



SPARC SYSTEMS LIMITED

ANNUAL REPORT 2013 – 2014

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Sparc Systems Ltd.

BOARD OF DIRECTORS

J. T. D'souza	Chairman & Managing Director
Anand Raj Jain	Director
Ms. Punit Neb	Whole-time Director
Santosh Shetty	Director
Amit Bothra	Director
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 9820700310
Fax 27792481

CORPORATE OFFICE

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

REGISTRAR AND SHARE TRANSFER AGENTS

Universal Capital Securities Pvt. Ltd. (Formerly known as Mondkar Computers Pvt Ltd.)

21 Shakil Niwas
Mahakali Caves Road
Andheri (E) Mumbai – 400093
Phone 28207201 / 28207203-05 / 2825 7641
Fax 28207207
Email info@unisec.in
Website www.unisec.in

IMPORTANT COMMUNICATION TO MEMBERS

As you may be aware, Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' vide Circulars 17/2011 and 8/2011 dated April 21, 2011 & April 29, 2011, whereby companies are permitted to send Notices / Documents including Annual Report comprising Balance Sheet, Statement of Profit & Loss, Directors' Report, Auditors' Report etc to its members in electronic mode. To support this green initiative in full measure, members are requested to register their email address or changes if any, with the concerned Depository Participant. Members who hold shares in physical form are requested to register their email address with the Company's Share Transfer Agent, Universal Capital Securities Pvt. Ltd. by sending an email to info@unisec.in

Notice

NOTICE is hereby given that the twenty-fifth Annual General Meeting of the Members of Sparc Systems Limited will be held on Tuesday, September 30, 2014 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 Financial Statements of the Company for the year ended March 31, 2014 including the audited Balance Sheet as at March 31, 2014 and the statement of Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Anand Raj Jain (DIN 00904322), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. R Soni & Co., Chartered Accountants, Mumbai (ICAI Registration Number 130349W) be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office for a period of three years commencing from the conclusion of this Annual General Meeting until the conclusion of the 28th [third consecutive] Annual General Meeting of the Company (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) on such remuneration as may be decided by the Board of Directors of the Company.”

SPECIAL BUSINESS

4. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152, 160 and any other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder, read with Schedule IV of the Act (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) and Clause 49 of the Listing Agreement (as amended from time to time) entered with the Stock Exchanges where shares of the Company are listed, Mr. Amit Bothra (DIN 01269396), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member, proposing his candidature for the office of the Director, be and is hereby appointed as Non-Executive Independent Director of the Company under the Act, to hold office for a term of five consecutive years, from the conclusion of this Annual General Meeting, not liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152, 160 and any other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder, read with Schedule IV of the Act (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) and Clause 49 of the Listing Agreement (as amended from time to time) entered with the Stock Exchanges where shares of the Company are listed, Mr. Santosh Shetty (DIN 03043071), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member, proposing his candidature for the office of the Director, be and is hereby appointed as Non-Executive Independent Director of the Company under the Act, to hold office for a term of five consecutive years, from the conclusion of this Annual General Meeting, not liable to retire by rotation.”

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152, 160 and any other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder, read with Schedule IV of the Act (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force) and Clause 49 of the Listing Agreement (as amended from time to time) entered with the Stock Exchanges where shares of the Company are listed, Mr. Bharat Jain (DIN 03031672), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a member, proposing his candidature for the office of the Director, be and is hereby appointed as Non-Executive Independent Director of the Company under the Act, to hold office for a term of five consecutive years, from the conclusion of this Annual General Meeting, not liable to retire by rotation.”

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of section 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the period of office of Mr. J. T. D'souza (DIN 00958844), Managing Director of the Company, who is a non retiring Director in terms of the erstwhile provisions of the Company Act, 1956 shall henceforth be liable to determination by retirement of Directors by rotation.”

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of section 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the period of office of Ms. Punit Neb (DIN 01026300), Whole-time Director of the Company, who is a non retiring Director in terms of the erstwhile provisions of the Company Act, 1956 shall henceforth be liable to determination by retirement of Directors by rotation.”

9. To consider and if thought fit, to pass with or without modifications(s), the following resolution as a Special Resolution

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

For and on behalf of the Board

J. T. D'souza
Chairman & Managing Director
DIN 00958844
Mumbai, May 30, 2014

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(S) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY (S) NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM MUST REACH THE COMPANY'S REGISTERED OFFICE ATLEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. Explanatory Statement pursuant to section 102(1) of the Companies Act, setting out the material facts in respect of the business under item Nos. 5 to 9 set out above and the details under clause 49 of the Listing Agreement with Stock Exchange in respect of Director's proposed to be appointed/ re-appointed at the Annual General Meeting, is annexed hereto.

3. The Register of Members and Share Transfer Books of the Company will remain closed from September 26, 2014 to September 30, 2014, inclusive of both days.
4. The Members are requested to intimate to the Registrar & Share Transfer Agent of the Company – **Universal Capital Securities Pvt. Ltd. (Formerly known as Mondkar Computers Pvt Ltd.)** 21 Shakil Niwas, Mahakali Caves Road, Andheri (E) Mumbai – 400093, immediately of any changes, if any, in their Registered Address. Members are requested to address the correspondence relating to the share registry both in physical and electronic mode to the said Registrar & Share Transfer Agents.
5. Notice is being sent to all the Members, whose names appear in the Register of Members / Record of Depositories as on August 22, 2014. Members who have registered their e-mail id with the Company, notice is sent electronically by e-mail and to the remaining Members notice is sent by post.
6. Mr. Rajesh Soni of M/s. R Soni & Co., Chartered Accounts has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

7. Voting Through Electronic Form (E-Voting)

In Compliance with the provisions of section 108 of the Companies Act, 2013, read with rule 20 of Companies (Management and Administration) Rules, 2014, and clause 35B of the Equity Listing Agreement with Bombay Stock Exchange (“BSE”), the Company is pleased to offer E-Voting facility for the Members to enable them to cast their votes electronically. Members have option either to vote at the Annual General Meeting or cast their vote electronically. If a member has opted for E-Voting, then he \ she should not vote at the Annual General Meeting and vice-versa. However in case Member cast their vote both via physical voting in Annual General Meeting and E-voting, then voting through E-voting will prevail. For the purpose of E-Voting, the Company has signed an agreement with Central Depository Services (India) Limited (“CDSL”) for facilitating E-Voting. It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/her/it discretion.

The instructions for members for voting electronically are as under:-

- a. The e-voting period begins on Wednesday, September 24, 2014 at 9.00 am and ends on Thursday, September 25, 2014 at 6.00 pm. During this period shareholder's of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b. Open the web browser during the voting period and log on to the e-voting website www.evotingindia.com
- c. Click on “Shareholders” tab.
- d. Select the Electronic Voting Sequence Number related to Sparc Systems Ltd. from the drop down menu and click on “SUBMIT”
- e. Enter your User ID
 1. For CDSL: 16 digits beneficiary ID
 2. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 3. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- f. Enter the Image Verification as displayed and Click on Login.
- g. First time users follow the steps mentioned below:

For Members holding shares in Demat Form and Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter either of DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- h. Enter above details appropriately, click on "SUBMIT" tab.
- i. Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- j. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- k. Click on the EVSN related to Sparc Systems Ltd. to vote.
- l. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- m. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- n. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- o. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- p. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- q. If Demat account holder has forgotten the changed password then, enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- r. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- s. A copy of this notice is available on the web-site of the Company.
- t. The Scrutinizer shall within period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's report of the votes cast in favor or against, if any, forthwith to the Chairman.
- u. The result declared along with the Scrutinizer's Report will be placed on the Company's website www.sparcsys.com and on the website of CDSL within two (2) days of passing the resolution.
- v. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The Statement pursuant to Section 102(1) of the Companies Act, 2013 for item Nos. 5 to 11 of the accompanying notice is as under

Item No. 4

Pursuant to provisions of the Companies Act, 2013, an Independent Director can hold office for two consecutive terms of five years and pursuant to provisions of Revised (proposed) Clause 49 of the Listing Agreement, an independent director shall hold office for a term up to five consecutive years on the Board of a Company and shall be eligible for re-appointment for another term of up to five consecutive years on passing of an ordinary resolution by the Company.

