



SPARC SYSTEMS LIMITED

ANNUAL REPORT 2010 - 2011

Sparc Systems Ltd.

BOARD OF DIRECTORS

Mr. J. T. D'souza	Chairman & Managing Director
Mr. Anand Raj Jain	Director
Ms. Punit Neb	Wholetime Director
Mr. Santosh Shetty	Director
Mr. Amit Bothra	Director
Mr. Bharat Jain	Director

BANKERS

Union Bank of India
Indian Overseas Bank

AUDITORS

M/s R Soni & Co.
Chartered Accountants, Mumbai

REGISTERED OFFICE & WORKS

Plot No.11
Survey No.118/1 - 2
Village Pundhe
Taluka Shahapur
At Post Athgaon, District Thane – 421301
Phone 9820166973
Fax 27792481

CORPORATE OFFICE

#16-17 Ground Floor,
Lovely, Sector 2,
Airoli, Navi Mumbai - 400708
Phone 27792473 / 27792478 / 27792481
Fax 27792481
Email sparc@mtnl.net.in

REGISTRAR AND SHARE TRANSFER AGENTS

Unversal Capital Services Pvt. Ltd.

21 Shakil Niwas
Mahakali Caves Road
Andheri (E) Mumbai – 400093
Phone 28207201 / 28207203-05
Fax 28207207
Email mcplrt@bom7.vsnl.net.in

Notice

NOTICE is hereby given that Annual General Meeting of the Members of Sparc Systems Limited will be held on Friday, September 30, 2011 at 10.00 am, at the Registered Office of the Company at Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Anand Raj Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Amit Bothra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

For and on behalf of the Board

J. T. D'souza
Chairman & Managing Director
Mumbai, May 31, 2011

NOTES:

- i. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS PLACE AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- ii. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- iii. The Register of Members and Share Transfer Books of the Company will remain closed from 27.09.2011 to 30.09.2011, inclusive of both days.
- iv. Members seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.

- v. Members are requested to:
 - a. Notify immediately any change in their address to the Company's Share Transfer Agents;
 - b. Bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.
- vi. Additional details in terms of Clause 49 of Listing agreement in respect of Directors seeking appointment / re-appointment are as below.

Disclosure pursuant to Clause 49 of the Listing agreement

Disclosure of Directors seeking appointment / re-appointment at the Annual General Meeting

Director seeking re-appointment

Mr. Anand Raj Jain, aged 49 years, is on the Board of the Company since October 1994. Mr. Anand Raj Jain is a Chartered Accountant. Mr. Jain has ample experience and expertise in financialisation of Accounts. Mr. Jain is also director in Satta Securities Pvt. Ltd. and Sindhu Valley Technologies Ltd. Mr. Anand Raj Jain does not hold any Committee positions in any other company.

Director seeking re-appointment

Mr. Amit Bothra, aged 31 years, is on the board of the Company since December 31, 2005. Mr. Bothra is a Chartered Accountant and Masters of Commerce. Mr. Bothra has several years of experience as Chartered Accountant. His areas of expertise encompass Accounting, Financial Planning and Indirect Taxation. Mr. Bothra holds Directorship and Committee positions in Texplast Industries Limited.

For and on behalf of the Board

J. T. D'souza
Chairman & Managing Director
Mumbai, May 31, 2011

Directors' Report

The Directors present the Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2011.

Financial Highlights

	Rs. In lacs	
	2010 - 2011	2009 - 2010
Profit before Depreciation	2.58	2.93
<u>Less</u> Depreciation	(5.83)	(5.74)
Profit (Loss) after Depreciation	(3.25)	(2.81)
<u>Less</u> Provision for Taxation	(0.34)	0.14
<u>Add</u> Deferred Tax Assets / Liabilities	1.61	(0.43)
Profit (Loss) after Tax	(1.98)	(2.53)
<u>Add</u> Balance Profit brought forward from previous year	0.03	2.55
Surplus carried to Balance Sheet	(1.95)	0.03

Operations

During the year, income of the Company was Rs. 10.01 lacs as compared to Rs. 11.44 lacs during the previous year. The Company has incurred a net loss amounting Rs. 1.98 lacs as compared to a net loss of Rs. 2.53 lacs during the previous year.

The Management intends to continue to pursue Software and Hardware Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances. The Telematic range of products have been expanded and the Company has launched Server room monitoring equipment. The Company continues to add several new clients covering different industry segments which are expected to generate revenues. The Company's Vehicle Asset Tracking and Delivery Systems have been well received. Sales of the same are expected to pick-up in synchronisation with the recovery in the gems & jewellery segment. The Company's Biometric Security products are being pushed hard in the market. The Company's existing systems and components like Video Conference, Security Systems, Firewalls, Access Control Systems etc are spreading into the market.

Dividend

The Directors do not recommend declaration of any dividend for the year.

Fixed Deposits

The Company has not invited or accepted any Public Deposits during the year.

Particulars of Employees

Particulars of employees under Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 as amended have not been furnished, as there was no employee in the aforesaid category.

Statutory Information

Information in accordance with the provisions of section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, requiring disclosure of particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in Annexure 'A' forming part of this Report.

Directors

Mr. Anand Raj Jain and Mr. Amit Bothra, Directors of the Company retire by rotation from the Board of Directors and being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 2000, the Directors confirm that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed with proper explanation relating to material departures;
2. Appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company as at March 31, 2011 and of the loss of the Company for the year;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company & for preventing & detecting fraud & other irregularities;
4. The Annual Accounts have been prepared on a going concern basis.

Corporate Governance Report

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance, together with a certificate from Statutory Auditors is given in Annexure 'B' forming part of this Report.

Management Discussion and Analysis Report

Pursuant to Clause 49 of the Listing Agreement, a Management Analysis Report, giving segment wise performance and outlook, is given in Annexure 'C' forming part of this Report.

Secretarial Compliance Report

Pursuant to Section 383A(1) of the Companies Act, 1956, a copy of the Compliance Certificate issued by a Practising Company Secretary for the year ended March 31, 2011 is attached herewith, forming part of this Report.

Listing and Dematerialisation of Shares

The Equity Capital of the Company is listed on Bombay Stock Exchange Ltd., Ahemdabad Stock Exchange, and Bangalore Stock Exchange. The Company has paid the listing fees for the year 2011-2012 to Bombay Stock Exchange Ltd.

