



# **SPARC SYSTEMS LIMITED**

**ANNUAL REPORT  
2018 - 2019**

## Sparc Systems Limited

### BOARD OF DIRECTORS

Mr. J. T. D'souza	Managing Director
Ms. Punit Neb	Whole Time Director & CFO
Mr. Santosh Shetty	Independent Director
Mr. Ashok Jain	Independent Director [Upto March 30, 2019]
Ms. Kajal Jain	Independent Director [Appointed on March 30, 2019]
Ms. Deepika Singh	Company Secretary [Appointed w.e.f. January 18, 2019]

### BANKERS

Union Bank of India

### AUDITORS

M/s R Soni & Company  
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 +91 9820700310  
Fax +9122 27792481

### CORPORATE OFFICE

#16 Ground Floor  
Lovely, Sector 2  
Airoli, Navi Mumbai - 400708  
Phone +9122 27792473 / 27792478 / 27792481  
Fax +9122 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 +9122 28207203-05 / 2825 7641  
Fax +91 22 28207207  
Email [info@unisec.in](mailto:info@unisec.in)  
Website [www.unisec.in](http://www.unisec.in)

Contents	Page No.
Notice	3
Directors' Report	8
Management Discussion and Analysis	21
Independent Auditors' Report	22
Balance Sheet	27
Statement of Profit and Loss	28
Cash Flow Statement	29
Accompanying notes to the Financial Statements	30
Route Map of AGM Venue	42

## Notice

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the Members of Sparc Systems Limited will be held on Monday, September 30, 2019 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, 2019 including the Audited Balance Sheet as at March 31, 2019 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. Jude Terrence D'souza (DIN 00958844), Managing Director, who retires by rotation and being eligible, offers himself for re-appointment and for the said purpose to consider and if thought fit, to pass the following resolution with or without modification(s) as an Ordinary Resolution.

**"RESOLVED THAT** Mr. Jude Terrence D'souza (DIN 00958844), Managing Director of the Company, who retires by rotation be and is hereby re-appointed as Director of the Company liable to retire by rotation".

### SPECIAL BUSINESS

3. To re-appoint Mr. Santosh Shetty as an Independent Director and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Santosh Shetty (DIN 03043071), who was appointed as an Independent Director and who holds office as an Independent Director up to this AGM and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, being eligible, be and is hereby re-appointed as an Independent Director, not liable to retire by rotation and to hold office for

a second term of 5 (five) consecutive years, i.e., up to September 30, 2024;

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

4. To appoint Ms. Kajal Jain as an Independent Director and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Ms. Kajal Jain (DIN 08129655), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director, not liable to retire by rotation and to hold office for a term up to March 29, 2024;

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

For and on behalf of the Board

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**  
**Mumbai, August 31, 2019**

### NOTES:

- a. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), in respect of the business as set out in Item No. 3 & 4 above and the relevant details of the Directors seeking re-appointment under Item No. 3 & 4 above as required by Regulations 26(4) and 36(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and as required under Secretarial Standards - 2 on General Meetings issued by The Institute of Company Secretaries of India, are annexed hereto.
- b. **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.**
- c. 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. 42 of this Annual Report. Further, the Company has uploaded the above route map on its website at [www.sparcsys.com](http://www.sparcsys.com).
- d. The Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2019 to September 30, 2019, inclusive of both days for the purpose of Annual General Meeting.
- e. 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.
- f. **The shares of Company are under compulsory demat trading. Members holding shares in physical form are requested to convert their shares in their own interest.**
- g. Notice is being sent to all the Members, whose names appear in the Register of Members / Record of Depositories as on August 23, 2019. 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.
- h. In terms of the provisions of Section 152 of the Act Mr. Jude Terrence D'souza (DIN 00958844), Managing Director, retires by rotation at the Meeting. Nomination and Remuneration Committee and the Board of Directors of the Company recommend his re-appointment.
- i. Mr. J T D'souza & Ms. Punit Neb are interested in the Ordinary Resolution set out at Item No. 2 of the Notice with regard to the re-appointment. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item No. 2 of the Notice.
- j. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on September 29, 2017.
- k. Details of Directors retiring by rotation / seeking re-appointment at the ensuing Meeting are annexed herewith.
- l. Members / Proxies / Authorised Representatives are requested to bring to the Meeting necessary details of their shareholding, attendance slip(s) and copies of Annual Report. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
- m. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days (i.e. except Saturdays, Sundays and Public Holidays) during business hours up to the date of the Meeting. The aforesaid documents will be also available for inspection by members at the Meeting.
- n. Mr. Rajesh Soni of M/s. R Soni & Company, 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.
- o. 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 Services (India) 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 Friday September 27, 2019 at 9.00 am and ends on Sunday September 29, 2019 at 5.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Monday September 23, 2019, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL after 5:00 PM (IST) on September 29, 2019.

- 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.

If you are a first time user follow the steps given below:

For Members holding shares in Demat Form & Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<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	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.
OR Date of Birth (DOB)	<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>

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. 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.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant Sparc Systems Limited on which you choose to vote.
- xiii. 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.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- xv. 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.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii. 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.
- xix. 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.

#### SHAREHOLDER INSTRUCTIONS FOR E-VOTING

##### xx. 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.

xxi. 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).

2. 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.
3. 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.
4. 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. Monday, September 23, 2019, 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.
5. 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).
6. 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 31, 2019**

#### Explanatory Statement Pursuant to Section 102(1) of the Companies Act, 2013 ("the Act")

The following statement sets out all material facts relating to the Special Business mentioned in the Notice:

##### **Item No. 3**

At the Annual General Meeting held on September 30, 2014, the members of the Company had appointed Mr. Santosh Shetty (DIN 03043071), as an Independent Director of the Company, to hold office for a term of five consecutive years, from the conclusion of the 25th Annual General Meeting ("first term").

The Nomination and Remuneration Committee (the 'NR Committee') of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Mr. Santosh Shetty as an Independent Director, for a second term of 5 (five) consecutive years, on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the NR Committee, considers that, given his background and experience and contributions made by him during his tenure, the continued association of Mr. Santosh Shetty would be beneficial to the Company and it is desirable to continue to avail his services as an Independent Director.

Accordingly, it is proposed to re-appoint Mr. Santosh Shetty as an Independent Director of the Company, not liable to retire by rotation, for

a second term of 5 (five) consecutive years on the Board of the Company.

Mr. Santosh Shetty is not disqualified from being appointed as a director in terms of Section 164 of the Companies Act, 2013 ("the Act"), and has given his consent to act as a director.

The Company has also received declaration from Mr. Santosh Shetty that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Mr. Santosh Shetty fulfils the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations. Mr. Santosh Shetty is independent of the management.

Details of Mr. Santosh Shetty are provided in the "Annexure" to the Notice, pursuant to the provisions of (i) Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by

the Board, reimbursement of expenses for participating in the Board and other meetings.

Copy of draft letter of appointment of Mr. Santosh Shetty setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Mr. Santosh Shetty is interested in the resolution set out at Item No. 3 of the Notice with regard to his re-appointment.

Relatives of Mr. Santosh Shetty may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board recommends the Special Resolution set out at Item No. 3 of the Notice for approval by the members.

#### **Item No. 4**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company appointed, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), and the Articles of Association of the Company, Ms. Kajal Jain (DIN 08129655) as an Additional Director, to hold office as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from March 30, 2019.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of Independent Directors requires approval of the members. Ms. Kajal Jain is not disqualified from being appointed as a director in terms of Section 164 of the Act and has given her consent to act as a director.