A person who has already served as an independent director for five years or more in a Company shall be eligible for appointment, on completion of his present term, for one more term of up to five years only and can be re-appointment as independent director in the Company only after the expiration of three years of ceasing to be an independent director in the Company.

In order to comply with these provisions it is proposed to seek shareholders approval for appointment of Mr. Amit Bothra as Non-Executive Independent Director of the Company, for one term of consecutive five years from the conclusion of this Annual General Meeting. Mr. Amit Bothra was appointed as Directors of the Company at Annual General Meeting of the Company held on September, 2006.

Further, the Company has duly received declarations from Mr. Amit Bothra that he meets with the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013 and Revised (proposed) Clause 49 of the Listing Agreement and in the opinion of the Board he is independent of the management.

Brief profile of Mr. Amit Bothra, as required under Clause 49 of the Listing Agreement entered with the Stock Exchanges, is forming a part of this Notice.

None of the Directors, Key Managerial Personnel and their relatives except Mr. Amit Bothra is in any way, concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

The Board recommends the Ordinary Resolution set out in the Notice for approval by the members.

Item No. 5

Pursuant to provisions of the Companies Act, 2013, an Independent Director can hold office for two consecutive terms of five years and pursuant to provisions of Revised (proposed) Clause 49 of the Listing Agreement, an independent director shall hold office for a term up to five consecutive years on the Board of a Company and shall be eligible for re-appointment for another term of up to five consecutive years on passing of an ordinary resolution by the Company.

A person who has already served as an independent director for five years or more in a Company shall be eligible for appointment, on completion of his present term, for one more term of up to five years only and can be re-appointment as independent director in the Company only after the expiration of three years of ceasing to be an independent director in the Company.

In order to comply with these provisions it is proposed to seek shareholders approval for appointment of Mr. Santosh Shetty as Non-Executive Independent Director of the Company, for one term of consecutive five years from the conclusion of this Annual General Meeting. Mr. Santosh Shetty was appointed as Directors of the Company at Annual General Meeting of the Company held on October, 2003.

Further, the Company has duly received declarations from Mr. Santosh Shetty that he meets with the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013 and Revised (proposed) Clause 49 of the Listing Agreement and in the opinion of the Board he is independent of the management.

Brief profile of Mr. Santosh Shetty, as required under Clause 49 of the Listing Agreement entered with the Stock Exchanges, is forming a part of this Notice.

None of the Directors, Key Managerial Personnel and their relatives except Mr. Santosh Shetty is in any way, concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

The Board recommends the Ordinary Resolution set out in the Notice for approval by the members.

Item No. 6

Pursuant to provisions of the Companies Act, 2013, an Independent Director can hold office for two consecutive terms of five years and pursuant to provisions of Revised (proposed) Clause 49 of the Listing Agreement, an independent director shall hold office for a term up to five consecutive years on the Board of a Company and shall be eligible for re-appointment for another term of up to five consecutive years on passing of an ordinary resolution by the Company.

A person who has already served as an independent director for five years or more in a Company shall be eligible for appointment, on completion of his present term, for one more term of up to five years only and can be re-appointment as independent director in the Company only after the expiration of three years of ceasing to be an independent director in the Company.

In order to comply with these provisions it is proposed to seek shareholders approval for appointment of Mr. Bharat Jain as Non-Executive Independent Director of the Company, for one term of consecutive five years from the conclusion of this Annual General Meeting. Mr. Bharat Jain was appointed as Directors of the Company at Annual General Meeting of the Company held on March, 2009.

Further, the Company has duly received declarations from Mr. Bharat Jain that he meets with the criteria of Independence as provided under Section 149(6) of the Companies Act, 2013 and Revised (proposed) Clause 49 of the Listing Agreement and in the opinion of the Board he is independent of the management.

Brief profile of Mr. Bharat Jain, as required under Clause 49 of the Listing Agreement entered with the Stock Exchanges, is forming a part of this Notice.

None of the Directors, Key Managerial Personnel and their relatives except Mr. Bharat Jain is in any way, concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution.

The Board recommends the Ordinary Resolution set out in the Notice for approval by the members.

Item No. 7

Mr. J. T. D'souza (DIN 00958844), Managing Director of the Company was re-appointed pursuant to provisions of Sections 198, 269, 316, 309 & 310 read with Schedule XIII to the Companies Act, 1956, by the shareholders in the Extra-ordinary General Meeting held on 30th November, 2012 for a period of 3 years with effect from December 1, 2012.

The period of office of Mr. J. T. D'souza being the Managing Director is not liable to determination by retirement of directors by rotation in terms of the erstwhile provisions of the Companies Act, 1956. The Board of Directors of the Company at present consists of 6 members, with 3 of them being Independent Directors, 1 being Non-executive and the remaining 2 being Managing/ Whole-time Directors.

The provisions of Section 152 of the Companies Act, 2013 provide that not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation, where the term "total number of directors" does not include Independent Directors whether appointed under the Companies Act, 2013 or any other law for the time being in force.

In the light of above-referred provisions of the Companies Act, 2013 it is desirable that the period of office of Managing Directors is made liable to determination by retirement of directors by rotation.

As the prevailing re-appointment of Mr. J. T. D'souza has been approved by the Shareholders as a Special Resolution, The Board of Directors recommends the resolution as set out in Item No. 7 of the accompanying Notice concerning his period of office as a Special Resolution.

Except Mr. J. T. D'souza and Ms. Punit Neb, no other Director and Key Managerial Personnel of the Company and their relatives, is concerned or interested in the Resolution.

Item No. 8

Ms. Punit Neb (DIN 01026300) Whole-time Director (WTD) of the Company was re-appointed pursuant to provisions of Sections 198, 269, 316, 309 & 310 read with Schedule XIII to the Companies Act, 1956, by the shareholders in the Extra-ordinary General Meeting held 30th November, 2012 for a period of 3 years with effect from December 1, 2012.

The period of office of Ms. Punit Neb being the Whole-time Director is not liable to determination by retirement of directors by rotation in terms of the erstwhile provisions of the Companies Act, 1956. The Board of Directors of the Company at present consists of 6 members, with 3 of them being Independent Directors, 1 being Non-executive and the remaining 2 being Managing / Whole-time Directors.

The provisions of Section 152 of the Companies Act, 2013 provide that not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation, where the term "total number of directors" does not include Independent Directors whether appointed under the Companies Act, 2013 or any other law for the time being in force.

In the light of above-referred provisions of the Companies Act, 2013 it is desirable that the period of office of Executive Directors is made liable to determination by retirement of directors by rotation.

As the prevailing re-appointment of Ms. Punit Neb has been approved by the Shareholders as a Special Resolution, The Board of Directors recommends the resolution as set out in Item No. 8 of the accompanying Notice concerning his period of office as a Special Resolution.