Auditors

M/s. R Soni & Co., Chartered Accountants, the Auditors of the Company, retire at the conclusion of this Annual Meeting and are eligible for re-appointment. Members are requested to appoint Auditors and fix their remuneration. The Directors take this opportunity to acknowledge with gratitude the valuable services rendered by M/s. R Soni & Co.

Auditors' Remarks

The observations made by the Auditors for the year under review are self-explanatory and need no further comments from the Directors.

OTS with MSFC [MSFC]

The Company has submitted a proposal to Maharashtra State Financial Corporation [MSFC] for one-time-settlement.

Acknowledgements

The Directors acknowledge with gratitude the co-operation and assistance extended to the Company by Shareholders, Employees, Customers, Bankers, Auditors, Maharashtra State Financial Corporation and Vendors.

For and on behalf of the Board

J. T. D'souza

Chairman & Managing Director

Mumbai, May 31, 2011

Annexure 'A' to the Directors' Report

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

A. Conservation of Energy

The Electronic Industry is a low power consumption industry; therefore the cost of electricity purchased and generated through genset is very low in comparison to other industries. Although the consumption of energy is low, efforts are being made at all levels to minimise the use of energy. In view of the multi-product and multi-stage nature of production, it is not possible to furnish data relating to consumption per unit of production.

B. Technology Absorption

Not Applicable

C. Foreign Exchange Earnings and Outgo

	Rs. in lacs	
	2010 - 2011	2009 - 2010
Foreign Exchange Earning	NIL	NIL
Foreign Exchange Used - Raw material purchase	0.00	0.10

Annexure 'B' Corporate Governance Report

The primary objective of the Corporate Governance is to create and adhere to a corporate culture of transparency and openness. The Company believes in attainment of highest levels of transparency in all facets of its operations and has always focused on good corporate governance.

1. Board of Directors

The Board comprises of the following members. During the year, the Board met seven times. Details of attendance at Board Meetings and last AGM are as below

Name	Category Position	Last AGM Attended	No. of meetings attended
J. T. D'souza	Chairman & Managing Director	Yes	7
Punit Neb	Wholetime Director	Yes	7
Anand Raj Jain	Non-Executive Director	Yes	5
Santosh Shetty	Non-Executive Director / Independent	Yes	3
Amit Bothra	Non-Executive Director / Independent	Yes	6
Bharat Jain	Non-Executive Director / Independent	Yes	6

2. Number of Board Meetings held and dates thereof

During the year, six Board Meetings were held. The meetings were held on May 31, 2010, June 30, 2010, July 30, 2010, October 30, 2010, December 27, 2010, February 15, 2011 and March 30, 2011.

3. Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board Members and members of Senior Management who have affirmed their compliance therewith. The said code is also posted on the Company's website www.sparcsys.com.

4. Other Directorships and Membership of Committees (as of date)

Name	Other Directorships
Mr. J. T. D'souza	--
Ms. Punit Neb	--
Mr. Anand Raj Jain	Satta Securities Pvt. Ltd. , Sindhu Valley Technologies Ltd.
Mr. Santosh Shetty	--
Mr. Amit Bothra	Texplast Industries Limited
Mr. Bharat Jain	--

5. None of the Directors of the Company holds Directorship in more than 15 Companies or is a member of more than 10 Committees or Chairman of more than 5 Committees across all such Companies.

6. Audit Committee

The Audit Committee of the Company has Mr. Santosh Shetty, Mr. Anand Raj Jain and Mr. Amit Bothra as members of the Committee. All Committee Members are Non Executive Directors, out of which Mr. Santosh Shetty & Mr. Amit Bothra are Independent Directors. The Audit Committee constitution meets with the requirements under Section 292A of the Companies Act, 1956. During the year, the Committee met 4 times. The terms of reference of the Audit Committee are as contained in the Clause 49 of the Listing Agreement. Mr. Amit Bothra, Independent Director is the Chairman of this Committee.

During the year ended March 31, 2011, 4 meetings of the Audit Committee were held on May 31, 2010, July 30 2010, October 30, 2010 and February 15, 2011.

7. Remuneration Committee

The Remuneration Committee of the Company consists of Mr. Bharat Jain, Mr. Anand Raj Jain and Ms. Punit Neb, as committee members. During the year, Mr. Bharat Jain, Independent Director has been appointed as Chairman of this Committee. The Remuneration Committee has been constituted to review the remuneration package of the Directors and recommend suitable revision to the Board in accordance with the Companies Act, 1956.

Remuneration paid to Mr. J. T. D'souza, Managing Director is Rs. 75,000/- as salary. Remuneration paid to Ms. Punit Neb, Wholetime Director is Rs. 75,000/- as salary. There was one meeting of the Remuneration Committee during the financial year 2010 - 2011.

Details of Equity Shares held by Directors is as below

Name	No. of Equity Shares held
Mr. J. T. D'souza	51200
Ms. Punit Neb	27300
Mr. Anand Raj Jain	1000
Mr. Santosh Shetty	Nil
Mr. Amit Bothra	Nil
Mr. Bharat Jain	Nil

8. Shareholders' / Investors' Grievance Committee

The Board of Directors have constituted a Shareholders' / Investors' Grievance Committee. The Committee has been constituted, inter-alia to consider rematerialisation of Equity Shares, transfer of shares, transposition of names, consolidation of shares, issue of duplicate Equity Shares and redressal of shareholders' complaints. Mr. Santosh Shetty, Mr. Amit Bothra and Ms. Punit Neb are Members of this Committee. Ms. Punit Neb is the Chairman of this Committee.

During the year under review, the Registrar and Share Transfer Agents of the Company have not received any complaint from members directly or through the Stock Exchanges.

9. Subsidiary Companies

The Company does not have any subsidiary companies.

10. Notes on Director's appointment and re-appointment

Relevant details form part of the Directors' Report.

11. Disclosures on non compliances, related party transactions, if any

The Company has complied with the requirement of regulatory authorities on Capital Markets and no penalties/ strictures have been imposed against the Company in the last three years.

Related party transactions have been disclosed in Note No. 6 of the " Notes to Accounts."

12. Management Discussion and Analysis Report

The Management Discussion and Analysis Report is appended as Annexure 'C'.

13. CEO/CFO Certification

As required under Clause 49 of the Listing Agreement, a certificate duly signed by the Finance Controller was placed at the meeting of Board of Directors held on May 31, 2011.

