



# **SPARC SYSTEMS LIMITED**

**ANNUAL REPORT  
2016 - 2017**

## Sparc Systems Limited

### BOARD OF DIRECTORS

Mr. J. T. D'souza	Managing Director
Mr. Anand Raj Jain	Non Executive Director [Upto August 30, 2017]
Ms. Punit Neb	Whole-time Director
Mr. Santosh Shetty	Independent Director
Mr. Ashok Jain	Independent Director
Mr. Bharat Jain	Independent Director [Upto August 30, 2017]

### 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 – 421601  
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](mailto:sparc@mtnl.net.in)  
Website [www.sparcsys.com](http://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@uniseq.in](mailto:info@uniseq.in)  
Website [www.uniseq.in](http://www.uniseq.in)

Contents	Page No.
Notice	3
Directors' Report	6
Management Discussion and Analysis	20
Independent Auditors' Report	21
Balance Sheet	24
Statement of Profit and Loss	25
Cash Flow Statement	26
Notes forming part of the Financial Statements	27

## Notice

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of Sparc Systems Limited will be held on Friday, September 29, 2017 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 - 421601, 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, 2017 including the Audited Balance Sheet as at March 31, 2017 and the Statement of Profit & Loss Account and Cash Flow 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. J. T. D'souza (DIN 00958844), who retires by rotation and being eligible, offers himself for re-appointment.
3. Re-appointment of Auditors

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 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time pursuant to the proposal of the Audit Committee of the board and recommendation of the board, M/s. R Soni & Co., Chartered Accountants, Mumbai (ICAI Registration Number 133240) 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 31<sup>st</sup> [2019-2020] 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.”

**For and on behalf of the Board**

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**  
**Mumbai, August 30, 2017**

### NOTES:

- a. A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy, in order to be effective, should be deposited, duly completed and signed, at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A proxy form is attached herewith. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The proxy holder shall prove his identity at the time of attending the Meeting.
- b. Pursuant to SS-2 i.e. Secretarial Standard on General Meetings as issued by the Institute of Company Secretaries of India, the route map for reaching the Meeting venue is given on page no. 34 of this Annual Report. Further, the Company has uploaded the above route map on its website at [www.sparcsys.com](http://www.sparcsys.com).
- c. The Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2017 to September 29, 2017, inclusive of both days for the purpose of Annual General Meeting.
- d. 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.
- e. Notice is being sent to all the Members, whose names appear in the Register of Members / Record of Depositories as on August 25, 2017. 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 the permitted mode. To support the ‘Green Initiative’, the Members who have not registered their e-mail addresses are requested to register the same with RTA / Depositories.
- f. Mr. Rajesh Soni of M/s. R Soni & Co., Chartered Accountant has been appointed as Scrutinizer for conducting the voting by Ballot at the Meeting and remote e-voting process in a fair and transparent manner.

### g. Remote E-Voting Through Electronic Form (Remote 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 Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company is pleased to offer remote E-Voting facility for the Members to enable them to cast their votes electronically. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Members who have not cast their votes by remote e-voting can exercise their voting rights at the AGM. The Company will provide polling papers at the AGM venue. The Members who have casted their votes by remote e-voting may participate in the Meeting even after exercising their right to vote through remote e-voting but they shall not be allowed to cast vote again at the Meeting.

For the purpose of E-Voting, the Company has signed an agreement with Central Depository Limited (“CDSL”) for facilitating E-Voting. The Company is also providing facility for voting by Ballot at the Annual General Meeting apart from providing remote e-voting facility for all those members who are present at the general meeting but have not casted their votes by availing the remote e-voting facility.

**1. Instructions for members for voting electronically are as under**

- i. The Remote e-voting period begins on September 26, 2017 at 9.00 am and ends on September 28, 2017 at 5.00 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 September 22, 2017, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL after 5:00 PM (IST) on September 28, 2017.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv. Click on Shareholders.
- v. Now Enter your User ID
- vi. a. For CDSL: 16 digits beneficiary ID,  
b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,  
c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vii. Next enter the Image Verification as displayed and Click on Login.
- viii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- ix. If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form &amp; Physical Form</b>	
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"> <li>• 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 8 digits of the sequence number which is mentioned in address label as sr no affixed on Annual Report, in the PAN field.</li> <li>• In case the sequence 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 sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- x. After entering these details appropriately, click on "SUBMIT" tab.
- xi. Members holding shares in physical form will then directly reach 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.
- xii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xiii. Click on the EVSN for the relevant Sparc Systems Limited on which you choose to vote.
- xiv. 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.
- xv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xvi. 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.
- xvii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xviii. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xix. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**SHAREHOLDER INSTRUCTIONS FOR E-VOTING**

- xx. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

**xxi.Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xxii. 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.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- The Scrutinizer shall, immediately after the conclusion of voting at the Meeting, first count the votes casted by Ballot at the Meeting, thereafter unblock the votes casted through remote e-voting in the manner provided in the Rules and make, not later than 48 hours of conclusion of the Meeting, consolidated Scrutinizer’s Report of remote e-voting and voting by Ballot at the Meeting, of the total votes casted in favour or against, if any, to the Chairman of the Meeting and the Chairman or a person as may be authorized by him in writing shall declare the result of the voting forthwith and all the resolutions as mentioned in the Notice of the Meeting shall be deemed to be passed on the date of the Meeting.
  - The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at [www.sparcsys.com](http://www.sparcsys.com) and on the website of CDSL at [www.cdslindia.com](http://www.cdslindia.com), immediately after the results are declared by the Chairman.
  - Any person who becomes a member of the Company after the date of this Notice of the Meeting and holding shares as on the cut-off date i.e. Friday, September 22, 2017, may obtain the User ID and Password by sending an email request to [sparc@mtnl.net.in](mailto:sparc@mtnl.net.in). Members may also call on +912227792473 / 78 / 81 or send a request to Ms. Punit Neb, Whole-time Director, by writing to her at Sparc Systems Ltd., #16 Ground Floor, Lovely, Sector 2, Airoli, Navi Mumbai – 400708.
  - 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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- h. Members are requested to register their email address and changes therein from time to time for shares held in physical form & bring their copy of the Annual Report to the Meeting.

**For and on behalf of the Board**

**J. T. D’souza**  
**Managing Director**  
**DIN 00958844**  
**Mumbai, August 30, 2017**

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

Particulars	Mr. J. T. D’souza
DIN	00958844
Nationality	Indian
Date of Birth	August 28, 1959
Date of Appointment	September 14, 1989
Qualifications	Radio Officer
Expertise in specific functional areas	Techno-commercial and business development
Directorships held in other companies (excluding foreign companies)	Epson Finance & Investments Pvt. Ltd.
Memberships / Chairmanships of Board Committees of other companies	NIL
Number of shares held in the Company	51200
Number of Board Meetings attended during the F.Y. 2016 – 2017	5

## Directors' Report

To,  
The Members  
Sparc Systems Limited

The Directors present the Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2017.

Financial summary of the Company is as below

Particulars	Year Ended March 31, 2017 Rs.	Year Ended March 31, 2016 Rs.
Total Revenue	862,880	219,906
Total Expenses	1,253,310	1,376,271
Profit / (Loss) Before Exceptional, Extraordinary & Prior Period Item	(390,430)	(1,156,365)
Prior-Period Expenses	-	-
Profit / (Loss) Before Tax	(390,430)	(1,156,365)
Tax Expenses		
Less: Current Tax	-	-
Add: Deferred Tax	-	69,252
Profit / (Loss) For The Year After Tax	(390,430)	(1,225,617)
Balance of Profit brought forward	(15,677,326)	(14,451,709)
Surplus / (Deficit ) carried to Balance Sheet	(16,067,756)	(15,677,326)

### RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

The Company's line of business involves Software and Hardware Electronic Security Solutions.

The Company has reported a gross income of Rs. 8.63 lakhs for the current year as compared to Rs. 2.19 lakhs in the previous year. The Company has incurred a net loss amounting Rs. 3.90 lakhs in the current year as compared to Rs. 12.25 lakhs in the previous year.