Except Ms. Punit Neb and Mr. J. T. D'souza, no other Director and Key Managerial Personnel of the Company and their relatives, is concerned or interested in the Resolution.

Item No. 9

The existing Articles of Association adopted by the Company are largely based on the provisions of the Companies Act, 1956, the large part of which stand repealed consequent to enactment of the Companies Act, 2013, which has been brought into force by April 1, 2014 to a large extent. The existing Articles of Association contain reference to and has adopted many provisions of the Companies Act, 1956 and the rules made there under. Many of these provisions are no more in conformity with the provisions of the Companies Act, 2013 and various rules made there under. In view of this, it is proposed to alter the existing Articles of Association to align the same with the new provisions, which will require or warrant modification, substitution, deletion and additions to the existing Articles of Association. It is therefore proposed to alter Articles of Association. In view of this, the Directors commend to the members for approval the resolution set out under item no. 9.

The draft text of proposed alteration to the Articles of Association as referred in item no. of the notice is open for inspection by the Members at the Registered Office of the Company on all working days (i.e. except Saturday, Sunday & other holidays) during working hours up to the date of the Annual General Meeting.

None of the Directors and key managerial personnel of the Company and their relatives are concerned or interested in the resolution set out under item no 9.

For and on behalf of the Board

J. T. D'souza
Chairman & Managing Director
DIN 00958844
Mumbai, May 30, 2014

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

Particulars	J. T. D'souza	Punit Neb	Anand Raj Jain
DIN	00958844	01026300	00904322
Nationality	Indian	Indian	Indian
Date of Birth	August 28, 1959	December 26, 1967	July 01, 1962
Date of Appointment	September 14, 1989	July 6, 1991	October 20, 1994
Qualifications	Radio Officer	B. E., Master of Marketing Management	B. Com., C. A.
Expertise in specific functional areas	Techno-commercial and business development	Technology design & development	Auditing, Accounting, Financial Planning & Taxation
Directorships held in other companies (excluding foreign companies)	NIL	NIL	Avenue 2 Revenue Media Pvt. Ltd. Satta Securities Pvt. Ltd. Sindhu Valley Technologies Ltd. Parfait Finance & Investment Pvt. Ltd.
Memberships / Chairmanships of Board Committees of other companies (includes only Audit Committee / Shareholders' Investors' Grievance Committee)	NIL	NIL	NIL
Number of shares held in the Company	51200	28300	1000

Particulars	Amit Bothra	Santosh Shetty	Bharat Jain
DIN	01269396	03043071	03031672
Nationality	Indian	Indian	Indian
Date of Birth	April 16, 1980	July 5, 1973	July 01, 1971
Date of Appointment	December 31, 2005	October 1, 2002	March 30, 2009
Qualifications	B. Com., M. Com., C. A.	B. E., Masters of Marketing Management	B. Com.
Expertise in specific functional areas	Accounting, Financial Planning & Indirect Taxation	Marketing & Sales	Accounting
Directorships held in other companies (excluding foreign companies)	NIL	NIL	NIL
Memberships / Chairmanships of Board Committees of other companies (includes only Audit Committee / Shareholders' Investors' Grievance Committee)	NIL	NIL	NIL
Number of shares held in the Company	NIL	NIL	NIL

Directors' Report

The Directors present the Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2014.

Financial Highlights

	Rs. In lacs	
	2013 - 2014	2012 - 2013
Revenue from operations & other income	18.43	40.72
<u>Less</u> Total Expenses Except Depreciation	(36.67)	(76.68)
Profit before Depreciation	(18.23)	(35.96)
<u>Less</u> Depreciation	(5.83)	(5.83)
Profit / (Loss) Before Exceptional, Extraordinary & Prior Period Item	(24.06)	(41.79)
Prior-Period Expenses	1.02	-
Profit / (Loss) Before Tax	(25.08)	(41.79)
<u>Less</u> Provision for Taxation – Current Year	-	(0.45)
Income Tax for Earlier years	(0.11)	-
<u>Add / Less</u> Deferred Tax Assets / Liabilities	1.39	(6.72)
Profit (Loss) after Tax	(23.79)	(48.96)
<u>Add</u> Balance Profit brought forward from previous year	(53.08)	(4.12)
Surplus carried to Balance Sheet	(76.87)	(53.08)

Operations

During the year, income of the Company from operations was Rs. 16.61 lacs as compared to Rs. 16.60 lacs during the previous year. The Company has incurred a net loss amounting Rs. 23.79 lacs as compared to a net loss of Rs. 48.96 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 Company continues to leverage its exiting technologies and continues to add several new clients covering different industry segments.

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, Director of the Company retires by rotation from the Board of Directors and being eligible, offer himself for re-appointment.

Further, the Board of Directors of the Company is seeking appointment of Mr. Amit Bothra, Mr. Santosh Shetty & Mr. Bharat Jain, Independent Directors (who were appointed as Directors pursuant to the provisions of Companies Act, 1956 with their period of office liable to determination by retirement of directors by rotation and were independent in terms of clause 49 of the Listing Agreement). Mr. Amit Bothra, Mr. Santosh Shetty & Mr. Bharat Jain appointment as independent directors in terms of section 149 and other applicable provisions of the Companies Act, 2013, for a term of five consecutive years, from the conclusion of this Annual General Meeting

Further, in terms of section 152 of the Act, the Board recommends for shareholders' approval, the period of office of Mr. J. T. D'souza Managing Director and Ms. Punit Neb, Whole-time Director to be liable to determination by rotation.

Related Parties

A statement of Related Party transactions pursuant to Accounting Standard 18 forms a part of notes to accounts.

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 Practicing Company Secretary for the year ended March 31, 2014 is attached herewith, forming part of this Report.

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 judgments 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, 2014 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.

Listing and Dematerialisation of Shares

The Equity Capital of the Company is listed on Bombay Stock Exchange Ltd., Ahmedabad Stock Exchange Ltd., and The Bangalore Stock Exchange Ltd. The Company has paid the listing fees for the year 2014-2015 to Bombay Stock Exchange Ltd., Ahmedabad Stock Exchange Ltd. and The Bangalore 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

Further to the observations made by the Auditors for the year under review, the Company has registered with Service Tax authorities under the Service Tax Voluntary Compliance Encouragement Scheme 2013. Under this scheme, the total payable Service Tax amount and interest thereon has to be paid in two installments of which the first installment has already been paid. The balance amount of Rs. 1,45,303/- will be paid within the stipulated time period. The VAT amount of Rs. 49,920/- has been paid to the relevant authorities in May 2014.

Vigil Mechanism

A vigil mechanism policy has been established for the Companys' Directors and Employees to safeguard against victimization of persons who use vigil mechanism and report genuine concerns.

Acknowledgments

The Directors acknowledge with gratitude the co-operation and assistance extended to the Company by Shareholders, Employees, Customers, Bankers, Auditors, Registrar & Share Transfer Agents and Vendors.