14. Cautionary Statement

Statements in the Management Discussion & Analysis describing the Company's objectives, projections and expectations maybe "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include economic conditions affecting demand / supply & price conditions in the markets in which the Company operates, changes in Government regulations, tax laws, litigation, exchange rate fluctuations, interest, other cost and certain presumptions on which estimates are based and other incidental factors.

Shareholder Information

1. Annual General Meeting

A. Date & Time	September 30, 2011 at 10.00 am
B. Venue of AGM	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301
C. Dates of Book Closures	September 27, 2011 to September 30, 2011 (Inclusive of both days)
D. Special Resolutions	No Special Resolution was passed at last AGM
E. Financial Calendar	1 st April to 31 st March

During last year, no resolutions were put through postal ballot and neither during the current year any resolution is proposed to be conducted through postal ballot.

2. Financial Reporting for 2010 – 2011

Event	Period
1. Unaudited Financial Results for quarter ending June 30, 2011	On or before August 15, 2011
2. Unaudited Financial Results for quarter ending September 30, 2011	On or before November 15, 2011
3. Unaudited Financial Results for quarter ending December 31, 2011	On or before February 15, 2012
4. Audited Financial Results for the Year ending March 31, 2012	On or before May 31, 2012
5. Annual General Meeting for the Year ended March 31, 2012	End of September 2012

3. Date of Book Closure and Annual General Meeting in last three years

Financial Year	Date of Book Closure		AGM Date & Time	Venue
	From	To		
2007-2008	Sep 24, 2008	Sep 30, 2008	Sep 30, 2008 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301
2008 - 2009	Sep 24, 2009	Sep 30, 2009	Sep 30, 2009 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301
2009 - 2010	Sep 27, 2010	Sep 30, 2010	Sep 30, 2010 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301

4. Details of Extra-ordinary General Meeting in last three years

Year	Date	Location
2009	November 30, 2009	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301

5. Shareholding Pattern as on March 31, 2011

Category	No. of Shares held	% of holding
A. Promoter's Holding		
Promoter & Promoter Group	1,366,100	27.94
Sub-Total	1,366,100	27.94
B. Non-Promoters Holding		
Mutual Funds and UTI	40,800	0.83
Sub-Total	40,800	0.83
C. Others		
Private Corporate Bodies	884,010	18.08
Indian Public	2,284,064	46.72
NRIs/OCBs	300,302	6.14
Any other (please specify)	13,724	0.28
Sub-Total	3,482,100	71.22
GRAND TOTAL	4,889,000	100.00
Total Foreign Shareholding	300,302	6.14

6. Share Transfer System

Trading in Equity Shares of the Company is permitted only in dematerialised form. Equity Shares lodged for transfer in physical form are in-warded, scrutinized, verified, transferred and dispatched between 10 to 15 days from the date of receipt, if the documents are in order in all respects. Documents having deficiency are rejected & dispatched back to transferee citing reason for rejection. Where requests for dematerialisation are received simultaneously, the same are also processed separately.

7. Distribution of Shareholding as of March 31, 2011

Number of Shares	Shareholders		Share holdings		Share Amount	
	Number	%	Holdings	%	Rs.	%
Up to 500	1512	59.739	431807	8.832	4318070.00	8.832
501- 1000	684	27.025	627516	12.835	6275160.00	12.835
1001-2000	177	6.993	285532	5.840	2855320.00	5.840
2001-3000	48	1.896	127674	2.611	1276740.00	2.611
3001-4000	18	0.711	63405	1.297	634050.00	1.297
4001-5000	24	0.948	112232	2.296	1122320.00	2.296
5001-10000	29	1.146	222687	4.555	2226870.00	4.555
10001 & above	39	1.541	3018147	61.733	30181470.00	61.733
Total	2531	100	4889000	100	48890000.00	100.000

8. Market Price Data

	Bombay Stock Exchange Limited			
	HIGH (Rs.)	LOW (Rs.)	CLOSE (Rs.)	VOLUME (Nos.)
April 2010	6.95	5.01	5.73	1,05,864
May 2010	6.90	4.82	5.39	54,810
June 2010	6.50	4.86	5.54	31,509
July 2010	6.75	5.11	5.93	67,462
August 2010	6.60	5.03	5.94	21,641
September 2010	6.03	4.85	4.85	30,356
October 2010	5.33	4.48	4.85	36,923
November 2010	4.98	3.95	4.85	55,959
December 2010	4.85	3.97	4.15	5,185
January 2011	4.80	3.34	3.34	8,259
February 2011	3.60	2.86	2.87	10,042
March 2011	3.49	2.64	3.43	26,841

9. Outstanding GDRs /ADRs or any convertible instruments, conversion date and likely impact on equity

Not Applicable

10. Dematerialization of Shares and Liquidity

All Equity Shares of the Company are under compulsory dematerialisation for delivery on transfer. As at March 31, 2011, the number of Equity Shares of the Company in dematerialised form stood at **2435800** out of the total 4889000 Equity Shares issued by the Company.

11. Stock Exchanges on which Company's Equity Shares are listed

The Company's Equity Shares are listed on the Stock Exchanges at Mumbai, Ahemdabad, and Bangalore

Stock Scrip Code

531370

International Securities Identification Number (ISIN)

INE960B01015

The Company has paid listing fees for the year 2011-2012 to Bombay Stock Exchange Ltd.

12. Registrars and Share Transfer Agents

Universal Capital Services Pvt. Ltd.

13. Investors Correspondence

Corporate Office: #16-17 Ground Floor, Lovely, Sector 2, Airoli West, Navi Mumbai - 400708
Phone 2779 2473 / 2779 2478 / 2779 2481 Fax 2779 2481
Email sparc@mtnl.net.in

Registered Office: Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur,
At Post Athgaon, District Thane - 421301
Phone 9820166973 Fax 27792481

Share Transfer Agent: Universal Capital Services Pvt. Ltd.
21 Shakil Niwas, Mahakali Caves Road, Andheri (E), Mumbai – 400093
Phone 28207201 / 28207203-05 Fax 28207207 Email mcplrt@bom7.vsnl.net.in

For and on behalf of the Board

J. T. D'souza
Chairman & Managing Director
Mumbai May 31, 2011

Code of Conduct Declaration

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Board Members have confirmed compliance with the code of conduct for the year ended March 31, 2011.

J. T. D'souza
Chairman & Managing Director
Mumbai, May 31, 2011

Auditors' Certificate on Corporate Governance Compliance

To
The Members
Sparc Systems Limited

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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 as per the records maintained by the Company, there were no investor grievances remaining unattended / pending for more than 30 days.