The Company has also received declaration from Ms. Kajal Jain that she meets the criteria of independence as prescribed both under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 ("Listing Regulations"). In the opinion of the Board, Ms. Kajal Jain fulfills the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations. Ms. Kajal Jain is independent of the management and possesses appropriate skills, experience and knowledge.

Details of Ms. Kajal Jain are provided in the Annexure to the Notice, pursuant to the provisions of (i) Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS- 2"), issued by the Institute of Company Secretaries of India. She shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings.

Copy of the letter of appointment of Ms. Kajal Jain setting out the terms and conditions of appointment is available for inspection by the members at the registered office of the Company.

Ms. Kajal Jain is interested in the resolution set out at Item No. 4 of the Notice with regard to her appointment. Relatives of Ms. Kajal Jain may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members.

#### **For and on behalf of the Board**

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**  
**Mumbai, August 31, 2019**

#### **Annexure**

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

Name of Director	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 & business development
Directorships held in other companies (excluding foreign companies)	Epson Finance & Investments Pvt. Ltd. (Unlisted Company)
Memberships / Chairmanships of Board Committees of other companies	None
Number of shares held in the Company	4,49,400
Number of Board Meetings attended during the F.Y. 2018 – 2019	7 out of 7
Chairman / Member of the Committee of the Company	None
Details of Remuneration	As mentioned in the Explanatory Statement to the Notice dated August 31, 2018
Relationship with other Directors	Spouse of Ms. Punit Neb
Terms and conditions of appointment or reappointment	Appointed as the Managing Director of the Company in AGM held on Sep 29, 2018 for a period of 3 years w.e.f. Dec 1, 2018

Name of Director	Mr. Santosh Shetty	Ms. Kajal Jain
DIN	03043071	08129655
Nationality	Indian	Indian
Date of Birth	July 5, 1973	June 27, 1977
Date of Appointment	October 1, 2002	March 30, 2019
Qualifications	B. E. Masters of Marketing Management	Commerce Graduate, Mumbai University
Expertise in specific functional areas	Marketing & Sales	Business development
Directorships held in other companies (excluding foreign companies)	NIL	Tiaan Ayurvedic & Herbs Ltd. Sindu Valley Technologies Ltd. Mega Bucks Capital Pvt. Ltd. (Unlisted Company)
Memberships / Chairmanships of Board Committees of other companies	NIL	None
Number of shares held in the Company	NIL	None
Number of Board Meetings attended during the F.Y. 2018 – 2019	6 out of 7	1 out of 1
Chairman / Member of the Committee of the Company	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee	Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee
Details of Remuneration	As mentioned in the Explanatory Statement to the Notice dated August 31, 2019	As mentioned in the Explanatory Statement to the Notice dated August 31, 2019
Relationship with other Directors	None	None
Terms and conditions of appointment or reappointment	As per the resolution at Item No. 3 of the Notice convening this Meeting read with explanatory statement thereto, Mr. Santosh Shetty is proposed to be re-appointed as an Independent Director	As per the resolution at Item No. 4 of the Notice convening this Meeting read with explanatory statement thereto, Ms. Kajal Jain is proposed to be appointed as an Independent Director

## 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, 2019.

Financial summary of the Company is as below

Particulars	Year ended March 31, 2019 Rs.	Year ended March 31, 2018 Rs.
Total Revenue	2,384,784	1,971,020
Total Expenses	1,292,912	2,162,549
Profit / (Loss) Before Exceptional, Extraordinary & Prior Period Item	1,091,873	(191,529)
Prior-Period Expenses	-	-
Profit / (Loss) Before Tax	1,091,873	(191,529)
Tax Expenses		
Less: Current Tax	210,111	-
Add: Deferred Tax	(210,111)	-
Profit / (Loss) For The Year After Tax	1,091,873	(191,529)
Balance of Profit brought forward	(16,259,285)	(16,067,756)
Surplus / (Deficit ) carried to Balance Sheet	(16,259,285)	(16,259,285)

### 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. 23.84 lakhs for the current year as compared to Rs. 19.71 lakhs in the previous year. The Company has incurred a net profit amounting Rs. 10.92 lakhs in the current year as compared to a loss amounting Rs. 1.92 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 a 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.

### 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.

### INDIAN ACCOUNTING STANDARDS (IND AS)

The financial results of the Company have been prepared in accordance with Indian Accounting standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standard) rules, 2015, Companies (Indian Accounting Standards) amendment rules 2016 and in terms of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and SEBI circular dated 05th July, 2016. The Company has for the first time adopted Ind AS for the financial year commencing from April 1, 2017 with a transition date of April 1, 2016.

### 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 & Company, Chartered Accountants, were appointed as auditors of the Company for a period of three consecutive year at the Annual General Meeting held on September 29, 2017. They have confirmed that are not disqualified from continuing as Auditors of the Company.

**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. Madhuri Bohra, Practicing Company Secretary (Mem. No.: A54739 CP. No.: 20329), Mumbai, has been appointed to conduct a Secretarial Audit of the Company's secretarial and related records for the year ended March 31, 2019. 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. The Company has appointed Ms. Deepika Singh as Company Secretary & Compliance Officer of the Company w.e.f. January 18, 2019.

**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), Managing Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

During the year under review Mr. Ashok Jain (DIN 03013476) has resigned from the post of Director w.e.f March 30 2019. The Board of Directors acknowledge with gratitude the services rendered by him.

On March 30, 2019, Ms. Kajal Jain (DIN 08129655) was appointed as an Additional Independent Director on the Board of the Company. In accordance with the requirements of Section 149 and 152 of the Companies Act, 2013 and pursuant to the provision of the Listing Agreement, her continuation as an Independent Director on the Board of the Company will have to be approved by the Members of the Company.

Ms. Deepika Singh has been appointed as Company Secretary of the Company w.e.f. January 18, 2019.

Ms. Punit Neb (DIN 01026300), has been appointed as Chief Financial Officer w.e.f. May 29, 2019.

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, 2019. There were no unclaimed or unpaid deposits as on March 31, 2019.

**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 7 times on May 29, 2018, August 14, 2018, August 31, 2018, November 14, 2018, January 17, 2019, February 14, 2019 and March 30, 2019. 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, 2019, 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, 2019 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:**

- 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. Ashok Jain (Up-to March 30, 2019), \*\* Ms. Kajal Jain (w.e.f. March 30, 2019) and Ms. Punit Neb. Mr. Santosh Shetty, Independent Director is the Chairman of this Committee.

\* Mr. Ashok Jain has resigned from the post of director w.e.f. March 30, 2019.

\*\* In place of Mr. Ashok Jain, w.e.f. March 30, 2019, Ms. Kajal Jain has been appointed as member of the committee.

**Meeting**

There was three meetings 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. Deepika Singh

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

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

**Composition & Meeting**

The Nomination and Remuneration Committee comprises of of two Independent Non-Executive Directors namely Mr. Santosh Shetty and \* Mr. Ashok Jain (Up-to March 30, 2019), \*\* Ms. Kajal Jain (w.e.f. March 30, 2019) and one Executive Director namely Ms. Punit Neb. Mr. Santosh Shetty is the Chairman and Ms. Kajal Jain & Ms. Punit Neb are members.

\* Mr. Ashok Jain has resigned from the post of director w.e.f. March 30, 2019.

\*\* In place of Mr. Ashok Jain, w.e.f. March 30, 2019, Ms. Kajal Jain has been appointed as member of the committee.

During the year under review, five meetings of the Stakeholders Relationship Committee was held which were 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, 2019.