For and on behalf of the Board

J. T. D'souza

Chairman & Managing Director
Mumbai, May 30, 2014

Annexure 'A' to the Directors' Report**Particulars with respect to April 2014 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

	2013-2014	Rs. in lacs 2012-2013
Foreign Exchange Earning	NIL	NIL
Foreign Exchange Used - Raw material purchase	0.27	1.39

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 five 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	5
Punit Neb	Whole-time Director	Yes	5
Anand Raj Jain	Non-Executive Director	Yes	5
Santosh Shetty	Non-Executive Director / Independent	Yes	2
Amit Bothra	Non-Executive Director / Independent	Yes	3
Bharat Jain	Non-Executive Director / Independent	Yes	5

Detail profiles of Independent Director seeking appointment

Amit Bothra aged 34 years, a Non-Executive Independent Director of the Company, was appointed on December 31, 2005. He is a B. Com., M. Com., C. A. He does not hold any other directorship nor does he hold any securities in the Company. He has expertise in the fields of Accounting, Financial Planning & Indirect Taxation.

Bharat Jain aged 45 years, a Non-Executive Independent Director of the Company, was appointed on March 30, 2009. He is a B. Com. He does not hold any other directorship nor does he hold any securities in the Company. He has expertise in the field of Accounting.

Santosh Shetty aged 43 years, a Non-Executive Independent Director of the Company, was appointed on October 1, 2002. He is a B. E. and Masters in Marketing Management. He does not hold any other directorship nor does he hold any securities in the Company. He has expertise in the field of Marketing & Sales.

2. Number of Board Meetings held and dates thereof

During the year, five Board Meetings were held. The meetings were held on May 30, 2013, August 14, 2013, November 14, 2013, February 14, 2014 and March 29, 2014.

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/investors.htm.

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

Name	Other Directorships
J. T. D'souza	--
Punit Neb	--
Anand Raj Jain	Avenue 2 Revenue Media Pvt. Ltd., Satta Securities Pvt. Ltd., Sindhu Valley Technologies Ltd., Parfait Investment and Finance Pvt. Ltd.
Santosh Shetty	--
Amit Bothra	--
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. Relationship Between Directors

Mr. J. T. D'souza, Chairman & Managing Director, and Ms. Punit Neb, Whole-time Director, being spouses are related to each other.

7. Audit Committee

The Audit Committee of the Company has been reconstituted. Mr. Santosh Shetty, Mr. Anand Raj Jain and Mr. Bharat Jain are members of the Committee. All Committee members are Non Executive Directors, out of which Mr. Santosh Shetty & Mr. Bharat Jain are Independent Directors. Mr. Bharat Jain was appointed as member of the Audit Committee in place of Mr. Amit Bothra in the meeting of the Board of Directors held on November 14, 2013. 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. Bharat Jain, Independent Director is the Chairman of this Committee. During the year ended March 31, 2014, 4 meetings of the Audit Committee were held on May 30, 2013, August 14, 2013, November 14, 2013 and February 14, 2014.

8. **Nomination and Remuneration Committee** **(Former Name-Remuneration Committee)**

Brief description of terms of reference

The 'Remuneration Committee' which was renamed as Nomination and Remuneration Committee in the Board Meeting held on May 30, 2014, aims to determine the policy on specific remuneration packages for executive directors including any compensation payment. In the absence of any such policy the Committee shall determine the remuneration package for executive directors, as and when required. Besides, it also determines remuneration to the relatives of Directors and Senior Employees, if any.

While deciding on the remuneration of the Directors, the committee considers the performance of the Company, the current trends in the industry, their experience, past performance and other relevant factors. The Committee regularly keep track of the market trends in terms of compensation levels and practices in relevant industries. This information is used to review remuneration policies. The Company pays remuneration by way of salary, perquisites and allowances (fixed component) to its Managing / Whole-time Directors. No remuneration by way of commission was given to any Executive Director.

Composition & Meetings of Committee

The Remuneration Committee (now Nomination and Remuneration Committee) comprises of two Independent Non-Executive Directors & one Non Executive Director (including the Chairman of the Committee).

Name	Category Position
Bharat Jain	Independent Director
Anand Raj Jain	Non Executive Director
Santosh Shetty	Independent Director

Mr. Santosh Shetty, Independent Director is the Chairman of this Committee.

Remuneration Package & Meeting of Committee

Remuneration package is determined on a case-to-case basis. Remuneration paid to Mr. J. T. D'souza, Managing Director is Rs. 1,20,000/- as salary. Remuneration paid to Ms. Punit Neb, Whole-time Director is Rs. 90,000/- as salary.

There was one meeting of the Remuneration Committee during the year under review.

Details of Equity Shares held by Directors is as below

Name	No. of Equity Shares held
J. T. D'souza	51200
Punit Neb	28300
Anand Raj Jain	1000
Santosh Shetty	Nil
Amit Bothra	Nil
Bharat Jain	Nil

9. **Stakeholders Relationship Committee** **(Former Name – Shareholders' / Investors' Grievance Committee)** **Composition & Meetings of Committee**

Shareholders' / Investors' Grievance Committee was renamed as Stakeholders Relationship Committee in the Board Meeting held on May 30, 2014 as per requirement of the Companies Act, 2013 and the Companies Rules, 2014.

The Committee comprises of the following Directors

Name	Category Position
Amit Bothra	Independent Director
Santosh Shetty	Independent Director
Punit Neb	Whole-time Director

One Meeting of Shareholders' / Investors' Grievance Committee (Now-Stakeholders Relationship Committee) was held during the year.

Power & Functions of the Committee

1. Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, duplicate share certificates, non-receipt of annual report etc.;
2. To take action for efficient transfer of shares, including review of cases for refusal of transfer/ transmission of shares;
3. To take effective action for allotment and listing of shares;
4. Issuance of duplicate / split / consolidated share certificates;
5. To monitor, under the supervision of Ms. Punit Neb the complaints received by the Company from SEBI, Stock Exchanges, Ministry of Corporate Affairs, ROC and the Share / Security holders of the Company etc., and the action taken for redressal of the same.
6. To monitor and expedite the status and process of dematerialization and rematerialisation of shares of the Company.
7. To suggest statutory and regulatory authorities regarding investor grievances; and make sure proper and timely attendance and redressal of investor queries and grievances.

Ms. Punit Neb is acting as Compliance Officer for the Company.

Investor Grievance Redressal

During the year under review, two complaints have been received. These were resolved to the satisfaction of the shareholders.

10. Subsidiary Companies

The Company does not have any subsidiary companies.

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

Relevant details form part of the Directors' Report.

12. Disclosures on non-compliances, related party transactions, if any

The Company has complied with the requirement of regulatory authorities on Capital Markets. Bombay Stock Exchange Limited had imposed a penalty of Rs. 1,123/- due to submission after working hours of Corporate Governance Compliance Report for Q3 of 2013-2014.

Related party transactions have been disclosed as a part of Financial Statements as required under Accounting Standards 18 – Disclosure on Related Party Transactions, issued by the Institute of Chartered Accountants of India.

13. Management Discussion and Analysis Report

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

14. CEO / CFO Certification

As required under Clause 49 of the Listing Agreement, the CEO certification on the financial statements and other matters has been obtained by Mr. J. T. D'souza, Managing Director of the Company and is annexed with this report.

15. 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, 2014 at 10.00 am
B. Venue	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301
C. Book Closure Dates	September 26, 2014 to September 30, 2014 (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 2014 – 2015

Event	Period
1. Unaudited Financial Results for quarter ending June 30, 2014	On or before August 14, 2014
2. Unaudited Financial Results for quarter ending September 30, 2014	On or before November 14, 2014
3. Unaudited Financial Results for quarter ending December 31, 2014	On or before February 14, 2015
4. Audited Financial Results for the year ending March 31, 2015	On or before May 30, 2015
5. Annual General Meeting for the year ended March 31, 2015	End of September 2015

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		
2010 - 2011	Sep 27, 2011	Sep 30, 2011	Sep 30, 2011 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301
2011 - 2012	Sep 25, 2012	Sep 29, 2012	Sep 29, 2012 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301
2012 - 2013	Sep 26, 2013	Sep 30, 2013	Sep 30, 2013 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
2012	November 30, 2012	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301

5. 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.