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

For R Soni & Co.
Chartered Accountants
FRN 130390W

Rajesh Soni
Partner
M No 133240
Mumbai May 31, 2011

Compliance Certificate

(Under Proviso to Sub-Section (1) of Section 383 A of the Companies Act, 1956)

Registration No.: 11-053467 of 1989

Nominal Capital: Rs. 6,00,00,000/-

Paid-up Capital: Rs. 4,88,90,000/-

To
The Members,
SPARC SYSTEMS LIMITED

I have examined the registers, records, books and papers of **SPARC SYSTEMS LIMITED** having its registered office at Plot No 11 Survey No 118/1-2, Village Pundhe, At Post Athgaon, Thane- 421301 as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on March 31, 2011. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the Company has kept and maintained all registers as stated in Annexure "A" to this certificate as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. the Company has filed the forms and returns as stated in Annexure "B" to this certificate with the Ministry of Corporate Affairs within the time prescribed under the Act and the rules made thereunder except as specified in the said Annexure.
3. the Company is a public limited Company and hence comments are not required.
4. the Board of Directors duly met 7 times on May 31, 2010, June 30, 2010, July 30, 2010, October 30, 2010, December 27, 2010, February 15, 2011 and March 30, 2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. the Company has closed its Register of Members during the year from September 27, 2010 to September 30, 2010.
6. the Annual General Meeting for the financial year ended on March 31, 2010 was held on September 30, 2010 after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. no Extra Ordinary Meeting was held during the financial year.
8. the Company has not advanced a loan to its Directors and/or persons or firms or companies referred to in the Section 295 of the Act.
9. no contracts were entered during the year attracting the provisions of Section 297 of the Act.
10. the Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. as there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. the Company has issued duplicate share certificates in accordance with the provisions of the Act during the financial year.
13. the Company has:
 - i. delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act.
 - ii. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii. not posted warrants to any member of the Company as no dividend was declared during the financial year.
 - iv. no amounts unpaid in dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and hence transferring of the same to the Investor Education and Protection Fund does not arise.
 - v. duly complied with the requirements of Section 217 of the Act.
14. the Board of Directors of the Company is duly constituted and there was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancy during the financial year under scrutiny.
15. the appointment of Managing Director and Whole-time Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act. However, there is no new appointment during the financial year under scrutiny.

16. the Company has not appointed any sole-selling agents during the financial year under scrutiny.
17. the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities prescribed under the various provisions of the Act.
18. the Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. the Company has not issued any shares, debentures or other securities during the financial year under scrutiny.
20. the Company has not bought back any shares during the financial year under scrutiny.
21. the Company has not issued any preference shares/debentures and hence there is no question of redemption of the same.
22. during the year there was no need for the Company to keep in abeyance right to dividend, rights shares and bonus shares.
23. the Company has not invited/accepted any deposits falling within the purview of Section 58A during the financial year under scrutiny.
24. the Company has not borrowed any sum during financial year under scrutiny.
25. the Company has not made any loans or investments, or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. the Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. the Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
28. the Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
29. the Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.
30. the Company has not altered its Articles of Association during the year under scrutiny.
31. there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for the offences under the Act.
32. the Company has not received any sum as security from its employees during the year under scrutiny.
33. the provisions of Section 418 of the Act are not applicable to the Company during the year under scrutiny.

**For SNEHA JAIN
COMPANY SECRETARY**

**SNEHA JAIN
C. P. NO. 7366
Mumbai May 31, 2011**

Annexure A

Registers as maintained by the Company

1. Register of charges U/S. 143
2. Register of Members U/S. 150
3. Attendance Register for General Meetings U/S. 174
4. Minutes Books of General Meetings and Board Meetings U/S. 193
5. Attendance Register for Board Meetings U/S. 287
6. Register of Contracts U/S. 301
7. Register of Directors U/S. 303
8. Register of Directors Shareholding U/S. 307
9. Register of Share Transfer
10. Books of Accounts U/S. 209

Annexure B

Forms and Returns as filed by the company with the Ministry of Corporate Affairs, during the financial year ended on March 31, 2011.

Sr. No.	Form No./ Return	Filed under Section	For	Date of filing	Whether filed within prescribed time yes/no	If delay in filing whether requisite additional fee paid Yes/No
1	Form 32		Appointment of Mr. Bharat Jain as an Additional Director of the Company w.e.f. March 30, 2009	September 24, 2010	No	Yes
2	Form 32		Change in Designation of Mr. Bharat Jain as a Director of the Company	October 28, 2010	No	Yes
3	Form No. 66	383A	Compliance Certificate for the year ended March 31, 2009	October 28, 2010	No	Yes
4	Form No. 66	383A	Compliance Certificate for the year ended March 31, 2010	October 28, 2010	Yes	No
5	Form No. 23AC & ACA	220	Balance Sheet and Profit & Loss Account for the year ended March 31, 2009	October 29, 2010	No	Yes
6	Form No. 23AC & ACA	220	Balance Sheet and Profit & Loss Account for the year ended March 31, 2010	October 29, 2010	Yes	No
7	Form No. 23AC & ACA	220	Balance Sheet and Profit & Loss Account for the year ended March 31, 2008	November 26, 2010	No	Yes
8	Form No. 20 B	159	Annual Return for the year ended March 31, 2008	November 26, 2010	No	Yes
9	Form No. 20 B	159	Annual Return for the year ended March 31, 2009	November 26, 2010	No	Yes
10	Form No. 20 B	159	Annual Return for the year ended March 31, 2010	November 26, 2010	Yes	No
11	Form	[Pursuant to Company Law Settlement Scheme, 2010]	Application for issue of immunity certificate under the Company Law Settlement Scheme (CLSS), 2010	February 28, 2011	--	--

Annexure 'C' Management Discussion and Analysis

Overview

The Company deals in Hardware and Software Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances etc.

The Company was founded on September 14, 1989 and had its IPO in November 1995. It is currently listed on Bombay Stock Exchange Ltd., The Ahmedabad Stock Exchange and The Bangalore Stock Exchange.

The Company's line of business encompasses Software and Hardware Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances. The Telematic range of products have been expanded and the Company has launched Server room monitoring equipment. The Company's existing systems and components like Vehicle Asset Tracking and Delivery Systems, Biometric Security products, Video Conference, Security Systems, Firewalls, Access Control Systems etc are spreading into the market.