**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, 2019 is as below:

Name	Designation	Director Category	No. of meetings attended
* Mr. Ashok Jain	Chairman	Non Executive Independent Director	4
** Ms. Kajal Jain	Chairman	Non Executive Independent Director	-
Mr. Santosh Shetty	Member	Non Executive Independent Director	3
Ms. Punit Neb	Member	Executive Director	4

\* Mr. Ashok Jain has resigned from the post of director w.e.f. March 30, 2019.

\*\* In place of Mr. Ashok Jain, w.e.f. March 30, 2019, Ms. Kajal Jain has been appointed as Chairman 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, 2019, 4 meetings of the Audit Committee were held on May 29, 2018, August 14, 2018, November 14, 2018 and February 14, 2019.

**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 February 14, 2019 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, 2019.

**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 2019-2020 to Bombay Stock Exchange Ltd.

**DISCLOSURES**

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.

Mr. Anand Raj Jain non executive professional holding shares in the company in the promoter category is no more shareholder of the Company .

During the year under review, 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. However on August 27, 2019, BSE has imposed a penalty of Rs. 1,08,560/- for non-compliance with the provisions of Regulation 6(1) (pertaining to appointment of a qualified company secretary as the compliance officer) for the quarter ended December 2018.

**Market Price Data**

	Bombay Stock Exchange Limited				
	OPEN (Rs.)	HIGH (Rs.)	LOW (Rs.)	CLOSE (Rs.)	VOLUME (Nos.)
April 2018	4.34	4.60	3.60	3.62	43,823
May 2018	3.80	3.95	3.44	3.44	19,790
June 2018	3.27	5.00	3.27	5.00	11,763
July 2018	5.25	5.50	5.25	5.50	781
August 2018	5.77	5.77	5.77	5.77	1
September 2018	5.77	5.77	5.77	5.77	400
October 2018	6.00	6.00	6.00	6.00	80
November 2018	0.00	0.00	0.00	0.00	0
December 2018	6.00	6.00	6.00	6.00	10
January 2019	5.70	5.70	5.70	5.70	962
February 2019	5.42	5.42	5.42	5.42	1
March 2019	5.15	5.40	5.15	5.40	200

**Shareholding Pattern as on March 31, 2019**

Category	No. of Shares held	% of holding
<b>A Promoter's Holding</b>		
Promoter & Promoter Group	1,324,800	27.1
Sub-Total	1,324,800	27.1
<b>B Non-Promoters Holding</b>		
Mutual Funds	40,400	0.83
Sub-Total	40,400	0.83
<b>C Others</b>		
Private Corporate Bodies	1,012,410	20.71
Indian Public / HUF	2,255,803	46.14
NRIs /OCBs	253,700	5.19
Clearing members	1,887	0.04
Sub-Total	3,523,800	72.08
<b>GRAND TOTAL</b>	<b>4,889,000</b>	<b>100</b>
<b>Total Foreign Shareholding</b>	<b>253,700</b>	<b>5.19</b>

**Dematerialization of Shares**

All Equity Shares of the Company are under compulsory dematerialisation for delivery on transfer. As at March 31, 2019, the number of Equity Shares of the Company in dematerialised form stood at 38,75,500 out of the total 48,89,000 Equity Shares issued by the Company.

**Distribution of Shareholding as of March 31, 2019**

Number of Shares	Shareholders		Share holdings		Share Amount	
	Number	%	Holdings	%	Rs.	%
Up to 500	1442	61.024	396,752	8.115	3,967,520.00	8.115
501- 1000	627	26.534	572,690	11.714	5,726,900.00	11.714
1001-2000	159	6.729	256,304	5.242	2,563,040.00	5.242
2001-3000	42	1.777	110,567	2.262	1,105,670.00	2.262
3001-4000	13	0.550	47,411	0.970	474,110.00	0.970
4001-5000	20	0.846	95,515	1.954	955,150.00	1.954
5001-10000	22	0.931	167,148	3.419	1,671,480.00	3.419
10001 & above	38	1.608	3,242,613	66.325	32,426,130.00	66.325
Total	2363	100.000	4,889,000	100.000	48,890,000.00	100.000

**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 and / or any authorised person, 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 & 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

Mumbai August 31, 2019

Punit Neb

Whole Time Director  
DIN 01026300

**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 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 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 2018-2019 (Rs.)	% increase in Remuneration in the financial year 2018-2019	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)	180,000	NIL	N.A. *	N.A.
2	Ms. Punit Neb (Whole Time Director)	NIL	NIL	N.A.*	N.A.
3	Ms. Deepika Singh (Company Secretary)	26,000	NIL	N.A. *	N.A.

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

2. The median remuneration of employees of the Company during the financial year 2018-19 was Rs. NIL.  
 3. In the financial year 2018-19, there was an increase of NIL% in the median remuneration of employees.  
 4. As on March 31, 2019, there were no permanent employees who were on the roll of the Company.  
 5. Relationship between average increase in remuneration and Company performance:  
 The total remuneration did not increase in 2018 - 2019 whereas Profit After Tax was Rs. 10.92 lakhs as compared to a loss of Rs. 1.92 lakhs in 2017 - 2018.  
 6. 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 2018 - 2019 whereas Profit After Tax was Rs. 10.92 lakhs as compared to a loss of Rs. 1.92 lakhs in 2017 - 2018.

**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, 2019.
2. **Details of material contracts or arrangement or transactions at arm's length basis:**
- Name(s) of the related party and nature of relationship: N.A.
  - Nature of contracts/arrangements/transactions: N.A.
  - Duration of the contracts / arrangements/transactions: N.A.
  - Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
  - Date(s) of approval by the Board, if any: N.A.
  - Amount paid as advances, if any: N.A.

**For and on behalf of the Board**

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**  
**Mumbai, August 31, 2019**

**Punit Neb**  
**Whole Time Director**  
**DIN 01026300**

**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**

- The steps taken or impact on conservation of energy: NIL
- The steps taken by the company for utilising alternate sources of energy: NIL
- 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**

- The efforts made towards technology absorption: NIL
- The benefits derived like product improvement, cost reduction, product development or import substitution: NIL
- In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- : NIL
- 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**  
**Mumbai, August 31, 2019**

**Punit Neb**  
**Whole Time Director**  
**DIN 01026300**

## CERTIFICATE ON FINANCIAL STATEMENTS

To,  
The Members  
Sparc Systems Limited

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

1. I have reviewed the financial statements and the cash flow statements for the financial year 2018-19 and to the best of my knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year 2018-19, which are fraudulent, illegal or violation of the Company's Code of Conduct.
3. 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.
4. I have indicated wherever applicable, to the Auditors and the Audit Committee:
  - i. Significant changes, if any, in internal control over financial reporting during this year;
  - ii. Significant changes, if any, in accounting policies during this year 2018-19, and that the same have been disclosed in the notes to the financial statement; and
  - iii. 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 31, 2019