The Management intends to continue to pursue its product lines. The Company continues to leverage its exiting technologies and continues to add several new clients covering different industry segments. With the huge surge in Internet of Things [IOT] and connected embedded devices, the Company sees a potential for all its technologies which have been specifically catering to embedded connected solutions.

Due to the various reforms undertaken by the Government, the economy is expected to do well over next several years and the industry expects that markets in India will do well and the Directors are also optimistic about Company's business and hopeful of better performance in next year.

### CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the Company.

### DIVIDEND

No dividend was declared for the current financial year due to loss incurred by the Company.

### TRANSFER TO RESERVES

The Company has not transferred any amount to reserves.

### TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The Company was not required to transfer any amount to unclaimed dividend to investor education and protection fund.

### MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

**STATUTORY AUDITOR**

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 for further period of three years. Members are requested to appoint Auditors and fix their remuneration. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for re-appointment. The Directors take this opportunity to acknowledge with gratitude the valuable services rendered by M/s. R Soni & Co.

**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORT**

There was no qualifications, reservations or adverse remarks made by the Auditors in their report.

**SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, Ms. Alka Jain, Practicing Company Secretary (ACS 17219; CP No. 5519), Mumbai, has been appointed to conduct a Secretarial Audit of the Company's secretarial and related records for the year ended March 31, 2017. The practicing Company Secretary has submitted her report on the Secretarial Audit conducted by her which is annexed to this report.

**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE SECRETARIAL AUDITOR IN THEIR REPORT**

The Board has noted that pursuant to the provisions of Section 203 of The Companies Act, 2013, the Company was required to appoint Whole-time Company Secretary however the same has not been complied with as yet. Management is under process of appointing a suitable company secretary for compliance of said provision of Companies Act.

**DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. J. T. D'souza (DIN 00958844), Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Ms. Geeta Prakash Salekar has resigned as Chief Financial Officer w.e.f. May 29, 2017. The Board of Directors acknowledge with gratitude the services rendered by Ms. Salekar. The Company is in the process of appointing a suitable person for the said post.

Mr. Anand Raj Jain (DIN 00904322) & Mr. Bharat Jain (DIN 03031672 ) have resigned from the post of Director w.e.f August 30, 2017. The Board of Directors acknowledge with gratitude the services rendered by them.

All Directors and Senior Management Personnel have affirmed compliance with the code of conduct approved and adopted by the Board of Directors.

**BOARD EVALUATION**

Pursuant to provisions of the Companies Act, 2013, Rules thereunder, the Board has carried out evaluation of its own performance and that of its Committees and individual Directors.

**DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed in Section 149(6) of the Companies Act, 2013. The Company has also provided suitable training to the Independent Directors.

**DEPOSITS**

The Company has not invited / accepted any deposits from the public during the year ended March 31, 2017. There were no unclaimed or unpaid deposits as on March 31, 2017.

**CORPORATE SOCIAL RESPONSIBILITY**

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013.

**NUMBER OF BOARD MEETINGS**

During the year under review, the Board met 5 times on May 28, 2016, August 13, 2016, November 14, 2016, February 14, 2017 and March 30, 2017. The maximum interval between any two meetings did not exceed 120 days.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 134(3)(C) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i. In the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit and loss of the Company for that period;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual accounts on a going concern basis; and
- v. They have laid down internal financial controls in the Company that are adequate and are operating effectively; and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**NOMINATION AND REMUNERATION COMMITTEE AND ITS POLICY**

The Nomination and Remuneration Committee, constituted by the Board of Directors pursuant to Section 178 of the Companies Act, 2013.

The committee is responsible to identify persons who are qualified to become directors or senior management employees and recommend to the Board their appointment / removal, oversee and administer executive compensation etc. The Company has formulated the remuneration policy. The details of this policy are available on the Company's website [www.sparcsys.com](http://www.sparcsys.com).

**The terms of reference of this committee are:**

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- Recommending remuneration payable to Managing Director and other Directors as and when necessity arises.

**Composition**

The Nomination and Remuneration Committee comprises of Mr. Santosh Shetty, \*Mr. Bharat Jain and \*Mr. Anand Jain, all being Non-Executive Directors. Mr. Santosh Shetty, Independent Director is the Chairman of this Committee.

\* Mr. Bharat Jain and Mr. Anand Raj Jain have resigned from the post of director w.e.f. August 30, 2017. In their place Mr. Ashok Jain and Ms. Punit Neb have been appointed as members of the committee.

**Meeting**

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

**STAKEHOLDERS RELATIONSHIP COMMITTEE COMPOSITION & MEETINGS OF COMMITTEE****Terms of the Committee**

- To scrutinize and approve registration of transfer of shares/warrants issued or to be issued.
- The Shareholders' and Investors' complaints on matters relating to transfer of shares, non receipt of annual report, non-receipt of dividends and matters related thereto.
- To exercise all power conferred on the Board of Directors under Articles of Association.
- Attending to investors' queries and complaints regarding transfer, dividend, annual reports, etc.
- Attending to complaints of Investor routed by SEBI / Stock Exchanges / RBI.

**Details of Pending Investor Grievances and Compliance Officer:**

There were no investor grievances pending for redressal as the end of the financial year and all the queries from the stakeholders were attended to promptly. Further there were no pending transfers for the year under review.

Details of the Compliance Officer designated for handling of the investor grievances:

Name: Ms. Punit Neb

Address: Sparc Systems Ltd., #16 Ground Floor, Lovely, Sector 2, Airoli, Navi Mumbai – 400708

Email ID: [pneb@mtnl.net.in](mailto:pneb@mtnl.net.in)

**Composition & Meeting**

The Committee comprises of two Independent Non-Executive Directors namely Mr. Santosh Shetty and Mr. Ashok Jain and one Executive Director namely Ms. Punit Neb. Mr. Ashok Jain is the Chairman and Mr. Santosh Shetty & Ms. Punit Neb are Members.

During the year under review, two meetings of the Stakeholders Relationship Committee was held which was attended by all the members of the committee.

**Investor Grievance Redressal**

During the year under review, no complaints have been received.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

During the year under review, the Company has not advanced any loans, nor given any guarantees nor made any investments.

**PARTICULARS OF EMPLOYEES**

None of the employee has received remuneration exceeding the limit as stated in rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**EXTRACT OF THE ANNUAL RETURN IN FORM MGT – 9**

Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is annexed and forms a part of this report.

**RELATED PARTY TRANSACTIONS**

Details of contract or arrangement with related party of the Company in the prescribed Form AOC-2 is annexed and forms a part of this report.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed and forms a part of this report.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint Venture or Associate Company as on March 31, 2017.

**RISK MANAGEMENT POLICY**

The Company has in place adequate controls with reference to implementation, monitoring, assessing and resolving risk management policy. For each of the risk identified, corresponding controls are assessed and policies and procedure are in place for monitoring, mitigating and reporting risk on a periodic basis.

**ADEQUACY OF INTERNAL CONTROLS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.



**AUDIT COMMITTEE****Constitution of the Committee**

The Composition of the Committee, together with the details of the attendance of each member as at March 31, 2017 is as below:

<b>Name</b>	<b>Designation</b>	<b>Director Category</b>	<b>No. of meetings attended</b>
*Mr. Bharat Jain	Chairman	Non Executive Independent Director	4
Mr. Santosh Shetty	Member	Non Executive Independent Director	3
*Mr. Anand Raj Jain	Member	Non Executive Director	4

\* Mr. Bharat Jain and Mr. Anand Raj Jain have resigned from the post of director w.e.f. August 30, 2017. In their place Mr. Ashok Jain and Ms. Punit Neb have been appointed as members of the committee.

**Terms of Reference**

The role and terms of reference of Audit Committee covers areas mentioned as per the requirements of section 177 of the Companies Act, 2013, besides other terms as may be referred by the Board of Directors.

The brief terms of reference and scope of the Committee include:-

- To recommend the appointment / removal of Auditors, fixing of audit fees and approval of payments,
- To review and monitor the Auditor's independence and performance, and effectiveness of audit process, to examine the financial statements and auditor's report thereon, scrutiny of inter-corporate loans and investments
- To approve or make any subsequent modification of transactions of the Company with related parties,
- To value the undertakings or assets of the Company, wherever it is necessary,
- To evaluate the internal financial controls and risk management systems and
- To monitor the end use of funds raised through public offers and related matters

**Meetings of the Committee**

During the year ended March 31, 2017, 4 meetings of the Audit Committee were held on May 28, 2016, August 13, 2016, November 14, 2016 and February 14, 2017.