Outlook on Opportunities

India has become a soft target for various terrorist groups. With the heightened threat perceptions caused by attacks on public areas, both government and private organizations are reviewing and consolidating their security practices. As a result awareness of technology methods and electronic security systems has improved considerably. The Company's growth prospects have improved considerably as a result.

The Company continues to pursue its initiatives targeted at its customary markets. These systems find application in segments like manufacturing, retail and data centres.

Embedded Systems are used in almost every product including automobile, banking, and finance, energy, petrochemicals, etc. The growth in these areas of manufacturing and service provide larger and better opportunities. As IT technologies enter SMEs, datacentric protection and management solutions will be a major market. The Company is well positioned to utilize its diverse expertise in providing end to end solutions. The Company has begun deploying datacentric appliances and services. This is a very nascent industry and the Company foresees tremendous potential and opportunity. Identity management and verification will be a new area of focus, where the company's biometric and embedded systems strengths will provide growth opportunities. The Company's Vehicle Tracking and Delivery Systems, Biometric Security Products and Customised Software Solutions have presented new opportunities.

Outlook on Threats, Risks and Concerns

The opening of the Indian market and removal of trade barriers, manufacturing activities are under tremendous pressure from cheaper finished goods imported into the country. This is particularly so in the electronic industry. Due to constant downward pressure on prices and rapid change in technology the Company must keep it's inventories at near zero levels. The Company will need to upgrade it's technology continuously. Further technology and development oriented skills are in acute short supply, with a concomitant rise in manpower costs. Many of the Company's competitors have significantly greater financial resources and low cost Chinese manufacturing bases. The Company must ensure cost effective operations to compete successfully with them. The arrival of major international brands in India has made the market ever more competitive. Important segments of the Company's client base are facing pressure, resulting in several projects being postponed. This has adversely affected revenue of the Company and is a cause for concern if these segments do not revive.

Segment-wise Performance

The Company operates from a single segment which comprises of Software and Hardware Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances. During the year, revenue amounted Rs. 10.00 lacs.

Internal control systems and adequacy

The Company has adequate internal control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures, and statutes. The internal control system provide for well-documented policies, guidelines, authorizations and approval procedures.

Financial Performance

The sales of the Company for the financial year 2010 - 2011 was Rs. 10.01 lacs as compared to Rs. 11.44 lacs for the previous year. The Company has incurred a net loss amounting Rs. 1.98 lacs as compared to a net loss of Rs. 2.53 lacs during the previous year.

Human Resources

The Company regards its employees as a valuable asset and reviews and evolves policies and processes to provide a sustainable and stable working environment. Salaries and packages are commensurate with that of the industry for personnel of similar calibre and experience.

Auditors' Report

To
The Members
Sparc Systems Limited

We have audited the attached Balance Sheet of **Sparc Systems Limited** as at March 31, 2011, 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 statement. 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) Order, 2003, as amended by companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub section (4A) of section 227 of Companies Act, 1956, we give in the Annexure, a statement on the matter specified in paragraphs 4 & 5 of the said order.

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of those books.
- iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns.
- iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a Director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, **subject to Note No. 10 in respect of interest payable to MSFC**, 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 March 31, 2011;
 - b. In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date;
and
 - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For R Soni & Co.
Chartered Accountants
FRN 130390W

Rajesh Soni
Partner
M No 133240
Mumbai, May 31, 2011

Annexure to Auditors' Report

Referred to in paragraph 3 of our report of even date on the Accounts for the year ended March 31, 2011 of Sparc Systems Limited

- i.
 - 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 at the end of the financial year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. As per the records and as explained to us, the Company has not disposed off any substantial or major portion of fixed assets during the year.
- ii.
 - a. As explained to us, the inventories held by the Company were physically verified during the year by the Management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedure 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. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii.
 - a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii) (b), (c) and (d) of the order are not applicable.
 - b. According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii)(f) and (g) of the Order are not applicable.
- iv. 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 the purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weakness in internal controls.
- v. In our opinion and according to the information and explanations given to us, there are no contracts or arrangement referred to in section 301 of the Companies Act, 1956 that need to be entered in the Register required to be maintained under that section. Hence, clause (v-b) of paragraph 4 of the Order is not applicable.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year to which the directive issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are applicable.
- vii. The Company has adequate internal check and audit procedures implemented in the Course of the day-to-day functioning. However, no internal audit as such has been conducted.
- viii. The Company is not covered under section 209(1)(d) of the Companies Act, 1956 in respect of maintenance of cost records.
- ix.
 - a. The Company is generally 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, cess and other material statutory dues applicable to it.
 - b. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31.3.2011 for a period of more than six months from the date they became payable **except Service tax Rs. 301935/-**.
 - c. According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.
- x. The Company does not have accumulated losses at the end of the financial year March 31,2011. Further the Company had not incurred any cash losses during the financial year ended March 31,2011 and in the immediately preceding financial year ended March 31,2010.
- xi. ***In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to Maharashtra State Financial Corp. [MSFC] term loan amounting Rs. 16,38,000/- & interest of Rs. 26,07,972/-.***
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures & other securities.
- xiii. In our opinion, the Company is not a chit fund or a niche mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. 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 Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi. In our opinion and according to the information and explanations given to us, the Company has not raised term loans during the year under audit.
- xvii. 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.
- xviii. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- xix. The Company had not issued any debentures, during th year.
- xx. The Company has not raised any money from a public issue, during the year.
- xxi. On the basis of the audit procedure carried out by us and information and explanations given by the Management, we state that no fraud on or by the Company has been noticed or reported during the course of our audit.

