDULE - 14 | | |
| Processing, Administrative and Selling Expenses : | | |
| Purchase of Scanners & Computers | 26826873 | 16731339 |
| Purchase of OMR Sheets & Stationery | 66391155 | 36650573 |
| OMR Spare Parts | 1183145 | 1518140 |
| Floppies and Tapes | 2888513 | 4780413 |
| Computer and General Stationery | 10897896 | 14257327 |
| Insurance charges | 367435 | 266646 |
| Scanning / Data Entry expenses | 78991 | 749295 |
| Electricity and water charges | 453406 | 375200 |
| Freight and Cartage | 3624160 | 1311437 |
| Legal and Professional Charges | 70500 | 91795 |
| Travelling and Conveyance | 2365514 | 2692115 |
| Directors' Travelling and Conveyance | 741995 | 1242807 |
| Directors' Meeting fee | 33000 | 33000 |
| Mailing Charges | 33670 | 216482 |
| Telephone, Mobile and Fax Expenses | 439233 | 490313 |
| Rent, rates and taxes | 225074 | 265878 |
| Auditors' Remuneration : | | |
| - As Auditors | 35000 | 28060 |
| - For Income tax matters | 28600 | 17386 |
| Repairs and maintenance | 516203 | 401569 |
| Subscription and Periodicals | 14552 | 19989 |
| Miscellaneous Expenses | 901627 | 372203 |
| Marketing Expenses | 102927 | 96866 |
| Rebate and Discount | 4200 | 136000 |
| | 118223669 | 82744833 |

| Particulars | For the Year Ended 31/03/2008 Amount (Rs) | For the Year Ended 31/03/2007 Amount (Rs) |
|------------------------------------|-------------------------------------------------|-------------------------------------------------|
| SCHEDULE – 15 | | |
| Personnel Expenses : | | |
| Salaries | 6118771 | 5596627 |
| HRA | 1638810 | 1436722 |
| Incentive paid | 983056 | 814510 |
| ESI Contribution | 105665 | 88002 |
| Provident Fund | 704532 | 674954 |
| Bonus | 316065 | 80603 |
| Ex-gratia payments | 413549 | 558722 |
| Leave encashment | 313378 | 274690 |
| Leave travelling allowance | 172565 | 561134 |
| Staff Welfare expenses | 297246 | 259771 |
| Stipend | 0 | 6480 |
| Transportation Allowance | 456480 | 450529 |
| Contribution to App. gratuity fund | 127373 | 117323 |
| | 11647490 | 10920067 |
| SCHEDULE – 16 | | |
| Financial Expenses : | | |
| Bank charges and commission | 395249 | 286545 |
| Bank Interest | 1491406 | 1088569 |
| Interest others | 88409 | 185871 |
| | 1975064 | 1560985 |

SCHEDULE-17 :

NOTES FORMING PART TO THE ACCOUNTS FOR THE YEAR ENDED ON 31/03/2008

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. 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.

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 | 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 | 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", the company has accounted for the deferred tax liability amounting to Rs. 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 (Rs) |
|-------|-----------------|--------------------------------|------------------------------------------------------|--------------------------|
| 1 | Sh. S.K. Jain | Chairman and Managing Director | A. Salary B. Club Expenses C. Travelling Exps. | 1200000 3600 67080 |
| 2. | Sh. Sudhir Jain | Wholetime Director | A. Salary B. HRA C. Travelling Exps. | 1200000 0 741995 |

6. The figures have been rounded off to the nearest of rupees.
7. Contingent liability on account of bank guarantee given to customers Rs. 18.51 lac (P.Y. 2.44 Lac)
8. Personal accounts are subject to the confirmation of the respective parties.
9. As at March 31st, 2008 the company has no outstanding dues to micro enterprises and small enterprises small scale industrial undertaking.
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 :