6. Dematerialization of Shares and Liquidity

All Equity Shares of the Company are under compulsory dematerialisation for delivery on transfer. As at March 31, 2014, the number of Equity Shares of the Company in dematerialised form stood at **25,76,100** out of the total 48,89,000 Equity Shares issued by the Company.

7. Shareholding Pattern as on March 31, 2014

Category	No. of Shares held	% of holding
A. Promoter's Holding		
Promoter & Promoter Group	1,349,500	27.60
Sub-Total	1,349,500	27.60
B. Non-Promoters Holding		
Mutual Funds and UTI	40,800	0.83
Sub-Total	40,800	0.83
C. Others		
Private Corporate Bodies	888,997	18.18
Indian Public	2,318,206	47.42
NRIs/OCBs	287,297	5.88
Any other (please specify)	4,200	0.09
Sub-Total	3,498,700	71.56
GRAND TOTAL	4,889,000	100.00
Total Foreign Shareholding	287,297	5.88

8. Distribution of Shareholding as of March 31, 2014

Number of Shares	Shareholders		Share holdings		Share Amount	
	Number	%	Holdings	%	Rs.	%
Up to 500	1,478	59.549	418,376	8.557	4,183,760.00	8.557
501- 1000	683	27.518	624,759	12.779	6,247,590.00	12.779
1001-2000	162	6.527	262,230	5.364	2,622,300.00	5.364
2001-3000	51	2.055	134,622	2.754	1,346,220.00	2.754
3001-4000	20	0.806	70,489	1.442	704,890.00	1.442
4001-5000	22	0.886	103,580	2.119	1,035,800.00	2.119
5001-10000	27	1.088	204,935	4.192	2,049,350.00	4.192
10001 & above	39	1.571	3,070,009	62.794	30,700,090.00	62.794
Total	2,482	100.000	4,889,000	100.000	48,890,000.00	100.000

9. Market Price Data

	Bombay Stock Exchange Limited				
	OPEN (Rs.)	HIGH (Rs.)	LOW (Rs.)	CLOSE (Rs.)	VOLUME (Nos.)
April 2013	4.99	4.99	4.99	4.99	1
May 2013	-	-	-	-	-
June 2013	5.20	5.20	5.20	5.20	2,195
July 2013	4.95	4.95	4.90	4.90	510
August 2013	-	-	-	-	-
September 2013	4.90	4.90	4.90	4.90	500
October 2013	4.90	4.90	4.43	4.43	250
November 2013	4.21	4.21	2.90	2.90	3,371
December 2013	2.76	2.78	2.52	2.70	17,293
January 2014	2.57	3.00	2.46	2.86	7,287
February 2014	2.72	2.72	2.35	2.68	3,576
March 2014	2.80	3.49	2.67	3.05	6,170

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

Not Applicable

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 2014-2015 to Bombay Stock Exchange Ltd., Ahemdabad Stock Exchange Ltd. and The Bangalore Stock Exchange Ltd.

12. Registrars and Share Transfer Agents

Universal Capital Securities Pvt. Ltd. (Formerly known as Mondkar Computers Pvt Ltd.)

13. Investors Correspondence

Corporate Office: #16 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
 Website www.sparcsys.com

Registered Office: Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur,
 At Post Athgaon, District Thane - 421301
 Phone 9820700310
 Fax 27792481

Share Transfer Agent: Universal Capital Securities Pvt. Ltd. (Formerly known as Mondkar Computers Pvt Ltd.)
 21 Shakil Niwas, Mahakali Caves Road, Andheri (E), Mumbai – 400093
 Phone 28207201 / 28207203-05 / 2825 7641
 Fax 28207207
 Email info@unisec.in
 Website www.unisec.in

For and on behalf of the Board

J. T. D'souza
Chairman & Managing Director
Mumbai May 30, 2014

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, 2014.

J. T. D'souza
Chairman & Managing Director
Mumbai, May 30, 2014

Chief Executive Officer (CEO) Certification

I, J. T. D'souza , Managing Director of Sparc Systems Limited, to the best of our knowledge and belief certify that:

1. I have reviewed the Financial Statements and the Cash Flow Statement for the year 2013 - 2014 and that to the best of my knowledge and belief;
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
2. I further state that to the best of my knowledge and belief, no transactions are entered into by the Company during the years which are fraudulent, illegal or violative of the Company's Code of Conduct. I hereby declare that all members of the Board of Directors and the Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal control, if any, of which we are aware and the steps taken or proposed to be taken to rectify the same;
4. I have indicated to the Auditors and the Audit Committee: -
 - a. Significant changes, if any, in internal control over financial reporting during the year;
 - b. Significant changes, if any, in accounting policies during the year and the same have been disclosed in the Notes to the Financial Statements; and
 - c. Instances of significant fraud, if any, wherein there has been involvement of management or an employee having a significant role in the Company's internal control system over financial reporting.

J. T. D'souza
Chairman & Managing Director
Mumbai, May 30, 2014

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 130349W

Rajesh Soni
Partner
M No 133240
Mumbai May 30, 2014

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/-

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, 2014. 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 5 times on May 30, 2013, August, 14, 2013, November 14, 2013, February 14, 2014 and March 29, 2014 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 26, 2013 to September 30, 2013 and has complied with the provisions of the Act.
6. the Annual General Meeting for the financial year ended on March 31, 2013 was held on September 30, 2013 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 general meeting was held during the financial year under scrutiny.
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 lodgement 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 amounts borrowed by the company are within the borrowing limits of the company.
25. the company has not made any new loans or investments or given guarantees or provided securities to other bodies corporate as informed by the company.
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 offenses 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 30, 2014**

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, 2014.

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 No. 66	383A	Compliance Certificate for the year ended 31 st March, 2013	17 th Oct, 2013	Yes	-
2.	Form No. 20B	159	Annual Return for the year ended March 31, 2013	30 th Nov, 2013	No	Yes
3.	Form No. 23AC & ACA XBRL	220	Balance Sheet and Profit & Loss Account for the year ended 31 st March, 2013	21 st Mar, 2014	No	Yes

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., Ahmedabad Stock Exchange Ltd. and The Bangalore Stock Exchange Ltd.

The Company's line of business encompasses Software and Hardware Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances. The Company continues to leverage its exiting technologies and continues to add several new clients covering different industry segments.

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.

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. 16.61 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 income of the Company from operations for the financial year 2013 - 2014 was Rs. 16.61 lacs as compared to Rs. 16.60 lacs during the previous year. The Company has incurred a net loss amounting Rs. 23.79 lacs as compared to a net loss of Rs. 48.96 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 caliber and experience.