For R Soni & Co.
Chartered Accountants
FRN 130390W

Rajesh Soni
Partner
M No 133240
Mumbai, May 31, 2011

Balance Sheet as at March 31, 2011

Particulars	Schedule	As At 31/03/2011 Rs.	As At 31/03/2010 Rs.
I SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	49,685,000	49,685,000
Reserve & Surplus			
Balance in Profit & Loss Account		-	2,778
Loan Funds			
Secured Loans	B	4,245,972	4,245,972
Deferred Tax Liability		-	17,505
TOTAL		53,930,972	53,951,255
II APPLICATION OF FUNDS			
Fixed Assets	C	28,874,147	29,664,374
Less Depreciation		10,092,064	9,509,126
Net Block		18,782,083	20,155,248
Investments	D	-	3,924,000
Deferred Tax Assets		143,079	-
Current Assets, Loans & Advances			
a. Inventories	E	477,304	225,000
b. Sundry Debtors	F	671,212	462,254
c. Cash and Bank Balances	G	503,661	762,525
d. Loans, Advances and Deposits	H	34,600,209	29,923,533
		36,252,386	31,373,312
Less: Current Liabilities & Provisions			
Current Liabilities	I	1,424,592	1,485,376
Provisions		17,292	15,929
Net Current Assets		1,441,883	1,501,305
		34,810,503	29,872,007
Balance in Profit & Loss Account		195,308	
TOTAL		53,930,972	53,951,255
Significant Accounting Policies and Notes to Accounts	O		

As per our attached report of even date

For R Soni & Co.

Chartered Accountants
FRN - 130390W

For and on behalf of the Board

Rajesh Soni
Partner
M No 133240
Mumbai May 31, 2011

J. T. D'souza
Chairman & Managing Director

Anand Raj Jain
Director

Profit and Loss for the year ended March 31, 2011

Particulars	Schedule	Year Ended 31/3/2011 Rs.	Year Ended 31/3/2010 Rs.
INCOME			
Sales	J	1,000,897	1,144,244
(A)		1,000,897	1,144,244
EXPENDITURE			
Materials & Manufacturing Expenses	K	419,643	482,745
Employees Cost	L	336,552	899,045
Selling, Distribution & Administrative Expenses	M	274,317	774,460
Finance Cost	N	-287,447	-1,305,412
Depreciation		582,938	574,431
(B)		1,326,003	1,425,269
PROFIT / (LOSS) FOR THE YEAR BEFORE TAXATION (A-B)		-325,105	-281,024
Less: Provision for Income Tax		17,292	14,285
Less: Provision for Earlier year		17,916	
Add: Excess Provision made earlier returned back		1,644	
Add: Deferred Tax Assets / Liability		160,584	-42,998
PROFIT (LOSS) FOR THE YEAR AFTER TAXATION		-198,086	-252,312
Balance Brought forward from previous year		2,778	255,090
Balance carried to Balance Sheet		-195,308	2,778
EPS Basic & Diluted		-0.04	-0.05

Significant Accounting Policies and Notes to Accounts

○

As per our attached report of even date
For R Soni & Co.
Chartered Accountants
FRN 130390W

For and on behalf of the Board

Rajesh Soni
Partner
M No 133240
Mumbai May 31, 2011

J. T. D'souza
Chairman & Managing Director

Anand Raj Jain
Director

Cash Flow for the year ended March 31, 2011

	Year ended 31/3/2011	Year ended 31/3/2010
	Rs.	Rs.
A. Cash Flow From Operating Activities		
Net Profit after Tax and extraordinary items	-325,106	-281,025
Adjustments for:		
Depreciation	582,938	574,431
Interest Received	-287,447	-1,305,412
Operating Profit before Working Capital	-29,615	-1,012,006
Adjustments for:		
Increase in trade & other receivable	-4,885,634	-1,098,529
(Increase) / Decrease in Inventories	-252,304	-24,000
Increase / (Decrease) Trade Payable	-60,784	104,249
Cash Generated from Operations	-5,198,722	-1,018,280
Direct Taxes Paid	32,201	-17,412
Net Cash from Operating Activities	-5,260,538	-2,047,698
B. Cash Flow from Investing Activities		
(Addition) / deduction to Fixed Assets (including Capital work-in-progress)	790,228	677,946
Interest Received	287,447	1,305,412
Sales of Investment	3,924,000	500,000
Net cash used in Investing Activities	5,001,675	2,483,358
C. Funds from Financing Activities		
Investment in Shares	-	-
Interest Paid	-	-
Net Proceeds from Borrowing	-	-
Net Cash used in Financial Activities	-	-
Net Increase in Cash & Cash Equivalents(A+B+C)	-258,863	435,660
Opening Balance of Cash & Cash Equivalents	762,525	326,865
Closing Balance of Cash & Cash Equivalents	503,661	762,525
Net increase / (Decrease) as disclosed above	-258,863	435,660

As per our attached report of even date
For R Soni & Co.
Chartered Accountants
FRN 130390W

For and on behalf of the Board

Rajesh Soni
Partner
M No 133240
Mumbai May 31, 2011

J. T. D'souza
Chairman & Managing Director

Anand Raj Jain
Director

Schedules annexed and forming part of the Balance Sheet as at March 31, 2011

	As At 31/03/2011 Rs.	As At 31/03/2010 Rs.
SCHEDULE A - SHARE CAPITAL		
Authorised		
6000000 (6000000) Equity Shares of Rs. 10/-each	60,000,000	60,000,000
Issued & Subscribed		
5040000 (5040000) Equity Shares of Rs. 10/- each	50,400,000	50,400,000
TOTAL	50,400,000	50,400,000
Paid-up		
4889000 (4889000) Equity Shares of Rs. 10/- each	48,890,000	48,890,000
Add: Forfeited Equity Shares	795,000	795,000
	49,685,000	49,685,000

SCHEDULE B - SECURED LOANS

Term Loan	1,638,000	1,638,000
Interest overdue	2,607,972	2,607,972
TOTAL	4,245,972	4,245,972

Secured loans represents term loan from the Maharashtra State Financial Corporation (MSFC) secured against fixed assets both present and future of the Company in addition to the personal guarantee of the Directors

SCHEDULE C - FIXED ASSETS

NAME OF THE ASSET	GROSS BLOCK		DEPRECIATION			NET BLOCK		
	AS AT 01/04/2010 Rs.	ADD / DED Rs.	AS AT 31/03/2011 RS.	UP TO 31.3.2010 Rs.	FOR THE YEAR Rs.	UP TO 31.03.2011 Rs.	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
Land	50,850		50,850				50,850	50,850
Buildings	3,883,654		3,883,654	1,883,792	129,714	2,013,506	1,870,148	1,999,862
Plant & Machinery	6,731,071		6,731,071	4,959,732	362,132	5,321,864	1,409,207	1,771,339
Furniture & Fixtures	531,629		531,629	287,642	35,938	323,580	208,049	243,987
Dies and Molds	967,558		967,558	754,153	52,055	806,208	161,350	213,405
Office Equipments	1,626,907		1,626,907	1,623,807	3,100	1,626,907	-	3,100
Capital Work in Progress							15,082,478	15,872,706
Total	13,791,669		13,791,669	9,509,126	582,938	10,092,064	18,782,083	20,155,249
Previous Period	13,654,614	137,054	13,791,669	8,934,694	574,431	9,509,126	20,155,248	21,407,626