2007-08

Employers contribution to provident fund

Rs. 7.04 Lacs

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. RECONCILIATION OF OPENING AND CLOSING BALANCES OF DEFINED BENEFIT OBLIGATION

| Sl. No. | Particulars | Gratuity (Funded) 31/03/2008 | Leave Encashment (Unfunded) 31/03/2008 |
|---------|-----------------------------------------------------------------|------------------------------|----------------------------------------|
| a) | Present value of obligation as at the beginning | 13,81,601 | 2,10,338 |
| b) | Acquisition adjustment | - | - |
| c) | Interest cost | 1,10,528 | 16,827 |
| d) | Past service cost | - | - |
| e) | Current service cost | 1,61,000 | 8,434 |
| f) | Curtailment cost/ (Credit) | - | - |
| g) | Settlement cost/ (Credit) | - | - |
| h) | Benefits paid | - | -3,13,378 |
| i) | Actuarial(gain)/ Loss on obligation | -28,747 | 1,37,609 |
| j) | Present value of obligation as at the end of period (31/3/2008) | 16,24,382 | 59,830 |

II. RECONCILIATION OF OPENING AND CLOSING BALANCES OF FAIR VALUE OF PLAN ASSET

| | | | |
|----|----------------------------------------------------------|-----------|---|
| a) | Fair value of plan assets at the beginning of the period | 14,56,124 | - |
| b) | Acquisition adjustment | - | - |
| c) | Expected return on plan assets | 1,31,051 | - |

| | | | |
|----|-------------------------------------------------------|-----------|---|
| d) | Contributions | 1,16,092 | - |
| e) | Benefits paid | - | - |
| f) | Actuarial gain/(loss) on plan assets | 8,336 | - |
| g) | Actual Return on Plan Assets | 1,39,387 | - |
| h) | Funded Status | 87,221 | - |
| i) | Excess of actual over estimated return on plan assets | 8,336 | - |
| j) | Fair value of plan assets at the end of the period. | 17,11,603 | - |

III. RECONCILIATION OF FAIR VALUE OF ASSETS AND OBLIGATIONS :

| Sl. No. | Particulars | Gratuity (Funded) 31/03/2008 | Leave Encashment (Unfunded) 31/03/2008 |
|---------|---------------------------------------------------------|------------------------------|----------------------------------------|
| a) | Present value of obligation as at the end of the period | 16,24,382 | 59,830 |
| b) | Fair value of plan assets as at the end of the period | 17,11,603 | - |
| c) | Funded status | 87,221 | -59,830 |
| d) | Excess of actual over estimated | 8,336 | - |
| e) | Unrecognized actuarial (gains)/ losses | - | - |
| f) | Net asset/ (liability) recognized in balance sheet | 87,221 | -59,830 |

IV. EXPENSES RECOGNIZED IN STATEMENT OF PROFIT & LOSS :

| | | | |
|----|---------------------------------------------------------|------------|----------|
| a) | Current service cost | 1,61,000 | 8,434 |
| b) | Past service cost | - | - |
| c) | Interest cost | 1,10,528 | 16,827 |
| d) | Expected return on plan assets | (1,31,051) | - |
| e) | Curtailment cost/ (credit) | - | - |
| f) | Settlement cost/ (credit) | - | - |
| g) | Net actuarial (Gain)/ loss recognized in the period | -37,083 | 1,37,609 |
| h) | Expenses recognized in the statement of profit & losses | 1,03,394 | 1,62,870 |

V. INVESTMENT DETAILS :

| | | % INVESTED AS AT 31/3/2008 | % INVESTED AS AT 31/3/2008 |
|----|---------------------------|----------------------------|----------------------------|
| a) | LIC Group Gratuity Policy | 100 | N.A |

VI. ACTUARIAL ASSUMPTIONS :

| | | | |
|----------------------------------|---------------------------------------|--------------------------|-------|
| a) Economic Assumptions | | | |
| i) | Discounting Rate | 8.00% | 8.00% |
| ii) | Future Salary Increase | 5.00% | 5.00% |
| iii) | Expected Rate of return on plan assts | 9.00% | 0.00% |
| b) Demographic Assumption | | | |
| 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 |