Independent Auditors' Report

To the Members of SPARC SYSTEMS LIMITED

We have audited the accompanying financial statements of **SPARC SYSTEMS LTD** ("the Company"), which comprises the balance sheet as at March 31, 2014, the statement of profit and loss of the Company for year then ended, the cash flow statement of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;
- (i) in the case of the statement of profit and loss account, of the loss for the year ended on that date; and
- (ii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. 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;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. ; and
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For R Soni & Co.
Chartered Accountants
FRN 130349W

Rajesh Soni
Partner
M No 133240
Mumbai, May 30, 2014

Annexure to Auditors' Report

Referred to in paragraph 3 of our report of even date on the Accounts for the year ended March 31, 2014 of Sparc Systems Limited

- i.
 - a. As explained to us, 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. The Company has taken unsecured loan from two parties for Rs. 1,00,000/- covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs. 11,05,000/- and the year end balance of loan taken from such parties was Rs. 11,05,000/-.
 - c. In our opinion and according to the information and explanation given to us such loan is interest free and other terms and conditions on which loan have been taken are not prima facie prejudicial to the interest of the Company.
 - d. The Company is regular in repaying the principal amounts as stipulated.
- 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. 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 31.3.2014 for a period of more than six months from the date they became payable **except Service tax Rs. 1,45,303/- and interest thereon and VAT of Rs. 49,920/-**.
- 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 31.3.2014 for a period of more than six months from the date they became payable.
- x. The Company has accumulated losses at the end of the financial year, however it does not exceed fifty percent of its net worth. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company does not have any dues payable to financial institutions or banks. Therefore the said clause is not applicable.
- 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 the Company has not raised any funds on short-term basis.
- 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 the 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 130349W

Rajesh Soni
Partner
M No 133240
Mumbai, May 30, 2014

Balance Sheet as at March 31, 2014

Particulars	Note	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	49,685,000	49,685,000
Reserves & Surplus	3	(7,687,369)	(5,308,267)
		41,997,631	44,376,733
Non-Current Liabilities			
Long-Term Borrowings	4	1,105,000	1,005,000
Deferred Tax Liability (Net)	5	262,986	402,162
		1,367,986	1,407,162
Current Liabilities			
Trade Payables	6	229,691	113,225
Other Current Liabilities	7	960,009	1,351,525
		1,189,700	1,464,750
TOTAL		44,555,317	47,248,645
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	1,950,789	2,533,727
Intangible Assets		-	-
Capital work-in-progress		-	-
Intangible Assets under development		-	-
Long Term Loans & Advances	9	23,341,934	23,341,934
		25,292,723	25,875,661
Current Assets			
Inventories	10	130,500	135,680
Trade Receivables	11	563,278	370,415
Cash and Cash Balance	12	69,434	439,242
Short-term Loans & Advances	13	18,474,819	20,406,360
Other Current Assets	14	24,563	21,287
		19,262,594	21,372,984
TOTAL		44,555,317	47,248,645

Significant Accounting Policies and Notes to Accounts

1-28

As per our attached report of even date

For R Soni & Co.

Chartered Accountants
FRN 130349W

For and on behalf of the Board

Rajesh Soni
Partner
M No 133240
Mumbai May 30, 2014J. T. D'souza
Chairman & Managing DirectorPunit Neb
Director

Statement of Profit and Loss for the year ended March 31, 2014

Particulars	Note	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
INCOME			
Revenue from operations	15	1,661,112	1,660,383
Other Income	16	182,560	2,411,418
Total Revenue		1,843,672	4,071,801
EXPENSES			
Purchase of Stock in Trade	17	242,998	-
Raw Material Consumed	18	847,158	862,785
Changes in Inventory	19	-	530,021
Employee Benefit Expenses	20	389,544	713,686
Other Expenses	21	2,186,853	5,561,449
Depreciation	8	582,938	582,938
Total Expenses		4,249,491	8,250,879
Profit / (Loss) Before Exceptional, Extraordinary & Prior Period Item		(2,405,819)	(4,179,079)
Prior-Period Expenses		101,702	-
Profit / (Loss) Before Tax		(2,507,521)	(4,179,079)
Tax Expenses			
Less: Current Tax		-	44,762
Income Tax of earlier year		10,757	-
Add: Deferred Tax		139,176	672,160
PROFIT / (LOSS) FOR THE YEAR AFTER TAX		(2,379,102)	(4,896,001)
Earning per Equity Share			
Basic		(0.49)	(1.00)
Diluted		(0.49)	(1.00)
Face Value of Share		10	10

Significant Accounting Policies and Notes to Accounts 1-28

As per our attached report of even date

For R Soni & Co.

For and on behalf of the Board

Chartered Accountants
FRN 130349W

Rajesh Soni
Partner
M No 133240
Mumbai May 30, 2014

J. T. D'souza
Chairman & Managing Director

Punit Neb
Director

Cash Flow for the year ended March 31, 2014

Particulars	Year ended 31/03/2014 Rs.	Year ended 31/03/2013 Rs.
Cash Flow From Operating Activities		
Profit Before Tax	(2,518,278)	(4,179,079)
Adjustments for:		
Depreciation	582,938	582,938
Interest Income	(138,000)	(165,616)
Balance Written off / Back	(44,560)	-
Loss on forfeiture of Shares	-	3,600,000
Provision for bad advances	1,777,620	-
Waiver of Loan & Interest	-	2,245,337
Operating Profit before Working Capital Changes	(340,280)	2,083,580
Adjustments for:		
(Increase) / Decrease in Inventories	5,180	394,341
(Increase) / Decrease in Trade Receivables	(148,303)	21,791
(Increase) / Decrease in Short-term Loans & Advances & other current assets	150,645	(482,813)
(Increase) / Decrease in Term Loans & Advances	-	4,990,000
(Increase) / Decrease in Current Liabilities	(275,050)	(311,273)
Cash Generated from Operations	(607,808)	6,695,626
Taxes Paid	-	44,762
Net Cash Flow From / (Used in) Operating Activities	(A) (607,808)	6,650,864
Cash Flow From / (Used in) Investing Activities		
Purchase of Investment	-	2,600,000
Loss on forfeiture of shares	-	(3,600,000)
Interest Received	138,000	165,616
Net cash From / (Used in) Investing Activities	(B) 138,000	(834,384)
Cash Flow From / (Used In) Financing Activities		
Proceeds from Borrowing (Net)	100,000	(6,491,309)
Net Cash Flow From / (Used in) Financing Activities	(C) 100,000	(6,491,309)
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(369,808)	(674,828)
Opening Cash & Cash Equivalents	439,242	1,114,071
Closing Balance of Cash & Cash Equivalents (Refer Note 1 Below)	69,434	439,243

1. Cash and cash equivalents consist of cash on hand & balances with banks. Cash and cash equivalents included in Cash Flow Statement comprise of the following Balance Sheet items

Particulars	2014 Rs.	2013 Rs.
Cash in hand	20,139	26,933
Balance with Banks in Current Account	49,295	412,309
	69,434	439,242

2. The above Cash Flow Statement have been prepared under indirect method set out in Accounting Standard 3 'Cash Flow Statements' as specified in Companies Accounting Standard Rules, 2006
3. Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification

As per our attached report of even date

For R Soni & Co.

For and on behalf of the Board

Chartered Accountants
FRN 130349W

Rajesh Soni
Partner
M No 133240
Mumbai May 30, 2014

J. T. D'souza
Chairman & Managing Director

Punit Neb
Director

Notes annexed and forming part of the Financial Statements

NOTE 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 Statement of Profit and Loss 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. 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.

g. Inventories

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

h. Research and Development Expenses

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

i. Retirement Benefits

Retirement benefits are given as per term & condition of contract with employee. Short term employee's benefits are recognized at the undiscounted amount in the profit and loss account.

j. 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.

k. 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.

l. Segment Reporting

The Company is engaged in the Office Automation and Security Systems 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.

m. Other Accounting policies

These are consistent with generally accepted accounting practices.