**SEPARATE MEETING OF INDEPENDENT DIRECTORS:**

Pursuant to Schedule IV of the Companies Act, 2013, the Independent Directors of the Company shall hold at least one meeting in a year without attendance of non-independent directors and members of the Management. Accordingly, Independent Directors of the Company met on March 30, 2017 to consider the following business as required under the Companies Act, 2013:

- Review the performance of non-independent directors and the Board as a whole;
- Review the performance of the Company, taking into account the views of Executive Directors and Non-executive Directors;
- Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present for the meeting.

**EMPLOYEES' REMUNERATION**

In terms of the provisions of Section 197(12) of the Act, there are no employees of the Company drawing remuneration in excess of the limits set out in the said provision.

Details of the Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed with this report.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has formulated and implemented the Whistle Blower Policy / Vigil Mechanism. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The aforesaid policy has also been uploaded on the Company's website [sparcsys.com](http://sparcsys.com).

**PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace Act, 2013 provides for protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto. The Company has framed a Policy on Prevention of Sexual Harassment at Workplace as per the provisions of this Act. During the year under review, no cases were reported under the said policy.

**CODES OF CONDUCT**

The Board of Directors of the Company has laid down required Codes of Conduct. It has also adopted Code for Independent Directors as per Schedule IV of the Companies Act, 2013. All Board members including Independent Directors and Senior Management Personnel have affirmed compliance with the respective Codes of Conduct for the year under review. The Code of Conduct is available on the Company's website [www.sparcsys.com](http://www.sparcsys.com).

**CORPORATE GOVERNANCE**

Since the Company is falling within the criteria of Regulation 15 (2) of SEBI (Listing Obligation & Disclosure) Regulations, 2015. Therefore, Corporate Governance requirement prescribed under SEBI (Listing Obligation & Disclosure) Regulations, 2015 are not applicable to the Company as on March 31, 2017.

**CERTIFICATE ON FINANCIAL STATEMENT**

A certificate in respect of the Financial Statements forms part of this Annual Report.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A report on Management Discussion and Analysis for the year under review is annexed and forms a part of this report.

**LISTING FEES**

The Company has paid the listing fees for the year 2017-2018 to Bombay Stock Exchange Ltd.

**DISCLOSURES**

The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

The Company has adopted the Code of Ethics and Business principles for the members of Board and senior management personnel.

The Company has adopted a Code of Conduct for Prevention of Insider Trading ("the Code") in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and its subsequent amendment. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of non-compliance thereof. Further, it is affirmed that no personnel have been denied access to the Audit Committee. Employees can report to the Management concerned regarding unethical behavior, act or suspected fraud or violation of the Company's Code of Conduct Policy.

The Company has ensured that the person who is being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which in the opinion of the Company would enable him to contribute effectively to the Company in his capacity as an Independent Director.

The Company has complied with the requirements of regulatory authorities. No penalties / strictures were imposed on the Company by Stock Exchanges / SEBI or any other statutory authority on any matter related to capital market.

**Shareholding Pattern as on March 31, 2017**

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	40,400	0.83
Sub-Total	40,400	0.83
C. Others		
Private Corporate Bodies	989,836	20.25
Indian Public	2,239,359	45.80
NRIs/OCBs	267,710	5.48
Any other (please specify)	2,195	0.04
Sub-Total	3,499,100	71.57
<b>GRAND TOTAL</b>	<b>4,889,000</b>	<b>100</b>
<b>Total Foreign Shareholding</b>	<b>267,710</b>	<b>5.48</b>

**Dematerialization of Shares**

All Equity Shares of the Company are under compulsory dematerialisation for delivery on transfer. As at March 31, 2017, the number of Equity Shares of the Company in dematerialised form stood at **27,02,900** out of the total 48,89,000 Equity Shares issued by the Company.

**Distribution of Shareholding as of March 31, 2017**

Number of Shares	Shareholders		Share holdings		Share Amount	
	Number	%	Holdings	%	Rs.	%
Up to 500	1455	60.853	402,353	8.230	4,023,530.00	8.230
501- 1000	636	26.600	583,002	11.925	5,830,020.00	11.925
1001-2000	153	6.399	246,363	5.039	2,463,630.00	5.039
2001-3000	45	1.882	119,720	2.449	1,197,200.00	2.449
3001-4000	16	0.669	57,012	1.166	570,120.00	1.166
4001-5000	21	0.878	99,615	2.038	996,150.00	2.038
5001-10000	24	1.004	184,937	3.783	1,849,370.00	3.783
10001 & above	41	1.715	3,195,998	65.371	31,959,980.00	65.371
<b>Total</b>	<b>2391</b>	<b>100.000</b>	<b>4,889,000</b>	<b>100.000</b>	<b>48,890,000.00</b>	<b>100.000</b>

**Market Price Data**

	Bombay Stock Exchange Limited				
	OPEN (Rs.)	HIGH (Rs.)	LOW (Rs.)	CLOSE (Rs.)	VOLUME (Nos.)
April 2016	3.17	4.00	2.76	4.00	11,836
May 2016	3.80	3.80	3.10	3.28	5,022
June 2016	3.21	4.44	3.07	4.44	2,644
July 2016	4.66	5.09	3.98	3.98	7,890
August 2016	3.79	3.79	3.07	3.07	2,375
September 2016	3.22	3.54	3.07	3.07	225
October 2016	3.22	3.54	3.22	3.38	615
November 2016	3.22	3.22	3.04	3.05	5,225
December 2016	3.20	3.96	3.20	3.96	3,530
January 2017	4.15	5.14	3.82	3.82	46,233
February 2017	3.63	3.63	3.18	3.33	8,761
March 2017	3.49	4.65	3.49	4.42	16,079

**MEANS OF COMMUNICATION**

The quarterly, half-yearly and annual Financial Results of the Company are forwarded to BSE Limited immediately upon its approval by the Board of Directors and are simultaneously published in national and regional newspapers. In accordance with the Listing Agreement requirements, data pertaining to Shareholding Pattern, Quarterly Financial Results and other details are forwarded to the Stock Exchange. During the year under review, no presentation was made to the institutional investors or analysts.

**NOMINATION**

Individual Shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination form SH-13 [Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014] can be obtained from the Company's Registrar and Share Transfer Agent. It is also available on public domain.

**SHARES**

During the year under review, the Company has not increased its share capital, bought back securities, issued sweat equity, bonus shares or employees stock option plan.

**SHARE TRANSFER SYSTEM**

Presently the Share Transfer documents received by the Company's Registrar and Transfer Agents in physical form are processed, approved and dispatched within a period of 5 to 15 days from the date of receipt, provided the documents received are complete and the shares under transfer are not under dispute. For expeditious processing of share transfers, the Board of Directors of the Company has authorized the Compliance Officer, to decide on various issues like transfers / transmission of securities in physical form, change in status of share holders and confirmation of dematerialization.

**ISIN No.**

The Company's Demat International Security Identification Number (ISIN) for its equity shares in NSDL and CDSL is **INE960B01015**.

**OUTSTANDING GDRs/ ADRs**

The Company has not issued any GDRs / ADRs.

**RECONCILIATION OF SHARE CAPITAL AUDIT**

A practicing Company Secretary carries out reconciliation of share capital audit, on half-yearly basis to reconcile the total admitted capital with NSDL & CDSL and total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL & CDSL.

**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.

**ACKNOWLEDGMENTS**

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

**For and on behalf of the Board**

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**

**Punit Neb**  
**Director**  
**DIN 01026300**

**Mumbai August 30, 2017**

**DETAILS OF THE REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:**

1. The percentage increase in remuneration of each Director and Chief Financial Officer during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as follows:

Sr. No.	Name of Director / KMP & Designation	Remuneration of Director / KMP for financial year 2016-2017 (Rs.)	% increase in Remuneration in the financial year 2016-2017	Ratio of remuneration of each Director to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
1	Mr. J. T. D'souza (Managing Director)	80,000	NIL	N.A. *	N.A.
2	Ms. Punit Neb (Whole-Time Director)	65,000	NIL	N.A.*	N.A.
3	@ Ms. Geeta Salekar (CFO)	7,500	NIL	N.A.*	N.A.