**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, 2019

[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<br>Phone 27792473 / 27792478 / 27792481 Fax 27792481<br>Email sparc@mtnl.net.in<br>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.<br>(Formerly known as Mondkar Computers Pvt Ltd.)<br>21 Shakil Niwas, Mahakali Caves Road, Andheri (E) Mumbai – 400093<br>Phone +9122 28207203-05 / 2825 7641 Fax +91 22 28207207<br>Email info@unisec.in<br>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>									
<b>1) Indian</b>									
a) Individual/ HUF	103,800	400,600	504,400	10.32	478,700	-	478,700	9.79	-0.53
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	846,100	0	846,100	17.31	846,100	0	846,100	17.31	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1)</b>	<b>949,900</b>	<b>400,600</b>	<b>1,350,500</b>	<b>27.63</b>	<b>1,324,800</b>		<b>1,324,800</b>	<b>27.10</b>	<b>-0.53</b>
<b>2) 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</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>949,900</b>	<b>400,600</b>	<b>1,350,500</b>	<b>27.63</b>	<b>1,324,800</b>		<b>1,324,800</b>	<b>27.10</b>	<b>-0.53</b>
<b>B. Public Shareholding</b>									
<b>1. 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>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	983,534	1,300	984,834	20.14	1,011,110	1,300	1,012,410	20.71	0.56
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	621,825	730,300	1,352,125	27.66	628,025	717,200	1,345,225	27.52	-0.14
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	786,926	41,900	828,826	16.95	818,125	41,900	860,025	17.59	0.64
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Clearing Members	5,862	0	5,862	0.12	1,887	0	1,887	0.04	-0.08
ii) Trusts	-	-	-	-	-	-	-	-	-
ii) NRI / OCB	40,000	218,200	258,200	5.28	41,000	212,700	253,700	5.19	-0.09
iv) Foreign Nationals	-	-	-	-	-	-	-	-	-
v) Foreign Corporate Body	-	-	-	-	-	-	-	-	-
lii) HUF	68,253	0	68,253	1.4	50,553	0	50,553	1.03	-0.36
<b>Sub-total (B)(2)</b>	<b>2,506,400</b>	<b>991,700</b>	<b>3,498,100</b>	<b>71.55</b>	<b>2,550,700</b>	<b>973,100</b>	<b>3,523,800</b>	<b>72.08</b>	<b>0.53</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2,506,400</b>	<b>1,032,100</b>	<b>3,538,500</b>	<b>72.38</b>	<b>2,550,700</b>	<b>1,013,500</b>	<b>3,564,200</b>	<b>72.90</b>	<b>0.53</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>3,456,300</b>	<b>1,432,700</b>	<b>4,889,000</b>	<b>100.00</b>	<b>3,875,500</b>	<b>1,013,500</b>	<b>4,889,000</b>	<b>100.00</b>	<b>0.00</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	0	0.00	0.00	-0.02
2	JUDE TERRENCE D'SOUZA	449,400	9.19	0.00	449,400	9.19	0.00	0.00
3	KHAN ZAFRI ALI	23,300	0.48	0.00	0	0.00	0.00	-0.48
4	PUNIT MANMOHAN SINGH NEB	29300	0.60	0.00	29300	0.60	0.00	0.00
5	RENU JAIN	1,400	0.03	0.00	0	0.00	0.00	-0.03
6	EPSON FINANCE & INVESTMENTS PVT LTD	719,600	14.72	0.00	719,600	14.72	0.00	0.00
7	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>27.62</b>	<b>0.00</b>	<b>1,324,800</b>	<b>27.10</b>	<b>0.00</b>	<b>-0.53</b>

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

No.	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	ANAND RAJ JAIN	1,000	0.02	30/03/2019 Sale	1,000	0.02	0	0.00	0	0.00
2	JUDE TERRENCE D'SOUZA	449,400	9.19	-	0	0.00	449,400	9.19	449,400	9.19
3	KHAN ZAFRI ALI	23,300	0.48	15/10/2018 Sale	23,300	0.48	0	0.00	0	0.00
4	PUNIT MANMOHANSINGH NEB	29,300	0.60	-	0	0.00	29,300	0.60	29,300	0.60
5	RENU JAIN	1,400	0.03	30/03/2019 Sale	1,400	0.03	0	0.00	0	0.00
6	EPSON FINANCE & INVESTMENTS PVT LTD	719,600	14.72	-	-	0.00	-	0.00	719,600	14.72
7	SATTA SECURITIES PVT LTD	126,500	2.59	-	-	0.00	-	0.00	126,500	2.59

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

No.	Shareholder	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	VORA CONSTRUCTIONS LIMITED	352,573	7.21	4/27/2018 Buy	27,076	0.55	379,649	7.77	379,649	7.77
2	KHEM SUM APPARELS OVERSEAS LTD	289,665	5.92	-	-	0.00	-	0.00	289,665	5.92
3	GULECHHA INVESTMENT & TRADING CO PVT LTD	159,900	3.27	-	-	0.00	-	0.00	159,900	3.27
4	SANMITRA COMMERCIAL LIMITED	149,874	3.07	-	-	0.00	-	0.00	149,874	3.07
5	KOUSHALYADEVI MUNDRA	95,000	1.94	-	-	0.00	-	0.00	95,000	1.94
6	SAMPAT JASRAJJI BALDIA	87,000	1.78	-	-	0.00	-	0.00	87,000	1.78
7	NISHA LODHA	72,300	1.48	-	-	0.00	-	0.00	72,300	1.48
8	BHAVNA NARESH JAIN	70,000	1.44	-	-	0.00	-	0.00	70,000	1.44
9	DEVANG K MEHTA	65,164	1.33	8/31/2018 Buy	300	0.01	65,464	1.34	65,164	1.34
10	GUNJAN PATNI	43,500	0.89	-	-	0.00	-	0.00	43,500	0.89

## v. Shareholding of Directors and Key Managerial Personnel

No.	For Each of the Directors and KMP	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	JUDE TERRENCE D'SOUZA	449,400	9.19	-	-	-	449,400	9.19	449,400	9.19
2	PUNIT MANMOHANSINGH NEB	29,300	0.60	-	-	-	29,300	0.60	29,300	0.60
3	DEEPIKA SINGH	-	-	-	-	-	-	-	-	-

## 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	-	70,000	-	70,000
- Reduction	-	-	-	-
<b>Net Change</b>	-	70,000	-	70,000
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	70000	-	70000

## 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	180,000	-	180,000
	(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)	180,000	-	180,000
7	Ceiling as per the Act	6,000,000	6,000,000	12,000,000

## B. Remuneration to other Directors

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

\* Mr. Ashok Jain has resigned from the post of Director w.e.f. March 30, 2019

\*\* Ms. Kajal Jain has been appointed as additional Director w.e.f. March 30, 2019

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

No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Co. Sec.	CFO	
<b>1</b>	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	-	26,000	-	26,000
	(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	-	-	-	-
<b>2</b>	<b>Stock Option</b>	-	-	-	-
<b>3</b>	<b>Sweat Equity</b>	-	-	-	-
<b>4</b>	<b>Commission</b>	-	-	-	-
	- as % of profit				
	- others, specify...				
<b>5</b>	<b>Others, please specify</b>	-	-	-	-
	<b>Total</b>	-	<b>26,000</b>	-	<b>26,000</b>

## 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, 2018 to 31<sup>st</sup> March, 2019

[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  
CIN: L72100MH1989PLC053467

Our Secretarial Audit Report of even date, for the financial year 2018-19 is to be read along with this letter.

**Managements Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditors Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliance.  
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.  
4. Wherever required, we have obtained the managements representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer**

5. 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.  
6. We have not verified the correctness and appropriateness of financial records and books of account of the Company.