Notes annexed and forming part of the Financial Statements

NOTE 2 - SHARE CAPITAL

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
Authorised Capital		
6000000 (6000000) Equity Shares of Rs. 10/-each	60,000,000	60,000,000
Issued & Subscribed Capital		
5040000 (5040000) Equity Shares of Rs. 10/- each	50,400,000	50,400,000
TOTAL	50,400,000	50,400,000
Paid-up Capital		
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

(a) Reconciliation of Equity Shares outstanding at the beginning and end of the reporting period.

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
	In Value	
At the beginning of the reporting period	48,890,000	48,890,000
Equity issued during the period	-	-
At the end of the reporting period	48,890,000	48,890,000
	In numbers	
At the beginning of the reporting period	4,889,000	4,889,000
Equity issued during the period	-	-
At the end of the reporting period	4,889,000	4,889,000

(b) Term & right attached to Equity Shares

The Company has only one class of Equity Shares having a par value of Rs.10/- per share. Each holder of Equity Share is entitled to one vote per share. In the event of liquidation, a shareholder will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the Equity Share held by the share holder.

Details of shareholders holding more than 5% Equity Shares in the Company

	As at 31-03-2014	
Equity Shares of Rs 10/- each fully paid	Number	% of holding
Epson Finance & Inv Pvt Ltd	719,600	14.72
Pinol Finance & Inv Pvt Ltd	377,300	7.72
Khem Sum Apparels Overseas Ltd	294,110	6.02
Vora Constructions Limited	247,604	5.06
	As at 31-03-2013	
Equity Shares of Rs 10/- each fully paid	Number	% of holding
Epson Finance & Inv Pvt Ltd	719,600	14.72
Pinol Finance & Inv Pvt Ltd	377,300	7.72
Khem Sum Apparels Overseas Ltd	294,110	6.02

Notes annexed and forming part of the Financial Statements

NOTE 3 - RESERVES & SURPLUS

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as at the beginning of the year	(5,308,267)	(412,266)
Profit / (Loss) for the current year	(2,379,102)	(4,896,001)
Net Surplus / (Deficit) in the Statement of Profit and Loss Account	(7,687,369)	(5,308,267)

NOTE 4 – LONG TERM BORROWINGS

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
Unsecured Loan		
From Directors	1,105,000	1,005,000
TOTAL	1,105,000	1,005,000

Loan taken from J.T. D'souza of Rs. 10,85,000 (PY 10,05,000) and Punit Neb Rs. 20,000 (PY Nil)

NOTE 5 – DEFERRED TAX LIABILITY (NET)

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
On account of difference between depreciation as per Books & Income tax Act	262,986	402,162
TOTAL	262,986	402,162

NOTE 6 – TRADES PAYABLE

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
Due to MSME	-	-
Due to others	229,691	113,225
TOTAL	229,691	113,225

Notes annexed and forming part of the Financial Statements

NOTE 7 - OTHER CURRENT LIABILITIES

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
Advances from Customers	674,520	885,019
Statutory Dues	262,671	313,833
Creditors for Expenses	22,818	152,673
TOTAL	960,009	1,351,525

NOTE 8 - FIXED ASSETS

NAME OF THE ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 01.04.2013 Rs.	ADD / DED Rs.	AS AT 31.03.2014 RS.	UP TO 31.03.2013 Rs.	FOR THE YEAR Rs.	UP TO 31.03.2014 Rs.	AS AT 31.03.2014 Rs.	AS AT 31.03.2013 Rs.
Land	50,850	-	50,850	-	-	-	50,850	50,850
Buildings	3,883,654	-	3,883,654	2,272,934	129,714	2,402,648	1,481,006	1,610,719
Plant & Machinery	6,731,071	-	6,731,071	6,052,327	365,232	6,417,558	313,513	678,744
Furniture & Fixtures	531,629	-	531,629	395,456	35,938	431,394	100,235	136,173
Dies and Molds	967,558	-	967,558	910,317	52,055	962,371	5,187	57,241
Total	12,164,762	-	12,164,762	9,631,034	582,938	10,213,973	1,950,789	2,533,727
Previous Period	13,791,669	-	13,791,669	10,675,002	582,938	11,257,941	2,533,727	3,116,666

NOTE 9 - LONG TERM LOANS & ADVANCES

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
Capital Advances	23,341,934	23,341,934
TOTAL	23,341,934	23,341,934

NOTE 10 - INVENTORIES

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
Raw materials and consumable items	130,500	135,680
TOTAL	130,500	135,680

Notes annexed and forming part of the Financial Statements

NOTE 11 - TRADE RECEIVABLES

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
Outstanding for more than six months		
a) Secured, Considered Good	-	-
b) Unsecured, Considered Good	273,408	268,994
c) Doubtful	-	-
Others	-	-
a) Secured, Considered Good	-	-
b) Unsecured, Considered Good	289,870	101,421
c) Doubtful	-	-
TOTAL	563,278	370,415

Note - Payment is due on the date of Sale or Service

NOTE 12 - CASH & CASH EQUIVALENTS

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
Cash in hand	20,139	26,933
Balance with Bank	49,295	412,309
TOTAL	69,434	439,242

NOTE 13 - SHORT-TERM LOANS AND ADVANCES

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
Unsecured considered good		
Inter-corporate Loan	1,777,620	1,931,541
Less – Provision for Bad Advances	(1,777,620)	
Advance to others	18,450,304	18,450,304
Deposits	24,515	24,515
TOTAL	18,474,819	20,406,360

NOTE 14 - OTHER CURRENT ASSETS

	As At 31/03/2014 Rs.	As At 31/03/2013 Rs.
Balance with Govt Authorities	13,080	11,287
Advance Paid to Supplier	11,483	10,000
TOTAL	24,563	21,287

Notes annexed and forming part of the Financial Statements

NOTE 15 - REVENUE FROM OPERATIONS

	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
Sale of Products		
Manufacturing Turnover- Electronic Equipments	1,359,990	1,660,383
	1,359,990	1,660,383
Trading Turnover (Electronic Equipments)	301,122	-
TOTAL	1,661,112	1,660,383

NOTE 16 - OTHER INCOME

	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
Balance Written Back	44,560	-
Interest Income	138,000	165,616
Others	-	465
Loan & Interest Balance written off	-	2,245,337
TOTAL	182,560	2,411,418

NOTE 17 - PURCHASES OF STOCK IN TRADE

	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
Electronic Equipments	242,998	-
TOTAL	242,998	-

NOTE 18 - COST OF MATERIAL CONSUMED

	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
Opening Stock	135,680	-
Add: Purchase of Components, Electronic Equipment	841,978	998,465
Closing Stock	130,500	135,680
TOTAL	847,158	862,785

Notes annexed and forming part of the Financial Statements

NOTE 19 - CHANGES IN INVENTORY

	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
Opening Stock	-	530,021
Less: Closing Stock	-	-
TOTAL	-	530,021

NOTE 20 - EMPLOYEE BENEFIT EXPENSES

	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
Salary	143,604	494,316
Directors' remuneration	210,000	210,000
Staff welfare	35,940	9,370
TOTAL	389,544	713,686