@ Ms. Geeta Salekar resigned as Chief Financial Officer w.e.f. 29<sup>th</sup> May, 2017.

\* There are no permanent employees. Trainees and apprentices are deployed on project basis.

- The median remuneration of employees of the Company during the financial year 2016-17 was Rs. NIL.
- In the financial year 2016-17, there was an increase of NIL% in the median remuneration of employees.
- As on March 31, 2017, there were no permanent employees who were on the roll of the Company.
- Relationship between average increase in remuneration and Company performance:  
The Loss After Tax for the financial year ended March 31, 2017 decreased by 31.84% whereas the median remuneration increased by NIL% which was in line with Company performance.
- Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:  
The total remuneration of the Key Managerial Personnel(s) did not increase in 2016 - 2017 whereas Loss After Tax decreased from Rs. 12.25 lakhs in 2015 - 2016 to Rs. 3.90 lakhs in 2016 - 2017.

**CERTIFICATE ON FINANCIAL STATEMENTS**

To,  
The Members  
Sparc Systems Limited

I, J. T. D'souza, Managing Director of Sparc Systems Limited hereby certify that:

- I have reviewed the financial statements and the cash flow statements for the financial year 2016-17 and to the best of my knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 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.
- There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year 2016-17, which are fraudulent, illegal or violation of the Company's Code of Conduct.
- I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify those deficiencies.
- I have indicated wherever applicable, to the Auditors and the Audit Committee:
  - Significant changes, if any, in internal control over financial reporting during this year;
  - Significant changes, if any, in accounting policies during this year 2016-17, and that the same have been disclosed in the notes to the financial statement; and
  - Instances of significant fraud of which I am aware and involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For and on behalf of the Board

J. T. D'souza  
Managing Director  
DIN 00958844  
Mumbai August 30, 2017

**ANNEXURE TO DIRECTORS' REPORT****Form AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangement or transactions entered into during the year ended March 31, 2017, which were not at arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

- a. Name(s) of the related party and nature of relationship: N.A.
- b. Nature of contracts/arrangements/transactions: N.A.
- c. Duration of the contracts / arrangements/transactions: N.A.
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
- e. Date(s) of approval by the Board, if any: N.A.
- f. Amount paid as advances, if any: N.A.

**For and on behalf of the Board**

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**

**Punit Neb**  
**Director**  
**DIN 01026300**

**Mumbai, August 30, 2017**

**ANNEXURE TO DIRECTORS' REPORT**

**Information under Section 134(3)(m) of the Companies Act, 2013 read with rule 8(3) the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report**

**A. Conservation of energy**

- (i) The steps taken or impact on conservation of energy: NIL
- (ii) The steps taken by the company for utilising alternate sources of energy: NIL
- (iii) The capital investment on energy conservation equipments: NIL

The Electronic Industry is a low power consumption industry. Therefore the cost of electricity purchased and generated through genset is very low and efforts are made to minimise the use of energy.

**B. Technology absorption**

- (i) The efforts made towards technology absorption: NIL
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: NIL
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- : NIL
- (iv) The expenditure incurred on Research and Development: NIL

**C. Foreign exchange earnings and Outgo**

Foreign Exchange earned in terms of Actual Inflows NIL (P.Y. NIL)

Foreign Exchange outgo in terms of Actual Outflows NIL (P.Y. NIL)

**For and on behalf of the Board**

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**

**Punit Neb**  
**Director**  
**DIN 01026300**

**Mumbai, August 30, 2017**

## ANNEXURE TO DIRECTORS' REPORT

## Extract of the Annual Return in Form MGT-9

## Form No. MGT-9

Extract of Annual Return as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## i. Registration and Other Details

- i. CIN L72100MH1989PLC053467
- ii. Registration Date 14/09/1989
- iii. Name of the Company SPARC SYSTEMS LIMITED
- iv. Category / Sub-Category of the Company Public Company Limited by Shares
- v. Address of the Registered office and contact details Plot No. 11 Survey No 118/1-2 Village Pundhe At Post Athgaon, Thane-421601  
Phone 27792473 / 27792478 / 27792481 Fax 27792481  
Email sparc@mtnl.net.in  
Website www.sparcsys.com
- vi. Whether listed company Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any 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

## ii. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

#	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Electric sound or visual signaling apparatus	8531	100
2	-	-	-
3	-	-	-

## iii. Particulars of Holding, Subsidiary And Associate Companies

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA

## iv. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

## i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
1) <b>Indian</b>									
a) Individual/ HUF	102,800	23,300	126,100	2.58	102,800	23,300	126,100	2.58	0.00
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	126,500	1,096,900	1,223,400	25.02	126,500	1,096,900	1,223,400	25.02	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1)</b>	<b>229,300</b>	<b>1,120,200</b>	<b>1,349,500</b>	<b>27.60</b>	<b>229,300</b>	<b>1,120,200</b>	<b>1,349,500</b>	<b>27.60</b>	<b>0.00</b>
2) <b>Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other ...	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>229,300</b>	<b>1,120,200</b>	<b>1,349,500</b>	<b>27.60</b>	<b>229,300</b>	<b>1,120,200</b>	<b>1,349,500</b>	<b>27.60</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1. <b>Institutions</b>									
a) Mutual Funds	0	40,400	40,400	0.83	0	40,400	40,400	0.83	0.00
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(1)</b>	<b>0</b>	<b>40,400</b>	<b>40,400</b>	<b>0.83</b>	<b>0</b>	<b>40,400</b>	<b>40,400</b>	<b>0.83</b>	<b>0.00</b>
2. <b>Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	992,677	1,300	993,977	20.33	988,536	1,300	989,836	20.25	-0.08
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	662,128	738,600	1,400,728	28.65	606,843	733,300	1,340,143	27.41	-1.24
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	761,290	70,200	831,490	17.01	752,671	70,200	822,871	16.83	-0.18
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Clearing Members	2,195	0	2,195	0.04	10,287	0	10,287	0.21	0.17
ii) NRI / OCB	49,010	221,700	270,710	5.54	47,010	220,700	267,710	5.48	-0.06
iii) HUF	0	0	0	0.00	68,253	0	68,253	1.4	1.4
<b>Sub-total (B)(2)</b>	<b>2,467,300</b>	<b>1,031,800</b>	<b>3,499,100</b>	<b>71.57</b>	<b>2,473,600</b>	<b>1,025,500</b>	<b>3,499,100</b>	<b>71.57</b>	<b>0</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2,467,300</b>	<b>1,072,200</b>	<b>3,539,500</b>	<b>72.40</b>	<b>2,473,600</b>	<b>1,065,900</b>	<b>3,539,500</b>	<b>72.40</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>2,696,600</b>	<b>2,192,400</b>	<b>4,889,000</b>	<b>100</b>	<b>2,702,900</b>	<b>2,186,100</b>	<b>4,889,000</b>	<b>100</b>	<b>0</b>

## ii. Shareholding of Promoters

No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	ANAND RAJ JAIN	1,000	0.02	0.00	1,000	0.02	0.00	0.00
2	JUDE TERRENCE D'SOUZA	51,200	1.05	0.00	51,200	1.05	0.00	0.00
3	KHAN ZAFRI ALI	23,300	0.48	0.00	23,300	0.48	0.00	0.00
4	PUNIT MANMOHAN SINGH NEB	28,300	0.58	0.00	28,300	0.58	0.00	0.00
5	RALPH D'SOUZA	10,900	0.22	0.00	10,900	0.22	0.00	0.00
6	RENU JAIN	1,400	0.03	0.00	1,400	0.03	0.00	0.00
7	SYLVIA D'SOUZA	10,000	0.20	0.00	10,000	0.20	0.00	0.00
8	EPSON FINA & INVEST PVT LTD	719,600	14.72	0.00	719,600	14.72	0.00	0.00
9	PINOL FINANCE & INVEST PVT LTD	377,300	7.72	0.00	377,300	7.72	0.00	0.00
10	SATTA SECURITIES PVT LTD	126,500	2.59	0.00	126,500	2.59	0.00	0.00
	<b>Total</b>	<b>1,349,500</b>	<b>27.60</b>	<b>0.00</b>	<b>1,349,500</b>	<b>27.60</b>	<b>0.00</b>	<b>0.00</b>