**Madhuri J. Bohra**  
**Practicing Company Secretary**  
**Mem. No.: A54739**  
**CP. No.: 20329**

Place : Mumbai  
Date : 31<sup>st</sup> August 2019

SECRETARIAL AUDIT REPORT

To,  
The Members,  
Sparc Systems Limited  
CIN: L72100MH1989PLC053467

We 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). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Sparc Systems Limited'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, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Sparc Systems Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rule and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External

Commercial Borrowings; **(No instances for compliance requirements during the year);**

5. 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; **(No instances for compliance requirements during the year);**
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) 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;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, **(No instances for compliance requirements during the year);**
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(No instances for compliance requirements during the year);**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, **(No instances for compliance requirements during the year);** and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, **(No instances for compliance requirements during the year);**

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 has appointed Ms. Deepika Singh as Whole time Company Secretary and Compliance Officer as on January 18<sup>th</sup>, 2019.

**We have also examined** compliance with the applicable clauses:

- i. Listing Agreements entered into by the Company with Bombay Stock Exchange (BSE Limited);
  - ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - iii. The Secretarial Standards issued by The Institute of Company Secretaries of India.
6. The management has confirmed that as per nature of the Company's business there is no additional law specifically applicable to the Company.

We have relied on the representation made by the Company and its Officers for the system and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company as listed herein above.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Woman Director, Non-Executive Directors and Independent Directors.

We also report that as regards the provisions of notices of board meeting, sending of agenda papers, holding of board meetings as laid down in the Act, they are sent to the directors by Physical/electronic means. Majority decisions are carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there were no major specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**Madhuri J. Bohra**  
**Practicing Company Secretary**  
**Mem. No.: A54739**  
**CP. No.: 20329**

Place : Mumbai  
Date : 31<sup>st</sup> August 2019

## 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. The Company is actively pursuing new avenues to provide opportunities for growth and profitability. The Company perceives the need for additional finance and will be pursuing this accordingly.

### 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. 0.92 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 2018 - 2019 was Rs. 0.92 lakhs as compared to Rs. 3.13 lakhs during the previous year. The Company has incurred a net profit amounting Rs.10.92 lakhs as compared to a net loss of Rs. 1.92 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 of Sparc Systems Limited

### Report on the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of Sparc Systems Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of each key audit matter in accordance with SA 701:

The Key Audit Matter	How the matter was addressed in our Audit
<p><b>Loans &amp; Advances, Deposits etc.</b> The value of loans and Advances, Deposits as at 31<sup>st</sup> March 2019 is significant and there is a high degree of complexity and judgement involved for the company in the estimating individual and collective credit impairment provisions and write-offs against these loans.</p> <p>The Company's impairment provision for receivables from financing business is based on the expected credit loss approach laid down under Ind AS 109. Under this approach, the management has been required to exercise judgement in areas such as;</p> <ul style="list-style-type: none"> <li>• calculation of past default rates</li> <li>• applying macro-economics factors to arrive at forward looking probability of default; and</li> <li>• significant assumption regarding the probability of various scenarios and discounting rates for different industries considering individual borrower profile.</li> </ul> <p>In view of the high degree of estimation involved in the process of calculation impairment provision and considering its significance to the overall Ind AS financial statement, whereby any error or omission in estimation may give rise to a material misstatement of Ind AS financial statements, it is considered as a key audit matter.</p> <p>Refer Note 8 &amp; 11 to the standalone financial statements.</p>	<p>Our audit procedure included considering the appropriateness of the company's accounting policies for impairment of financial assets and assessing compliance with Ind AS 109.</p> <p>For loans which are assessed for impairment on a portfolio basis we performed particularly the following procedures:</p> <ul style="list-style-type: none"> <li>• We understood the methodology and policy laid down for loans given by the company.</li> <li>• we have verified the existence of recovery process plant in the event of default.</li> <li>• we have verified the historical trends of repayment of principal amount of loan and repayment of interest.</li> <li>• we tested the reliability of the key data inputs and related management controls.</li> <li>• we have assessed the assumptions made by the company in making provision considering forward looking information.</li> </ul>

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the annual report, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone 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 of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)<sup>5</sup> and cash flows of the Company in accordance with<sup>6</sup> the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

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 Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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,
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the matter to be included in the Auditors' report under Section 197(16):  
In our opinion and according to the information and explanation given to us, the Company has paid remuneration to its directors during the year is in accordance with the provisions of and limit laid down under section 197 read with Schedule V of the Act.
- (h) 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:
1. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For R SONI & COMPANY**  
Chartered Accountants  
Firm's Registration No. 130349W

**RAJESH SONI**  
Partner  
Membership No. 133240  
Mumbai, May 30, 2019

#### **Annexure A to the 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<sup>st</sup>, 2019, we report that:

- i.
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of one years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c. According to explanation given to us, the title deeds/ lease deeds are held in the name of the company.
- ii. As explained to us, the inventory has been physically verified by the management of company during the year. In our opinion, the frequency of such verification is reasonable. The Discrepancies noticed on verification were not material and have been dealt with in Books of Accounts.
- iii.
  - a. The Company has not granted loans to any party covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'),
  - b. No Loans granted to any parties in the register maintained under section 189 of the act, Accordingly, paragraph 3(ii) (b) of the order is not applicable to the company in respect of payment of the principal amount.
  - c. There are no overdue amounts for period of more than ninety days in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the act.
- 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 and investment made.
- v. The Company has not accepted any deposits during the year within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- 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, goods and 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 provident fund/ sales tax/wealth tax/service tax/custom duty/excise duty/goods and service tax/cess/value added tax, were in arrears as at 31<sup>st</sup> March, 2019 for a period of more than six month from the date they became payable.
- viii. The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. Based upon the audit procedure performed for the purpose of reporting the true and fair view of the Financial Statements and 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 / provided in accordance with the requisite approvals.
- 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 details of such transactions have been disclosed in the Standalone 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. According to the information and explanations given to us, the provisions of the section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For R SONI & COMPANY**  
**Chartered Accountants**  
**Firm's registration number: 130349W**

**RAJESH SONI**  
**Partner**  
**Membership No.133240**  
**Mumbai, May 30, 2019**

**Annexure B to the 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 31<sup>st</sup> March 2019 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 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). 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 the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

**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 authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 control over financial reporting issued by the Institute of Chartered Accountant of India.

**For R SONI & COMPANY**

**Chartered Accountants**

**Firm's registration number: 130349W**

**Rajesh Soni**

**Partner**

**Membership No.133240**

**Mumbai, May 30, 2019**

## Balance Sheet as at March 31, 2019

Particulars	Note No.	As at 31/03/2019 Rs.	As at 31/03/2018 Rs.
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	2	1,267,971	1,362,402
<b>Financial Assets</b>			
Investments		-	-
Others Financial Assets		-	-
Deferred Tax Assets	3	210,111	-
Other Non - current Asset	4	990,000	1,540,000
<b>Total Non-current Assets</b>		<b>2,468,082</b>	<b>2,902,402</b>
<b>Current assets</b>			
Inventories	5	14,520	14,520
<b>Financial Assets</b>			
Trade receivables	6	-	28,763
Cash and cash equivalents	7	472,336	397,391
Other Bank Balances		-	-
Loan	8	6,000,000	1,108,000
Others Financial Assets	9	24,515	24,515
Income Tax Assets (net)	10	233,564	215,122
Other current assets	11	26,170,365	29,435,094
<b>Total Current assets</b>		<b>32,915,300</b>	<b>31,223,405</b>
<b>Total Assets</b>		<b>35,383,382</b>	<b>34,125,807</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	12	49,685,000	49,685,000
Other Equity	13	(15,167,412)	(16,259,285)
<b>Total Equity</b>		<b>34,517,588</b>	<b>33,425,715</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Other financial liabilities		-	-
Deferred Tax Liabilities		-	-
<b>Total Non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	14	70,000	-
Trade payables	15	-	38,403
Other financial liabilities	16	546,109	412,004
Employee Benefit Obligations		-	-
Other Current Liabilities	17	249,685	249,685
<b>Total Current liabilities</b>		<b>865,794</b>	<b>700,092</b>
<b>Total Equity and Liabilities</b>		<b>35,383,382</b>	<b>34,125,807</b>
Significant Accounting Policies and Notes to Accounts	1-33		