NOTE 21 - OTHER EXPENSES

	Year Ended 31/03/2014 Rs.	Year Ended 31/03/2013 Rs.
Audit Fee	22,472	22,472
Bank Charges	645	1,386
Books & Periodicals	-	1,560
Conveyance	30,639	69,800
Electricity Expenses	30,360	4,140
Insurance Expenses	-	5,456
Listing Fees, Registrar fees, Custodial Fees	103,387	99,978
Loss on forfeiture of Shares	-	3,600,000
Office Expenses	2,557	262,681
Printing and Stationary	26,830	5,787
Professional Fees	-	54,069
Provision for Bad Advances	1,777,620	-
Repairs & Maintenance	-	76,600
ROC Expenses	-	5,600
Sales Promotion	142,741	311,915
Sundry Balance written off	-	953,266
Telephone Expenses	39,417	65,819
Traveling	10,185	20,920
TOTAL	2,186,853	5,561,449

Notes annexed and forming part of the Financial Statements

NOTE 22 - DEFERRED TAXATION

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

	31.03.2014	31.03.2013
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	262,986	402,162
Net Deferred Tax Assets (Liability)	(262,986)	(402,162)
(Debited) or Credited to P & L A/c	139,176	(672,160)

NOTE 23 - MANAGERIAL REMUNERATION

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

Particulars	31.03.2014	31.03.2013
Remuneration to Managing Director	120,000	120,000
Remuneration to Whole-time Director	90,000	90,000

NOTE 24 - AUDITORS' REMUNERATION

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

Particulars	31.03.2014	31.03.2013
Statutory Audit Fees	20,000	20,000
Service Tax	2,472	2,472

NOTE 25 - 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	31.03.2014	31.03.2013
Net Profit / (Loss) After Tax	(2,379,102)	(4,896,001)
Weighted average number of Equity Shares	4,889,000	4,889,000
Nominal Value of Equity Share	10	10
Earning Per Share Basic & Diluted	(0.49)	(1.00)

Notes annexed and forming part of the Financial Statements

NOTE 26 - RELATED PARTY TRANSACTIONS

List of Related Party

Name	Designation
J. T. D'souza	Chairman & Managing Director
Punit Neb	Whole - time Director
Anand Raj Jain	Non-Executive Director

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 2013 – 2014 Rs.	Amount outstanding as at March 31, 2014 Rs.
J. T. D'souza	Managing Director	Remuneration	1,20,000 (P.Y. 1,20,000)	NIL
J. T. D'souza	Managing Director	Loan Liability	80,000 (P.Y. 10,05,000)	10,85,000 CR (10,05,000)
Punit Neb	Whole-time Director	Remuneration	90,000 (P.Y. 90,000)	NIL
Punit Neb	Whole-time Director	Loan Liability	20,000 (P.Y. NIL)	20,000 CR (P.Y. NIL)

Note 27 - FOREIGN INCOME & OUTGO

Particulars	2013-2014	2012-2013
Earning in Foreign Currency	-	-
Expenditure incurred in Foreign Currency		
Raw Material	27,126	1,39,119

Note 28 – OTHER NOTES

- a. There is no impairment of assets as per AS 28 issued by ICAI.
- b. There are no dues to Small/Micro undertaking.
- c. Contingent Liabilities – NIL
- d. 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.
- e. Previous year figures have been regrouped, reclassified and recast wherever considered necessary.
- f. Figures have been rounded off to nearest rupee.

As per our attached report of even date

For R Soni & Co.

Chartered Accountants
FRN 130349W

For and on behalf of the Board

Rajesh Soni

Partner
M No 133240

Mumbai May 30, 2014

J. T. D'souza

Chairman & Managing Director

Punit Neb

Director

SPARC SYSTEMS LIMITED		ATTENDANCE SLIP							
Reg. Off: Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane 421301 www.sparcsys.com sparc@mtnl.net.in CIN L72100MH1989PLC053467									
<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td>DP ID</td><td></td></tr> <tr><td>Client ID / Folio No.</td><td></td></tr> <tr><td>No. of Shares</td><td></td></tr> </table>	DP ID		Client ID / Folio No.		No. of Shares		<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="height: 60px; vertical-align: top;">NAME & ADDRESS OF THE REGISTERED SHARE HOLDERS</td></tr> </table>		NAME & ADDRESS OF THE REGISTERED SHARE HOLDERS
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 Tuesday September 30, 2014.									
_____ Member's / Proxy's name in Block Letters		_____ SIGNATURE							
Note: Please complete this attendance slip and hand it over at the entrance.									

SPARC SYSTEMS LIMITED		PROXY FORM																																								
Reg Off.: Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane – 421301 www.sparcsys.com sparc@mtnl.net.in CIN L72100MH1989PLC053467 ANNUAL GENERAL MEETING - Tuesday, September 30, 2014 AT 10.00 AM																																										
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		DP Id																																								
I / We..... being a Member / Members of Sparc Systems Ltd. hereby appoint 1. of having e-mail id or failing him 2. of having e-mail id or failing him 3. of having e-mail id or failing him as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on the Tuesday, September 30, 2014 at 10.00 am. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below. ** I wish my above Proxy to vote in the manner as indicated in the box below:																																										
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">Sr No</th> <th style="width: 75%;">Resolutions</th> <th style="width: 10%;">For</th> <th style="width: 10%;">Against</th> </tr> </thead> <tbody> <tr><td>1</td><td>Adoption of Audited Financial Statements, Directors' and Auditors' Report for the year ended 31st March, 2014</td><td></td><td></td></tr> <tr><td>2</td><td>Re-appointment of Mr. Anand Raj Jain, retiring by rotation and being eligible, offering himself for re-appointment</td><td></td><td></td></tr> <tr><td>3</td><td>Appointment of Auditors and fix their remuneration</td><td></td><td></td></tr> <tr><td>4</td><td>Appointment of Mr. Amit Bothra as an Independent Director of the Company in terms of the Companies Act, 2013</td><td></td><td></td></tr> <tr><td>5</td><td>Appointment of Mr. Santosh Shetty as an Independent Director of the Company in terms of the Companies Act, 2013</td><td></td><td></td></tr> <tr><td>6</td><td>Appointment of Mr. Bharat Jain as an Independent Director of the Company in terms of the Companies Act, 2013</td><td></td><td></td></tr> <tr><td>7</td><td>Change in period of office of Mr. J. T. D'souza, Managing Director, to be liable to determination by rotation</td><td></td><td></td></tr> <tr><td>8</td><td>Change in period of office of Ms. Punit Neb, Whole-time Director, to be liable to determination by rotation</td><td></td><td></td></tr> <tr><td>9</td><td>Adoption of New Articles of the Company</td><td></td><td></td></tr> </tbody> </table>	Sr No	Resolutions	For	Against	1	Adoption of Audited Financial Statements, Directors' and Auditors' Report for the year ended 31st March, 2014			2	Re-appointment of Mr. Anand Raj Jain, retiring by rotation and being eligible, offering himself for re-appointment			3	Appointment of Auditors and fix their remuneration			4	Appointment of Mr. Amit Bothra as an Independent Director of the Company in terms of the Companies Act, 2013			5	Appointment of Mr. Santosh Shetty as an Independent Director of the Company in terms of the Companies Act, 2013			6	Appointment of Mr. Bharat Jain as an Independent Director of the Company in terms of the Companies Act, 2013			7	Change in period of office of Mr. J. T. D'souza, Managing Director, to be liable to determination by rotation			8	Change in period of office of Ms. Punit Neb, Whole-time Director, to be liable to determination by rotation			9	Adoption of New Articles of the Company				
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Signed this _____ day of _____ 2014 Signature of shareholder _____ <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> _____ Signature of First Proxy holder </div> <div style="text-align: center;"> _____ Signature of Second Proxy holder </div> <div style="text-align: center;"> _____ Signature of Third Proxy holder </div> </div>																																										
		Affix 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.
 ** This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

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