## iii. Change in Promoters' Shareholding (please specify, if there is no change)

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	1,349,500	27.60	1,349,500	27.60
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	There is no change in Promoter Shareholding between 01-04-2016 to 31-03-2017			
At the End of the year	1,349,500	27.60	1,349,500	27.60

## iv. Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year		Cumulative Shareholding during the year		Shareholding at the end of the year		
		No. of shares	% of total shares of the Company	Date	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	BHAVNA NARESH JAIN	70,205	1.44	16/09/2016 SALE	(105)	-0.002	70,100	1.43	70,000	1.43
				25/09/2016 SALE	(100)	-0.002	70,000	1.43		
2	DEVANG K MEHTA	65,164	1.33	28/10/2016 SALE	(100)	-0.002	65,064	1.33	65,064	1.33
3	GULECHHA INVESTMENT & TRADING CO PVT LTD	159,900	3.27	-	-	-	159,900	3.27	159,900	3.27
4	GUNJAN PATNI	43,500	0.89	-	-	-	43,500	0.89	43,500	0.89
5	KHEM SUM APPARELS OVERSEAS LTD	289,665	5.92	-	-	-	289,665	5.92	289,665	5.92
6	KOUSHALYADEVI MUNDRA	95,000	1.94	-	-	-	95,000	1.94	95,000	1.94
7	NISHA LODHA	72,300	1.48	-	-	-	72,300	1.48	72,300	1.48
8	SAMPAT JASRAJJI BALDIA	87,000	1.78	-	-	-	87,000	1.78	87,000	1.78
9	SANMITRA COMMERCIAL LIMITED	149,874	3.07	-	-	-	149,874	3.07	149,874	3.07
10	VORA CONSTRUCTIONS LIMITED	347,573	7.11	-	-	-	-	-	347,573	7.11

## v. Shareholding of Directors and Key Managerial Personnel

	For Each of the Directors and KMP		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	80,500	1.65	80,500	1.65	80,500	1.65
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	There is no change in Shareholding of Directors and Key Management Personnel between 01-04-2016 to 31-03-2017					
At the end of the year	80,500	1.65	80,500	1.65	80,500	1.65



vi. **Indebtedness**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	-	-	-
- Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

vii. **Remuneration of Directors and Key Managerial Personnel****A. Remuneration to Managing Director, Whole-time Directors and / or Manager**

No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		J T D'souza	Punit Neb	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	80,000	65,000	145,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit			
	- others, specify...			
5	Others, please specify	-	-	-
6	Total (A)	80,000	65,000	145,000
7	Ceiling as per the Act	3,000,000	3,000,000	6,000,000

**B. Remuneration to other Directors**

No.	Particulars of Remuneration	Name of Directors				Total Amount
		Anand Raj Jain	Ashok Jain	Bharat Jain	Santosh Shetty	
1	<b>Independent Directors</b>					
	Fee for attending board committee meetings	NA	-	-	-	-
	Commission	NA	-	-	-	-
	Others, please specify	NA	-	-	-	-
	<b>Total(1)</b>	-	-	-	-	-
2	<b>Other Non-Executive Directors</b>					
	Fee for attending board committee meetings	-	NA	NA	NA	-
	Commission	-	NA	NA	NA	-
	Others, please specify	-	NA	NA	NA	-
	<b>Total(2)</b>	-	NA	NA	NA	-
	<b>Total(B)=(1+2)</b>	-	-	-	-	-
	<b>Total Managerial Remuneration</b>	-	-	-	-	-
	<b>Over all Ceiling as per the Act</b>					

## C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

No. Particulars of Remuneration	Key Managerial Personnel			Total
	CEO	Co. Sec.	CFO	
1 Gross salary				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	-	-	7,500	7,500
(b) Value of perquisites u/s 17(2) Income-tax Act,1961	-	-	-	-
(c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	-	-	-	-
2 Stock Option	-	-	-	-
3 Sweat Equity	-	-	-	-
4 Commission - as % of profit - others, specify...	-	-	-	-
5 Others, please specify	-	-	-	-
<b>Total</b>	-	-	7,500	7,500

## viii. Penalties / Punishment/ Compounding Of Offenses

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made. If any (give details)
<b>A. Company</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>B. Directors</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>C. Other Officers In Default</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

**Form No. MR-3  
SECRETARIAL AUDIT REPORT**

**For the Company's Financial Year from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017**

**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**To,  
The Members,  
Sparc Systems Limited**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sparc Systems Limited. (hereinafter called "the Company") having CIN L72100MH1989PLC053467. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period comprising the Company's Financial Year from 1st April, 2016 to 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; #
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;#
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; #
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 #; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 #;
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015

# The Regulations or Guidelines as the case may be was not applicable to the Company for the period under review.

- (vi) The management has confirmed that as per nature of the company's business there is no additional law specifically

applicable to the company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable, except that pursuant to the provision of section 203 of the Companies Act, 2013, the Company was required to appoint Whole time Company Secretary however the same has not yet been complied with.

I Further Report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No change took Place in the composition of the Board of Directors during the period under review.

Adequate notices were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority Decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I Further Report that there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Alka Jain  
Company Secretary  
ACS No. 17219  
C.P. No. 5519**

**Place : Mumbai  
Date : 30, August 2017  
To,  
The Members  
Sparc Systems Limited**

My report of even date is to be read along with this letter.

- 1 Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express as opinion on these secretarial records based on my audit.
- 2 I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- 3 I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4 Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5 The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6 The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Alka Jain  
Company Secretary  
ACS No. 17219  
C.P. No. 5519**

**Place : Mumbai  
Date : 30, August 2017**

## Management Discussion and Analysis

### Overview

The Company's line of business comprises of Software and Hardware Electronic Security Solutions.

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

The Company's line of business encompasses Software and Hardware Electronic Security Solutions. The Company continues to leverage its exiting technologies and continues to add several new clients covering different industry segments.

### Outlook on Opportunities

India remains 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 connected embedded systems strengths will provide growth opportunities in the IOT and telematics segments.

### 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 Electronic Security Solutions. During the year, the revenue from operations amounted Rs. 6.59 lakhs.

### 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 2016 - 2017 was Rs. 6.59 lakhs as compared to Rs. 0.29 lakhs during the previous year. The Company has incurred a net loss amounting Rs.3.90 lakhs as compared to a net loss of Rs. 12.25 lakhs 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**  
**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, 2017, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017 and its loss and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except AS 15.
  - e. On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - f. Report on the Internal Financial Controls under Clause (1) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")- refer to our separate report in Annexure B; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
    - i. The Company have no pending litigations.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have any derivative contract.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For R Soni & Co.**  
**Chartered Accountants**  
**FRN 130349W**

**Rajesh Soni**  
**Partner**  
**M No 133240**  
**Mumbai, May 29, 2017**

## Annexure A to Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended March 31, 2017, we report that:

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. As explained to us, the fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on verification.
  - c. Based upon the audit procedure performed and according to the records of the Company, title deeds of all the immovable properties are held in the name of the Company.
- ii. The Inventories have been physically verified by the management. In our opinion the frequency of verification is reasonable. On the basis of our examination of the records of inventory, we are of the opinion that the discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- iii.
  - a. The Company has not granted loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Thus, paragraph (iii)(b) and (iii) (c) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with provision of section 185 and 186 of Act, with respect to the loan.
- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii.
  - a. According to the information and explanations given to us and on the basis of our examination of the records, the Company is regular in depositing undisputed statutory dues including provident fund, income tax, service tax, cess and other material statutory dues with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, value added tax, employees' state insurance and duty of excise.
- b. According to the information and explanation given to us, there is no dispute pending in respect of dues of income tax / sales tax / wealth tax / service tax / custom duty / excise duty / cess.
- viii. The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instrument) and term loans during the year.
- x. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the record of the Company, managerial remuneration has been paid in accordance with provisions of the Act.
- xii. In our opinion and according to the information and explanations given to us, the company is not nidhi company. Accordingly paragraph 3(xii) of Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the record of the Company, transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. According to the information and explanations given to us and based on our examination of the record of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For R Soni & Co.**  
**Chartered Accountants**  
**FRN 130349W**