In terms of our report of even date  
For R SONI & COMPANY  
Chartered Accountants  
Firm's registration number: 130349W

For and on behalf of the Board

Rajesh Soni  
Partner  
Membership No.133240  
Mumbai May 30, 2019

J. T. D'souza  
Managing Director  
DIN 00958844

Punit Neb  
Whole Time Director & CFO  
DIN 01026300

Deepika Singh  
Company Secretary  
M.N. 41761

## Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Note No.	Year ended 31/03/2019 Rs.	Year ended 31/03/2018 Rs.
<b>INCOME</b>			
Revenue from operations	18	92,354	312,909
Other Income and Other Gains / (Losses)	19	2,292,430	1,658,111
<b>Total Income</b>		<b>2,384,784</b>	<b>1,971,020</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	20	95,630	168,972
Purchase of Stock-in-Trade		-	-
Changes in Inventories of finished goods, Stock - in -Trade and work - in - progress		-	-
Employee Benefit Expenses	21	277,548	522,448
Finance costs			
Depreciation and amortisation expenses	22	137,979	128,684
Other Expenses	23	781,754	1,342,445
<b>Total Expenses</b>		<b>1,292,912</b>	<b>2,162,549</b>
<b>Profit / (Loss) Before Tax</b>		<b>1,091,873</b>	<b>(191,529)</b>
<b>Tax Expenses</b>	24		
(1) Current Tax		210,111	-
(2) Deferred Tax		(210,111)	-
<b>Total Tax Expenses</b>		<b>-</b>	<b>-</b>
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>1,091,873</b>	<b>(191,529)</b>
<b>Other Comprehensive Income</b>			
Items that will be reclassified to profit or loss		-	-
Other Comprehensive Income for the Year		-	-
<b>Total Comprehensive Income for the year</b>		<b>1,091,873</b>	<b>(191,529)</b>
<b>Earning per Equity Share</b>			
Basic	25	0.22	(0.04)
Diluted	25	0.22	(0.04)
Face Value of Share		10	10
<b>Significant Accounting Policies and Notes to Accounts</b>	1-33		

In terms of our report of even date  
For R SONI & COMPANY  
Chartered Accountants  
Firm's registration number: 130349W

For and on behalf of the Board

Rajesh Soni  
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Mumbai May 30, 2019

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Managing Director  
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Punit Neb  
Whole Time Director & CFO  
DIN 01026300

Deepika Singh  
Company Secretary  
M.N. 41761

## Cash Flow for the year ended March 31, 2019

Particulars	Year ended 31/03/2019 Rs.	Year ended 31/03/2018 Rs.
<b>Cash Flow From Operating Activities</b>		
Profit Before Tax	1,091,873	(191,529)
<b>Adjustments to reconcile profit before tax to net cash inflow</b>		
Depreciation and amortisation	137,979	128,684
Interest Income	(2,285,530)	(1,645,660)
Sundry Balance written Back	-	(12,031)
	<b>(1,055,678)</b>	<b>(1,720,536)</b>
<b>Working capital adjustments:-</b>		
(Increase) / Decrease in Trade and Other Receivables	28,763	9,793
(Increase) / Decrease in Inventories	-	37,480
(Increase) / Decrease in Loan	(4,892,000)	(108,000)
(Increase) / Decrease in Income Tax (Assets)	-	-
(Increase) / Decrease in Other Current Assets	3,264,729	(15,941,260)
(Increase) / Decrease in Other Non Current Assets	550,000	15,910,370
Increase / (Decrease) in Trade and Other Payables	(38,403)	(50,954)
Increase / (Decrease) in Other Financial Liabilities	383,791	129,295
Increase / (Decrease) in Other Current Liabilities	(249,685)	(262,835)
<b>Cash Generated from Operations</b>	<b>(2,008,484)</b>	<b>(1,996,647)</b>
Direct taxes paid (Net off Refund)	(228,553)	(191,122)
<b>Net cash flow from operating activities</b>	<b>(2,237,037)</b>	<b>(2,187,769)</b>
<b>Investing activities</b>		
Purchase of Property, Plant and Equipment	(43,548)	-
Interest received	2,285,530	1,645,660
<b>Net cash used in investing activities</b>	<b>2,241,982</b>	<b>1,645,660</b>
<b>Financing Activities</b>		
Proceeds from Borrowings (Net)	70,000	-
Interest paid	-	-
<b>Net cash flow from financing activities</b>	<b>70,000</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>	<b>74,945</b>	<b>(542,109)</b>
Cash and cash equivalents at the beginning of the year	397,391	939,500
Cash and cash equivalents at the end of the year	<b>472,336</b>	<b>397,391</b>
<b>Particulars</b>	<b>As at 31.03.2019 Rs.</b>	<b>As at 31.03.2018 Rs.</b>
Cash in hand	40,573	56,873
Bank Balances - In Current Account	431,763	340,517
	<b>472,336</b>	<b>397,391</b>

In terms of our report of even date  
For R SONI & COMPANY  
Chartered Accountants  
Firm's registration number: 130349W

For and on behalf of the Board

Rajesh Soni  
Partner  
Membership No.133240  
Mumbai May 30, 2019

J. T. D'souza  
Managing Director  
DIN 00958844

Punit Neb  
Whole Time Director & CFO  
DIN 01026300

Deepika Singh  
Company Secretary  
M.N. 41761

## Accompanying notes to the Financial Statements for the year ended March 31, 2019

### NOTE 1

#### A. Corporate Information

SPARC SYSTEM LIMITED ('the Company') is in business of Software and Hardware Electronic Security Solutions. The Company is a public limited company incorporated in India and has its registered office at Shahapur in the state of Maharashtra, India. The Company has its primary listing in BSE Ltd.

#### B. Significant Accounting Policies

##### i) Basis of preparation and presentation

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities which have been measured at fair value, on an accrual basis of accounting.

All the assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in as per the guidance set out in Schedule III to the Act. Based on nature of services, the Company ascertained its operating cycle as 12 months for the purpose of current and non-current classification of asset and liabilities.

The Company's financial statements are reported in Indian Rupees, which is also the Company's functional currency.

#### C. Use of Estimates

The preparation of the financial statements, in conformity with the Ind AS, requires the management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

##### i) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

##### ii) Deferred tax assets

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this

assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

##### iii) Provisions

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash flow can be reliably estimated. The timing of recognition and quantification of the liability require application of judgement to the existing facts and circumstances which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing the facts and circumstances.

#### D. Property, Plant and Equipment

##### i) Tangible Assets

Property, Plant and Equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognised in the Statement of Profit and Loss.

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

##### ii) Intangible Assets

Intangible assets includes software which are not integral part of the hardware are stated at cost less accumulated amortisation. Intangible assets under development represents expenditure incurred in respect of softwares under development and are carried at cost.

Assets acquired but not ready for use are classified under Capital work-in-progress or intangible assets under development, as the case may be.

#### E. Depreciation and Amortisation

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. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i) Financial Assets****Initial Recognition**

In the case of financial assets not recorded at fair value through profit or loss (FVPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent Measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

**Financial Assets at Amortised Cost (AC)**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

**Financial Assets Measured at Fair Value**

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

Financial asset not measured at amortised cost or at fair value through OCI is carried at FVTPL.