SCHEDULE D - INVESTMENT IN SHARES Unquoted (at cost)

Equity Shares in B. I. Textiles Ltd.		2,820,000
Equity Shares in B. Indermal Textile Mills Ltd.		1,104,000
TOTAL		3,924,000

SCHEDULE E – INVENTORIES (Inventories as certified and valued by Management)

Raw materials and consumable items		94,603	44,175
Finished Goods		382,701	180,825
TOTAL		477,304	225,000

Schedules annexed and forming part of the Balance Sheet as at March 31, 2011

	As At 31/03/2011 Rs.	As At 31/03/2010 Rs.
SCHEDULE F - SUNDRY DEBTORS		
(Unsecured, considered good)		
Debts exceeding six months	652,639	367,053
Other debts	18,572	95,201
TOTAL	671,212	462,254
SCHEDULE G - CASH AND BANK BALANCES		
Cash in hand	295,489	49,345
Bank balances With Scheduled Banks on current account	208,172	713,179
TOTAL	503,661	762,525
SCHEDULE H - LOANS, ADVANCES & DEPOSITS (Unsecured, Considered good)		
Advances receivable in cash or in kind or for value to be received	7,363,581	7,333,000
Tax deducted at source	28,646	131,795
MSFC OTS	882,000	571,000
Loan to others	26,283,579	21,845,335
Deposits	42,403	42,403
TOTAL	34,600,209	29,923,533
SCHEDULE I - CURRENT LIABILITIES		
Advances from customer	775,217	897,489
Sundry Creditors for goods	150,508	184,365
Sundry Creditors for expenses	198,781	403,522
Statutory Liabilities	300,086	
	1,424,592	1,485,376
Provision for taxation	4,503	15,929
TOTAL	1,429,095	1,501,305
SCHEDULE J - SALES		
Sale of Goods	452,649	499,890
Service Charges	548,248	644,354
TOTAL	1,000,897	1,144,244
SCHEDULE K - MATERIALS AND MANUFACTURING EXPENSES		
Materials Consumed/Sold	666,953	400,633
Decrease/increase in finished and Semi-finished goods	252,304	-12,325
	414,649	388,308
Manufacturing expenses		
Power and Fuel Charges	-	26,128
Octroi & Freight Charges	-	5,180
Insurance	4,994	4,994
Factory Expenses	-	58,135
Processing Charges	-	-
TOTAL	419,643	482,745

Schedules annexed and forming part of the Balance Sheet as at March 31, 2011

	As At 31/03/2011 Rs.	As At 31/03/2010 Rs.
SCHEDULE L - EMPLOYEES COST		
Salaries, Wages and Benefits	312,045	883,154
Staff welfare	24,507	15,891
TOTAL	336,552	899,045

SCHEDULE M – SELLING, DISTRIBUTION AND ADMINISTRATION EXPENSES

Advertising expenses	-	24,839
Auditors Remuneration	16,545	16,545
Bank Charges	875	1,704
Business Promotion Expenses	-	5,470
Conveyance and travelling expenses	8,010	31,125
Demat A/c Charges	13,236	51,610
Discount & written off	39,006	-
Electricity	18,410	12,190
Interest on late payment of taxes	-	4,686
Legal and professional charges	31,360	10,000
Listing Fees	11,030	236,859
Office & Other Expenses	2,230	60,135
Postage & Courier Charges	513	6,245
Printing and Stationery	10,235	18,614
Rent Rates and Taxes	-	31,693
Repairs & Maintenance	39,290	116,469
Shares Transfer & Registrar Charges	3,696	-
Telephone Expenses	66,716	101,219
Transportation Charges	-	19,946
Travelling Expenses	13,165	25,110
TOTAL	274,317	774,460

SCHEDULE N – INTEREST (NET)

Interest Received	-287,447	-1,305,412
TOTAL	-287,447	-1,592,859

Schedules annexed and forming part of the Balance Sheet as at March 31, 2011

SCHEDULE O - NOTES ON ACCOUNT

1. Significant Accounting Policies

a. Basis & Method of Accounting

The financial statements have been prepared on accrual basis under historical cost convention in accordance with generally accepted accounting principles in India and the provision of the Companies Act, 1956.

b. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of financial statement and reported amount of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

c. Fixed Assets

Fixed Assets are stated at cost of acquisition or construction inclusive of capitalization of all costs incurred till the commencement of commercial production.

d. Impairment of Assets

The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which the asset is identified as being impaired.

e. Depreciation

The depreciation on Fixed Assets is provided on straight line method, in accordance with the Schedule XIV to the Companies Act, 1956. The depreciation on Assets added during the year has been provided on pro-rata basis with reference to the date on which the assets were put to use. No depreciation has been provided on the fixed assets, which have not been put to use during the year.

f. Investments

The long term investments (unquoted) are stated at cost. The income from investments is accounted for when received.

g. Revenue recognition

Sales represent invoice value of goods supplied and service rendered, including Sales Tax applicable and are net of rate difference and goods returned.

h. Inventories

Inventories are valued at cost or net realizable value whichever is lower. The cost is worked out on weighted average basis.

i. Research and Development Expenses

Expenditure relating to capital items is debited to fixed assets and depreciated at applicable rates. Revenue expenses are charged to Profit & Loss Account of the year.

j. Retirement Benefits

No provision has been made for payment of gratuity since it is not yet applicable. Leave encashment benefits have been charged to Profit & Loss Account.

k. Borrowing Cost

Borrowing costs that are attributable to acquisition or construction of qualifying assets are capitalized as a part of the cost of such asset. A Qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit & Loss Account.

l. Taxation

Income-tax expenses comprise current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amount of deferred tax assets is reviewed to reassess realization.

m. Earning per share

The earnings considered in ascertaining the Company's EPS are computed as per Accounting Standard 20 on "Earning Per Share", issued by the Institute of Chartered Accountants of India. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

n. Segment Reporting

The Company is engaged in the Office automation and security system and services thereof being a single segment hence disclosure as requirements of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India is not applicable.

o. Miscellaneous Expenditure

There is no miscellaneous expenditure for the year.

p. Other Accounting policies

These are consistent with generally accepted accounting practices.