**Rajesh Soni**  
**Partner**  
**M No 133240**  
**Mumbai, May 29, 2017**

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, cess and other material statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

## Annexure B to Independent Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sparc Systems Limited ('the Company') as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For R Soni & Co.**  
**Chartered Accountants**  
**FRN 130349W**

**Rajesh Soni**  
**Partner**  
**M No 133240**  
**Mumbai, May 29, 2017**

## Balance Sheet as at March 31, 2017

Particulars	Note	As At 31/03/2017 Rs.	As At 31/03/2016 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	49,685,000	49,685,000
Reserves & Surplus	3	(16,067,756)	(15,677,326)
		<b>33,617,244</b>	<b>34,007,674</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings		-	-
Deferred Tax Liability (Net)		-	-
Other Long Term Liabilities		-	-
Long-Term Provisions		-	-
		-	-
<b>Current Liabilities</b>			
Short-Term Borrowings		-	-
Trade Payables	4	89,357	165,167
Other Current Liabilities	5	795,229	949,404
		<b>884,586</b>	<b>1,114,571</b>
<b>TOTAL</b>		<b>34,501,830</b>	<b>35,122,245</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	6	1,491,086	1,619,771
Intangible Assets		-	-
Capital work-in-progress		-	-
Intangible Assets under development		-	-
Non-Current Investments		-	-
Deferred Tax Assets (Net)		-	-
Long Term Loans & Advances	7	17,450,370	11,289,654
		<b>18,941,456</b>	<b>12,909,425</b>
<b>Current Assets</b>			
Inventories	8	52,000	54,000
Trade Receivables	9	38,556	31,882
Cash and Cash Balance	10	939,500	380,008
Short-term Loans & Advances	11	14,481,803	21,710,415
Other Current Assets	12	48,515	36,515
		<b>15,560,374</b>	<b>22,212,820</b>
<b>TOTAL</b>		<b>34,501,830</b>	<b>35,122,245</b>

## Significant Accounting Policies and Notes to Accounts

1-18

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 29, 2017

J. T. D'souza  
Managing Director  
DIN 00958844

Punit Neb  
Director  
DIN 01026300



## Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note	Year Ended 31/03/2017 Rs.	Year Ended 31/03/2016 Rs.
<b>INCOME</b>			
Revenue from operations	13	659,150	29,000
Other Income	14	203,730	190,906
<b>Total Revenue</b>		<b>862,880</b>	<b>219,906</b>
<b>EXPENSES</b>			
Purchase of Stock in Trade		-	-
Cost of Material Consumed	15	70,762	19,955
Changes in Inventory		-	-
Employee Benefit Expenses	16	338,511	474,466
Depreciation	6	128,684	128,684
Other Expenses	17	715,353	753,166
<b>Total Expenses</b>		<b>1,253,310</b>	<b>1,376,271</b>
<b>Profit / (Loss) Before Exceptional, Extraordinary &amp; Prior Period Item</b>		<b>(390,430)</b>	<b>(1,156,365)</b>
<b>Prior-Period Expenses</b>		-	-
<b>Profit / (Loss) Before Tax</b>		<b>(390,430)</b>	<b>(1,156,365)</b>
<b>Tax Expenses</b>			
Less: Current Tax		-	-
Add: Deferred Tax		-	69,252
<b>PROFIT / (LOSS) FOR THE YEAR AFTER TAX</b>		<b>(390,430)</b>	<b>(1,225,617)</b>
<b>Earning per Equity Share</b>			
Basic		(0.08)	(0.25)
Diluted		(0.08)	(0.25)
Face Value of Share		10	10

**Significant Accounting Policies and Notes to Accounts** 1-18

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 29, 2017

**J. T. D'souza**  
Managing Director  
DIN 00958844

**Punit Neb**  
Director  
DIN 01026300

## Cash Flow for the year ended March 31, 2017

Particulars	Year ended 31/03/2017 Rs.	Year ended 31/03/2016 Rs.
<b>Cash Flow From Operating Activities</b>		
<b>Profit Before Tax</b>	<b>(390,430)</b>	<b>(1,156,365)</b>
Adjustments for:		
Depreciation	128,684	128,684
Impairment of assets		
Interest Income	(120,000)	(188,568)
Balance Written off / Back	(83,730)	(2,338)
Provision for bad advances	-	-
<b>Operating Profit before Working Capital Changes</b>	<b>(465,476)</b>	<b>(1,218,587)</b>
Adjustments for:		
(Increase) / Decrease in Inventories	2,000	1,000
(Increase) / Decrease in Trade Receivables	(6,674)	263,971
(Increase) / Decrease in Short-term Loans & Advances & other current assets	7,228,612	(4,674,369)
(Increase) / Decrease in Term Loans & Advances	(6,160,716)	5,000,000
(Increase) / Decrease in Current Liabilities	(146,254)	220,414
<b>Cash Generated from Operations</b>	<b>451,492</b>	<b>(407,571)</b>
Taxes Paid	(12,000)	(12,000)
<b>Net Cash Flow From / (Used in) Operating Activities</b>	<b>(A) 439,492</b>	<b>(419,571)</b>
<b>Cash Flow From / (Used in) Investing Activities</b>		
Interest Received	120,000	188,568
<b>Net cash From / (Used in) Investing Activities</b>	<b>(B) 120,000</b>	<b>188,568</b>
<b>Cash Flow From / (Used In) Financing Activities</b>		
Proceeds from borrowings (Net)	-	-
Repayment of borrowing	-	-
<b>Net Cash Flow From / (Used in) Financing Activities</b>	<b>(C) -</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>559,492</b>	<b>(231,003)</b>
<b>Opening Cash &amp; Cash Equivalents</b>	<b>380,008</b>	<b>611,011</b>
<b>Closing Balance of Cash &amp; Cash Equivalents (Refer Note 1 Below)</b>	<b>939,500</b>	<b>380,008</b>

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	2017 Rs.	2016 Rs.
Cash in hand	33,942	156,310
Balance with Banks in Current Account	905,558	223,698
	<b>939,500</b>	<b>380,008</b>

2. Above statement has been prepared by the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement as prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014.
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 &amp; Co.

Chartered Accountants  
FRN 130349W

For and on behalf of the Board

Rajesh Soni  
Partner  
M No 133240  
Mumbai May 29, 2017J. T. D'souza  
Managing Director  
DIN 00958844Punit Neb  
Director  
DIN 01026300

## Notes annexed and forming part of the Financial Statements

### Note 1

#### I- Corporate Information

The Company was incorporated in the state of Maharashtra, India on 14/9/1989 and is listed on Bombay Stock Exchange (BSE). The Company's line of business involves Software and Hardware Electronic Security Solutions.

#### II - Significant Accounting Policies

##### a. Basis & Method of Accounting

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by the Securities and Exchange Board of India (SEBI).

##### 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 affects the reported balances of assets and liabilities as of the date of financial statement and reported amount of income and expenses during the year. 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

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use.

##### 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 exceed 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 II to the Companies Act, 2013. 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 end.

##### 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 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 is reviewed to reassure 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 Software and Hardware Electronic Security Solutions 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.