**G. Impairment of Financial Assets:**

In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash

shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

**H. De-recognition of Financial Assets**

- a) The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**b) Equity Instruments and Financial Liabilities**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

**Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

**I. Financial Liabilities****i) Initial Recognition**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**ii) Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below

**Financial liabilities at FVPL**

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for

transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

#### Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

#### iii) De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

#### iv) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

#### J. Impairment of Non-Financial Assets

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

#### K. Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

#### L. Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

#### M. Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

#### N. Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

#### O. Borrowing Costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Also, the EIR amortisation is included in finance costs.

Borrowing costs relating to acquisition, construction or production of a qualifying asset which takes substantial period of time to get ready for its intended use are added to the cost of such asset to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period in which they occur.



**P. Revenue Recognition**

- i) Revenue is recognized when all significant risks and rewards of ownership of the goods are passed on to the buyer and no significant uncertainty exists as to its realization or collection.
- ii) Revenue from sale of good is recognized on delivery of the products, when all significant contractual obligation have been satisfied, the property in the goods is transferred for a price, significant risks, reward and no effective control.
- iii) Interest Income is recognized on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

**Q. Foreign Currency Transactions****a. Initial Recognition**

Foreign currency transactions are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. However, for practical reasons, the Company uses a monthly average rate if the average rate approximate the actual rate at the date of the transactions.

**b. Conversion**

Monetary assets and liabilities denominated in foreign currencies are reported using the closing rate at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**c. Treatment of Exchange Difference**

Exchange differences arising on settlement/ restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss except those arising from investment in Non Integral operations.

**R. Inventories**

Inventories are valued at cost or net realizable value whichever is lower. Cost of property under construction held as inventory includes cost of purchases, construction cost, and other cost incurred in bringing the properties to their present location and condition.

**S. Provisions and Contingent Liabilities and Assets**

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent asset is not recognised unless it becomes virtually certain that an flow of economic benefits will arise.

**T. Employee Benefits****i) Defined Contribution Plan**

Contributions to defined contribution schemes such as provident fund, employees' state insurance, labour welfare are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as Defined Contribution Schemes as the Company has no further obligations beyond the monthly contributions.

**ii) Defined Benefit Plan**

The Company also provides for gratuity which is a defined benefit plan, the liabilities of which is determined based on valuations, as at the balance sheet date, made by an independent actuary using the projected unit credit method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur. Re-measurement recognised in OCI are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Company's obligation into current and non-current is as per the actuarial valuation report.

**iii) Leave entitlement and compensated absences**

Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occur.

**iv) Short-term Benefits**

Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.

**v) Termination benefits**

Termination benefits are recognised as an expense as and when incurred.

**U. Accounting for Taxes of Income****i) Current Taxes**

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

**ii) Deferred Taxes**

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of

existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### iii) Minimum Alternative Tax

MAT is recognised as deferred Tax Assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

## NOTE 2 - PROPERTY, PLANT & EQUIPMENT

Particulars	Land	Buildings	Plant & Machinery	Furniture and Fixtures	Dies and Moulds	Computer	Total
<b>Year ended March 31, 2019</b>							
<b>Gross Carrying Amount</b>							
Opening Gross Carrying Amount	50,850	3,883,654	6,731,071	531,629	967,558	-	12,164,762
Additions	-	-	-	-	-	43,548	43,548
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
<b>Closing Gross Carrying Amount</b>	<b>50,850</b>	<b>3,883,654</b>	<b>6,731,071</b>	<b>531,629</b>	<b>967,558</b>	<b>43,548</b>	<b>12,208,310</b>
<b>Accumulated Depreciation and Impairment</b>							
Opening Accumulated Depreciation	-	2,917,382	6,417,558	505,048	962,371	-	10,802,360
Depreciation charge during the year	-	128,684	-	-	-	9,295	137,979
Disposals	-	-	-	-	-	-	-
<b>Closing Accumulated Depreciation and Impairment</b>	<b>-</b>	<b>3,046,066</b>	<b>6,417,558</b>	<b>505,048</b>	<b>962,371</b>	<b>9,295</b>	<b>10,940,339</b>
<b>Net Carrying Amount</b>	<b>50,850</b>	<b>837,588</b>	<b>313,513</b>	<b>26,581</b>	<b>5,187</b>		<b>1,267,971</b>

The Company has elected to use the exemption available under Ind AS 101 to continue the carrying value of all its Property, Plant and Equipment and Intangible Assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per Previous GAAP and use that as its deemed cost as at the date of transition (i.e. April 1, 2016).

Particulars	Gross Block (As Cost)	Accumulated Depreciation
<b>As at 01-04-2016</b>		
Land	50,850	-
Buildings	3,883,654	2,660,014
Plant & Machinery	6,731,071	6,417,558
Furniture and Fixtures	531,629	505,048
Dies and Moulds	967,558	962,371
<b>Total</b>	<b>12,164,762</b>	<b>10,544,992</b>

	As at 31/03/2019 Rs.	As at 31/03/2018 Rs.
NOTE 3 – DEFERRED TAX ASSETS (NET)		
On Account of Depreciation and carried forward losses	-	-
Brought forward Loss	-	-
MAT Credit	210,111	-
<b>TOTAL</b>	<b>210,111</b>	<b>-</b>

	As at 31/03/2019 Rs.	As at 31/03/2018 Rs.
<b>NOTE 4 – OTHER NON CURRENT ASSETS</b>		
Capital Advances	990,000	1,540,000
<b>TOTAL</b>	<b>990,000</b>	<b>1,540,000</b>
<b>NOTE 5 – INVENTORIES</b>		
Raw materials and consumable items	14,520	14,520
<b>TOTAL</b>	<b>14,520</b>	<b>14,520</b>
<b>NOTE 6 - TRADE RECEIVABLES</b>		
Unsecured, considered good	-	28,763
<b>TOTAL</b>	<b>-</b>	<b>28,763</b>
Current Portion	-	28,763
Non Current Portion	-	-
<b>NOTE 7 – CASH &amp; CASH EQUIVALENTS</b>		
Balance with Banks - Current Accounts	431,763	340,517
Cash on Hand	40,573	56,873
<b>TOTAL</b>	<b>472,336</b>	<b>397,391</b>
<b>NOTE 8 - LOAN</b>		
Unsecured considered good		
Loan to others	6,000,000	1,108,000
<b>TOTAL</b>	<b>6,000,000</b>	<b>1,108,000</b>
<b>NOTE 9 - OTHER CURRENT FINANCIAL ASSETS</b>		
Deposits	24,515	24,515
<b>TOTAL</b>	<b>24,515</b>	<b>24,515</b>
<b>NOTE 10 - INCOME TAX ASSETS (NET)</b>		
Advance Tax & TDS (Net of Provisions)	233,564	215,122
<b>TOTAL</b>	<b>233,564</b>	<b>215,122</b>
<b>NOTE 11 - OTHER CURRENT ASSETS</b>		
Unsecured, considered good		
Deposit /Loan/Advances recoverable in cash or kind	26,170,365	29,435,094
<b>TOTAL</b>	<b>26,170,365</b>	<b>29,435,094</b>