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 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 | 474800 | 366835 | 2640000 | 3958805 |
| Purchases | 42701127 | 39619287 | 29458137 | 27134649 |
| Sales | 42019607 | 57953179 | 31623337 | 44318155 |
| Closing Stock | 1156320 | 1169075 | 474800 | 366835 |
| Scanners : | | | | |
| Opening Stock | 8 | 5261703 | 9 | 703076 |
| Purchases | 70 | 24767536 | 41 | 15586659 |
| Sales | 65 | 30011368 | 42 | 17358000 |
| Capitalized | 5 | 4553998 | - | - |
| Closing Stock | 8 | 5586854 | 8 | 5261703 |

- b) Particulars of imported goods/stored and spares (C.I.F) value (Rs)
- | | | |
|---------------------|----------|----------|
| - Scanners | 20557930 | 12553021 |
| - Stores and Spares | 655557 | 1120296 |

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 | 2400000 |
| Travelling (including foreign) | 809075 | 1242807 |

- e) TOTAL EARNINGS IN FOREIGN CURRENCY 5455719 515798
- f) TOTAL EXPENDITURE IN FOREIGN EXCHANGE 21478781 14253569

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

Place : Faridabad
Dated : 25th June 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

| Particulars | Figures as at 31.3.2008 | Figures as at 31.3.2007 |
|-----------------------------------------------------|----------------------------|----------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES: | | |
| i) Net Profit before tax & extraordinary items | 27,15,737 | 14,26,059 |
| Adjustment for : | | |
| Depreciation | 75,45,937 | 67,22,557 |
| Interest/Dividend | 19,75,064 | 15,60,985 |
| Preliminary/Deferred revenue expenditure | 1,50,042 | 1,50,042 |
| Profit/Loss on Sale of Assets | -3,53,533 | -14,91,619 |
| ii) Operating Profit before working capital charges | 1,20,33,247 | 83,68,024 |
| Adjustment for : | | |
| Trade & other receivable | 27,43,365 | 41,19,671 |
| Inventories | -43,85,188 | -19,44,517 |
| Trade payable | 44,06,439 | -86,49,730 |
| iii) Cash generated from operations | 1,47,97,863 | 18,93,448 |
| Interest paid | -19,75,064 | -15,60,985 |
| Direct Taxes Paid | -24,81,157 | -13,54,663 |
| iv) Cash Flow before Extraordinary items | 1,03,41,642 | -10,22,200 |
| Net cash generated from operating Activities | 1,03,41,642 | -10,22,200 |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of fixed assets | -79,18,961 | -1,41,99,144 |
| Purchase of Investments | 0 | 0 |
| Sale of Fixed Assets | 12,00,000 | 28,25,000 |
| Sale of Investments | 0 | 0 |
| Net cash generated from investing activities | -67,18,961 | -1,13,74,144 |
| C. CASH FLOW FROM FINANCIAL ACTIVITIES : | | |
| Proceeds from long term borrowings | 37,85,967 | 61,25,199 |
| Proceeds from short term borrowings | -2,45,839 | 46,81,669 |
| Repayment of financial lease liabilities | -17,58,501 | -6,38,075 |
| Net cash generated from financial activities | 17,81,627 | 1,01,68,793 |
| Net Increase in cash & cash equivalents | 54,04,308 | -22,27,551 |
| Cash & Cash equivalents (Opening Balance) | 16,85,513 | 39,13,064 |
| Cash & cash equivalents (Closing Balance) | 70,89,821 | 16,85,513 |

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)

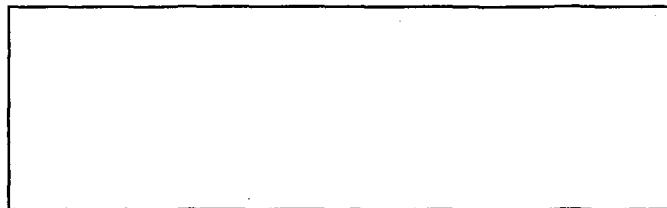
As per our report of even date

**For SUDHIR CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS**

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

Place : Faridabad
Dated : 25th June 2008

BOOK - POST



If undelivered please return to :-

***SPS* International Limited**

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