	As At 31/03/2017 Rs.	As At 31/03/2016 Rs.
<b>NOTE 2 - SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
6000000 (6000000) Equity Shares of Rs. 10/-each	60,000,000	60,000,000
<b>Issued &amp; Subscribed Capital</b>		
5040000 (5040000) Equity Shares of Rs. 10/- each	50,400,000	50,400,000
<b>TOTAL</b>	<b>50,400,000</b>	<b>50,400,000</b>
<b>Paid-up Capital</b>		
4889000 (4889000) Equity Shares of Rs. 10/- each	48,890,000	48,890,000
Add: Forfeited Equity Shares	795,000	795,000
	<b>49,685,000</b>	<b>49,685,000</b>

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

	As At 31/03/2017 Rs.	As At 31/03/2016 Rs.
<b>In Value</b>		
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
<b>In numbers</b>		
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 31-03-2017		As at 31-03-2016	
Equity Shares of Rs 10/- each fully paid	Number	% of holding	Number	% of holding
Epson Finance & Inv Pvt Ltd	719,600	14.72	719,600	14.72
Pinol Finance & Inv Pvt Ltd	377,300	7.72	377,300	7.72
Khem Sum Apparels Overseas Ltd	289,665	5.92	289,665	5.92
Vora Constructions Limited	347,573	7.11	347,573	7.11

	As At 31/03/2017 Rs.	As At 31/03/2016 Rs.
<b>NOTE 3 - RESERVES &amp; SURPLUS</b>		
Balance as at the beginning of the year	(15,677,326)	(14,451,709)
Profit / (Loss) for the current year	(390,430)	(1,225,617)
Transferred to retained earning (net of Deferred Tax)		-
<b>Net Surplus / (Deficit) in the Statement of Profit and Loss Account</b>	<b>(16,067,756)</b>	<b>(15,677,326)</b>

	As At 31/03/2017 Rs.	As At 31/03/2016 Rs.
<b>NOTE 4 – TRADES PAYABLE</b>		
Due to MSME	-	-
Due to others	89,357	165,167
<b>TOTAL</b>	<b>89,357</b>	<b>174,596</b>
<b>NOTE 5 - OTHER CURRENT LIABILITIES</b>		
Advances from Customers	512,520	584,520
Statutory Dues	78,070	3,407
Creditors for Expenses	204,639	361,477
<b>TOTAL</b>	<b>795,229</b>	<b>949,404</b>

**NOTE 6 - FIXED ASSETS**

Particulars	Gross Block			Depreciation			Value Transferred to retain earning of an asset useful life is NIL	Net Block		
	Value at the beginning	Add. during the year	Ded. during the year	Value at the end	Value at the beginning	Add. during the year		Value at the end	WDV as on 31/3/2017	WDV as on 31/3/2016
<b>Tangible Assets</b>										
Land	50,850	-	-	50,850	-	-	-	-	50,850	50,850
Buildings	3,883,654	-	-	3,883,654	2,660,014	128,684	2,788,698	-	1,094,956	1,223,640
Plant & Machinery	6,731,071	-	-	6,731,071	6,417,558	-	6,417,558	-	313,513	313,513
Furniture & Fixtures	531,629	-	-	531,629	505,048	-	505,048	-	26,581	26,581
Dies and Molds	967,558	-	-	967,558	962,371	-	962,371	-	5,187	5,187
<b>Total (A)</b>	12,164,762	-	-	12,164,762	10,544,991	128,684	10,673,676	-	1,491,086	1,619,771
<b>Intangible Assets</b>										
<b>Total (B)</b>	-	-	-	-	-	-	-	-	-	-
<b>Capital Work-in-progress</b>										
<b>Total (C)</b>	-	-	-	-	-	-	-	-	-	-
<b>Total (A+B+C) (Current Year)</b>	12,164,762	-	-	12,164,762	10,544,991	128,684	10,673,676	-	1,491,086	1,619,771
<b>(Previous Year)</b>	12,164,762	-	-	12,164,762	10,416,307	128,684	10,544,991	-	1,619,771	1,748,455

	As At 31/03/2017 Rs.	As At 31/03/2016 Rs.
<b>NOTE 7 - LONG TERM LOANS &amp; ADVANCES</b>		
Capital Advances	17,450,370	11,289,654
<b>TOTAL</b>	<b>17,450,370</b>	<b>11,289,654</b>

	As At 31/03/2017 Rs.	As At 31/03/2016 Rs.
<b>NOTE 8 – INVENTORIES</b>		
Raw materials and consumable items	52,000	54,000
Finished Goods		-
<b>TOTAL</b>	<b>52,000</b>	<b>54,000</b>
<b>NOTE 9 - TRADE RECEIVABLES</b>		
<b>Outstanding for more than six months</b>		
a) Secured, Considered Good	-	-
b) Unsecured, Considered Good	-	20,875
c) Doubtful	-	-
<b>Others</b>		
a) Secured, Considered Good	-	-
b) Unsecured, Considered Good	38,556	11,007
c) Doubtful	-	-
<b>TOTAL</b>	<b>38,556</b>	<b>31,882</b>
<b>NOTE 10 - CASH &amp; CASH EQUIVALENTS</b>		
Cash in hand	33,942	156,310
Balance with Bank	905,558	223,698
<b>TOTAL</b>	<b>939,500</b>	<b>380,008</b>
<b>NOTE 11 - SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured considered good</b>		
Advance to others	14,481,803	21,710,415
<b>TOTAL</b>	<b>14,481,803</b>	<b>21,710,415</b>
<b>NOTE 12 - OTHER CURRENT ASSETS</b>		
Balance with Govt Authorities	24,000	12,000
Deposits	24,515	24515
<b>TOTAL</b>	<b>48,515</b>	<b>36,515</b>

	Year Ended 31/03/2017 Rs.	Year Ended 31/03/2016 Rs.
<b>NOTE 13 - REVENUE FROM OPERATIONS</b>		
<b>Sale of Products</b>		
Manufacturing Turnover- Electronic Equipments	581,150	29,000
<b>Total (A)</b>	<b>581,150</b>	<b>29,000</b>
<b>Sale of Service</b>		
Service Charges	78,000	-
<b>Total (B)</b>	<b>78,000</b>	<b>-</b>
<b>Total Turnover Total (A+B)</b>	<b>659,150</b>	<b>29,000</b>
<b>NOTE 14 - OTHER INCOME</b>		
Balance Written Back	83,730	2,338
Interest	120,000	188,568
<b>TOTAL</b>	<b>203,730</b>	<b>190,906</b>
<b>NOTE 15 - COST OF MATERIAL CONSUMED</b>		
Opening Stock: Raw Material	54,000	55,000
Add: Purchase of Electronic Equipment	68,762	18,955
Closing Stock: Raw Material	52,000	54,000
<b>TOTAL</b>	<b>70,762</b>	<b>19,955</b>
<b>NOTE 16 - EMPLOYEE BENEFIT EXPENSES</b>		
Salary & Stipend	157,722	156,630
Directors' remuneration	145,000	270,000
Staff welfare	30,205	42,300
Workman Insurance Expenses	5,584	5,536
<b>TOTAL</b>	<b>338,511</b>	<b>474,466</b>
<b>NOTE 17 - OTHER EXPENSES</b>		
<b>Payment to Auditor:</b>		
Audit Fee	23,000	22,472
Company Law Matters	-	4,828
Advertisement	24,248	-
Bank Charges	7,656	314
Conveyance	19,390	18,380
Electricity Expenses	27,643	10,194
Listing Fees, Registrar fees, Custodial Fees	319,443	287,998
Office Expenses	29,327	28,226
Printing and Stationary	43,894	27,054
Professional Fees	40,528	38,000
Repairs & Maintenance	40,538	4,350
Rates & Taxes	-	6,838
ROC Expenses	13,669	78,474
Sales Promotion	42,800	144,421
Telephone Expenses	37,405	26,482
Traveling	30,115	51,715
Website Charges	15,697	3,420
<b>TOTAL</b>	<b>715,353</b>	<b>753,166</b>

**NOTE 18 – NOTES TO ACCOUNTS****18.1 DEFERRED TAXATION**

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

	31.03.2017	31.03.2016
<b>Deferred Tax Assets</b>		
Arising on account of timing difference between depreciation as per books & Income Tax Act and Tax Loss (net)	-	-
<b>Net Deferred Tax Assets (Liability)</b>	-	-
<b>Impact of Retain Earning Transfer on Deferred Tax</b>	-	-
(Debited) or Credited to P & L A/c	-	69,252

**18.2 MANAGERIAL REMUNERATION**

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

Particulars	31.03.2017	31.03.2016
Remuneration to Managing Director	80,000	180,000
Remuneration to Whole-time Director	65,000	90,000
Remuneration to CFO	7,500	7,500