2. Deferred Taxation

As per Accounting Standard 22 "Accounting for Taxes on Income", required disclosure are give below:

	31.03.2011	31.03.2010
Deferred Tax Liabilities		
Arising on account of timing difference Fixed Assets excess net block over written Down value as per the provisions of the Income Tax Act, 1961	662,785	780,534
Deferred Tax Assets		
Arising on account of timing difference - Due to section 43B of the Income Tax Act	805,863	763,029
Net Deferred Tax Liability	-	17,505
Net Deferred Tax Asset	143,079	17,505
(Debited) or Credited to P & L A/c	160,584	-42,998

3. Managerial Remuneration

Managerial remuneration paid or payable during the financial year is as under:

Particulars	2010 - 2011	2009 - 2010
Remuneration to Managing Director	75,000	75,000
Remuneration to Whole-time Director	75,000	75,000

4. Auditors' Remuneration

Auditors' remuneration paid or payable during the financial year is as under:

Particulars	2010 - 2011	2009 - 2010
Statutory Audit Fees	15,000	15,000
Service Tax	1,545	1,854

5. Earning Per Share

In compliance of Accounting Standard -20 on "Earning Per Share" issued by The Institute of Chartered Accountants of India, the computation of Earning per share is as under:

Particulars	2010 - 2011	2009 - 2010
Net Profit / (Loss) After Tax	(198086)	(252312)
Weighted average number of Equity Shares	4889000	4889000
Nominal Value of Equity Share	10	10
Earning Per Share Basic & Diluted	(0.04)	(0.05)

6. Related Party Transactions

In accordance with the Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the transactions with the related parties of the Company are disclosed below:

Name of the related party with whom transactions have been made	Description of relation with the party	Nature of Transaction	Amount 2010 - 2011	Amount outstanding as at March 31, 2011
J. T. D'Souza	Managing Director	Remuneration	75,000	NIL
Punit Neb	Whole-time Director	Remuneration	75,000	NIL

7. Details of Stock Purchase and Sales of Goods Manufactured / Traded

		Opening	Purchase	Sales	Closing
Office Automation, Electronic Security Systems, Embedded and Internet appliances	RS.	225,000	666,953	452,649	477,304
	NOS.	(#)	(#)	(#)	(#)
		(201,000)	(412,298)	(499,890)	(225,000)
TOTAL		225,000	666,953	452,649	477,304

Note:-

Due to the nature of components / accessories involved, quantities are not practically determinable.

8. Details of Imported Raw Material

	Rs. in lacs	
	2010 - 2011	2009 - 2010
Raw Material imported	0.00	0.10

9. Capital work in progress includes capital & product launch advances.

10. *During the year, the Company has not made provision for interest payable to MSFC as since 2006 negotiation for OTS with MSFC are in progress.*

11. Contingent Liabilities: - NIL

12. There is no impairment of assets as per AS 28 issued by ICAI.

13. In the opinion of the Board, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount which they are stated and adequate provision of all known liabilities of the Company has been made. Further balances are subject to confirmation.

14. Previous year figures have been regrouped and reclassified wherever necessary.

15. Figures have been rounded off to nearest rupee.

As per our attached report of even date

For R Soni & Co.

For and on behalf of the Board

Chartered Accountants
FRN 130390W

Rajesh Soni
Partner
M No 133240
Mumbai May 31, 2011

J. T. D'souza
Chairman & Managing Director

Anand Raj Jain
Director

Auditors' Certificate

To
The Board of Directors
Sparc Systems Limited

We have examined the above Cash Flow Statement of Sparc Systems Limited for the year ended March 31, 2011. The statement has been prepared by the Company and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by report of even date to the Members of the Company.

For R Soni & Co.
Chartered Accountants
FRN 130390W

Rajesh Soni
Partner
M No 133240
Mumbai May 31, 2011

Balance Sheet Abstract and Company's General Business Profile

GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS:

Registration No.	53467
State Code	11
Balance Sheet Date	31/03/2011

II CAPITAL RAISED DURING THE YEAR (Rs. Thousand)

Public Issue	Nil
Bonus Issue	Nil
Right Issue	Nil
Private Placement	Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. Thousand)

Total Liabilities	53,931
Total Assets	53,931

A) Sources of Funds:

Paid Up Capital	49,685
Deferred Tax Liability	-
Reserves & Surplus	-
Secured Loan	4,246

B) Application of Funds:

Net Fixed Assets	18,782
Investments	-
Net Current Assets	34,811
Misc. Expenditure	0
Profit & Loss A/c.	0

PERFORMANCE OF COMPANY:

Turnover / Income	1,001
Total Expenditure	1,326
Profit before Tax	-325
Profit after Tax	-198
Earnings per Share in Rs.	-0.04
Dividend	0

IV GENERIC NAMES OF THREE PRINCIPAL PRODUCTS & SERVICES OF COMPANY

Item code no (ITC code)	8525
Product description	TRANSMISSION APPARATUS
Item code no (ITC code)	8531
Product description	ELECTRIC SOUND OR VISUAL APPARATUS
Item code no (ITC code)	NA
Product description	SOFTWARE

ATTENDANCE SLIP**SPARC SYSTEMS LIMITED**

Reg. Off: Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane 421301

ANNUAL GENERAL MEETING - September 30, 2011 AT 10.00 AM

DP ID	
Client ID / Folio No.	
No. of Shares	

NAME & ADDRESS OF THE REGISTERED SHARE HOLDERS

I certify that I am a registered shareholder of the Company.

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, District Thane, At Post Athgaon - 421301 on Thursday, September 30, 2011.

SIGNATURE

Note: Please complete this attendance slip and hand it over at the entrance.

PROXY FORM**SPARC SYSTEMS LIMITED**

Reg Off.: Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane – 421301

ANNUAL GENERAL MEETING - September 30, 2011 AT 10.00 AM

I/We.....

of being a Member / Members of Sparc Systems Ltd.

hereby appoint of

Or failing him of

Or failing him of

as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on Friday, September 30, 2011 and at any adjournment thereof.

Signed this day of 2011.

DP. ID	
Client ID / Folio No.	
No. of Shares	

Signature

Affix a 15 paise
Revenue Stamp

Note: This proxy form to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before commencement of the Meeting

BOOK POST

If undelivered please return to
Sparc Systems Limited
#16-17 Ground Floor
Lovely
Sector 2
Airoli (West)
Navi Mumbai – 400 708