**18.3 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	31.03.2017	31.03.2016
Net Profit / (Loss) After Tax	(390,430)	(1,225,617)
Weighted average number of Equity Shares	4,889,000	4,889,000
Nominal Value of Equity Share	10	10
Earning Per Share Basic & Diluted	(0.08)	(0.25)

**18.4 RELATED PARTY TRANSACTIONS****List of Related Party**

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



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 Party	Nature of Relationship	Nature of Transaction	2016 – 2017 Rs.	2015 – 2016 Rs.
1	J. T. D'souza	Managing Director	Remuneration Outstanding	80,000 80,000	180,000 180,000
2	Punit Neb	Whole-time Director	Remuneration Outstanding	65,000 65,000	90,000 90,000
5	Anand Raj Jain	Director	ROC Exp. Outstanding	600 -	- -
6	Geeta Salekar	CFO	Remuneration	7,500	7,500

**18.5 Foreign Income & Outgo – NIL**

**18.6 Disclosure of Specified Bank Notes**

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	NIL	75,311	75,311
(+) Permitted receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	25,000	25,000
(-) Amount deposited in Banks	NIL	NIL	NIL
Closing cash in hand as on 30.12.2016	NIL	50,311	50,311

**18.7 OTHER NOTES**

- There is no impairment of assets as per AS 28 issued by ICAI.
- There are no dues to Small/Micro undertaking.
- Contingent Liabilities – NIL
- 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.
- Previous year figures have been regrouped, reclassified and recast wherever considered necessary.
- 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 29, 2017

J. T. D'souza

Managing Director

DIN 00958844

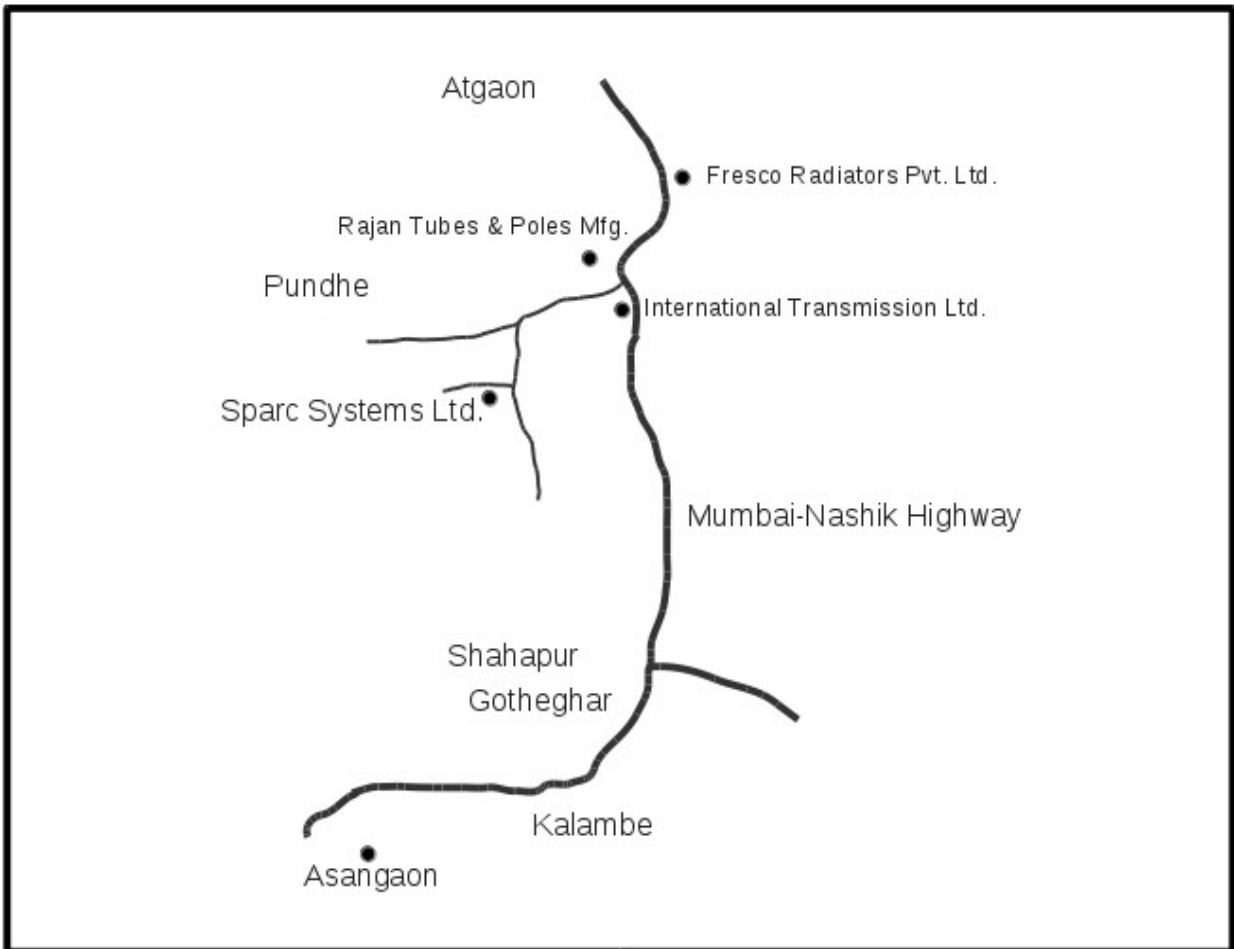
Punit Neb

Director

DIN 01026300

### Route Map of AGM Venue

Sparc Systems Limited  
Plot No. 11, Survey No. 118 - 1 & 2, Village Pundhe,  
Taluka Shahapur, At Post Athgaon, District Thane – 421601



**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 421601  
www.sparcsys.com sparc@mtnl.net.in CIN L72100MH1989PLC053467

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

<b>NAME &amp; ADDRESS OF THE REGISTERED SHARE HOLDERS / PROXY HOLDER</b>

I certify that I am a registered Shareholder / Proxy for the registered Shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company to be held on Friday, September 29, 2017 at the Registered Office of the Company at Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane – 421601.

Member's / Proxy's name in Block Letters

SIGNATURE

**Note:** Shareholder / Proxy holder wishing to attend the meeting must bring duly completed & signed Attendance Slip to the meeting and handover at the entrance

**SPARC SYSTEMS LIMITED**

**Reg Off.:** Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane – 421601  
www.sparcsys.com sparc@mtnl.net.in CIN L72100MH1989PLC053467

**FORM NO. MGT-11  
PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**28th ANNUAL GENERAL MEETING - Friday, September 29, 2017 AT 10.00 AM**

<b>Name of the member(s)</b>		<b>E-mail Id</b>	
<b>Registered address</b>		<b>Folio No / Client Id</b>	
		<b>DP Id</b>	
<b>Joint Holder(s)</b>		<b>No. of Shares held</b>	

I / We ..... being Member(s) of \_\_\_\_\_ shares of above named company hereby appoint

- Name ..... Address .....  
Email-Id ..... Signature .....or failing him / her
- Name ..... Address .....  
Email-Id ..... Signature .....or failing him / her
- Name ..... Address .....  
Email-Id ..... Signature .....or failing him / her

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 Friday, September 29, 2017 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.

No.	Resolution	For	Against
<b>Ordinary Business:</b>			
1	To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2017 including the Audited Balance Sheet as at March 31, 2017 and the Statement of Profit & Loss Account and Cash Flow 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. J. T. D'souza (DIN 00958844), who retires by rotation and being eligible, offers himself for re-appointment.		
3	Re-appointment of M/s. R Soni & Co., Chartered Accountants, Mumbai (ICAI Registration Number 130349W), as the Statutory Auditors and fixing their remuneration.		

Signature of Shareholder ..... Signed this ..... day of ..... 2017

Signature of Proxy holder(s) .....

Affix  
Revenue  
Stamp of  
Rs. 1/-

Note:

- This form of proxy in order to be effective, should be signed and deposited at Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- A proxy need not be a member of the Company.
- A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

**BOOK POST / COURIER**

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