	As at 31/03/2019 Rs.	As at 31/03/2018 Rs.
<b>NOTE 12 - EQUITY SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
60,000,000 Equity Shares of Rs. 10/-each	60,000,000	60,000,000
<b>Issued &amp; Subscribed Capital</b>		
50,40,000 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>		
48,89,000 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) Terms / rights 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 of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	Equity Shares	
	As on March 31, 2019	
	Number	Rs.
Shares outstanding at the beginning of the year	4,889,000	48,890,000
Shares Issued during the year		
Shares bought back during the year		
Shares outstanding at the end of the year	4,889,000	48,890,000

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

Name of the Shareholder	As on 31-03-2019		As on 31-03-2018	
	Number	% of holding	Number	% of holding
Epson Finance & Inv Pvt Ltd	719,600	14.72	719,600	14.72
Khem Sum Apparels Overseas Ltd	289,665	5.92	289,665	5.92
Vora Constructions Limited	379,649	7.77	352,573	7.21
Jude Terrence D'souza	449,400	9.19	449,400	9.19

	As at 31/03/2019 Rs.	As at 01/04/2018 Rs.
<b>NOTE 13 - OTHER EQUITY</b>		
Retained Earnings	(15,167,412)	(16,259,285)
<b>Closing Balance</b>	<b>(15,167,412)</b>	<b>(16,259,285)</b>
<b>i) Retained Earnings</b>		
Balance as at the beginning of the year	(16,259,285)	(16,067,756)
Add- Profit for the current year	1,091,873	191,529
Net surplus in the statement of profit and loss account	<b>(15,167,412)</b>	<b>(16,259,285)</b>

**Nature and Purpose of Reserves:****Retained Earnings**

Retained Earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders

	As at 31/03/2019 Rs.	As at 01/04/2018 Rs.
<b>NOTE 14 - BORROWING</b>		
Unsecured	-	-
Loan from Director	70,000	-
<b>TOTAL</b>	<b>70,000</b>	<b>-</b>
<b>NOTE 15 - TRADE PAYABLES</b>		
Due to Micro, Small & Medium enterprises (Refer Note 30)	-	-
Others	-	38,403
<b>TOTAL</b>	<b>-</b>	<b>38,403</b>
<b>NOTE 16 - OTHER FINANCIAL LIABILITIES (CURRENT)</b>		
Statutory Dues	2,500	14,405
Creditors for Expenses	543,609	286,575
Other Liabilities	-	111,024
<b>TOTAL</b>	<b>546,109</b>	<b>412,004</b>
<b>NOTE 17 - OTHER CURRENT LIABILITIES</b>		
Advance from Customers	249,685	249,685
<b>TOTAL</b>	<b>249,685</b>	<b>249,685</b>
	<b>Year ended 31/03/2019 Rs.</b>	<b>Year ended 31/03/2018 Rs.</b>
<b>NOTE 18 - REVENUE FROM OPERATIONS</b>		
Manufacturing Turnover-Electronic Equipments	92,354	312,909
<b>TOTAL</b>	<b>92,354</b>	<b>312,909</b>
<b>NOTE 19 - OTHER INCOME AND OTHER GAINS/(LOSSES)</b>		
Interest Income on Deposits/Advances/ Loan	2,285,530	1,645,660
Interest on Income Tax Refund	-	420
Liabilities no longer required written back	-	12,031
Mis. Income	6,900	-
<b>TOTAL</b>	<b>2,292,430</b>	<b>1,658,111</b>
<b>NOTE 20 - COST OF MATERIAL CONSUMED</b>		
Opening Stock - Raw Material	14,520	52,000
Add : Purchase	95,630	131,492
Closing Stock - Raw Material	14,520	14,520
<b>TOTAL</b>	<b>95,630</b>	<b>168,972</b>
<b>NOTE 21 - EMPLOYEE BENEFIT EXPENSE</b>		
Salary & Stipend	86,164	236,718
Directors remuneration	180,000	270,000
Staff welfare	5,654	10,000
Workman Insurance Expenses	5,730	5,730
<b>TOTAL</b>	<b>277,548</b>	<b>522,448</b>
<b>NOTE 22 - DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation on Property,Plant and Equipment	137,979	128,684
<b>TOTAL</b>	<b>137,979</b>	<b>128,684</b>

	Year ended 31/03/2019 Rs.	Year ended 31/03/2018 Rs.
<b>NOTE 23 - OTHER EXPENSES</b>		
Advertisement	22,080	32,762
<b>Auditors Remuneration-</b>		
Statutory Audit Fees	30,000	23,000
Tax Audit Fees	-	-
Bad Debts write off	-	500,000
Bank Charges	1,829	2,764
Courier & Postage Charges	81,573	67,965
Electricity Charges	10,470	6,793
Listing & Custodian fees	341,772	412,542
Office Expenses	7,854	14,916
Printing And Stationary	51,740	73,796
Professional Fees	56,000	85,000
Rates & Taxes	113,720	-
Repairs & Maintenance	997	7,500
ROC Charges	5,000	11,214
Sales Promotion	-	18,093
Telephone Expenses	50,196	30,858
Traveling & Conveyance	8,524	55,242
<b>TOTAL</b>	<b>781,754</b>	<b>1,342,445</b>

**Details of Payment to Auditors**

For Audit Fees	30,000	23,000
For Tax Audit	-	-
For Other Services	-	-
<b>TOTAL</b>	<b>30,000</b>	<b>23,000</b>

**NOTE 24 - TAX EXPENSE****(a) Amounts recognised in Statement of Profit and Loss**

Current tax expense (A)		
Current year	210,111	-
	0	-
Deferred tax expense (B)		
Brought forward Loss *	210,111	-
MAT	0	-
	(210,111)	-
<b>Tax expense recognised in the income statement (A+B)</b>		
	-	-

\*In the absence of convincing evidence, the Company has not recognised deferred tax assets (DTA) on timing differences arising on the above mentioned items.

**b) Amounts recognised in other comprehensive income**

Particulars	2018-19			2017-18		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	-	-	-	-	-	-
	-	-	-	-	-	-

	Year ended 31/03/2019 Rs.	Year ended 31/03/2018 Rs.
<b>(c) Reconciliation of effective tax rate</b>		
<b>Profit before tax</b>	<b>1,091,873</b>	<b>(191,529)</b>
Company's domestic tax rate	<b>26%</b>	<b>25.75%</b>
Tax using the Company's domestic tax rate	283,887	(49,319)
<b>Tax effect of:</b>		
Tax effect on non-deductible expenses	12,161	145,684
Tax On Carried forward losses adjusted	210,111	(96,365)
Tax on book profit	210,111	-
<b>Tax expense as per Statement of Profit &amp; Loss</b>	<b>210,111</b>	<b>-</b>
Effective tax rate	19.24	0.00

**NOTE 25 - EARNING PER SHARE**

Weighted average number of shares outstanding during the period	4,889,000	4,889,000
Weighted average number of Potential Equity shares outstanding during the year	4,889,000	4,889,000
Total number of Potential Equity Share for calculating Diluted Earning Per share	4,889,000	4,889,000
Net Profit \ (Loss) after tax available for equity shareholders	1,091,873	(191,529)
Basic Earning per share (in Rs.)	0.22	(0.04)
Diluted Earning per share (in Rs.)	0.22	(0.04)

**NOTE 26 - DISCLOSURE REGARDING RELATED PARTY**

Disclosures on Related party transactions

**i) Nature and Relationship of Related Parties**a) **Associates / Enterprises over which directors and / Or their relatives has significant influence – NIL****b) Directors, Key Management Personnel & Relatives of KMP**

Managing Director	J. T. D'Souza
Whole Time Director & CFO	Punit Neb
Company Secretary	Deepika Singh

**ii) Transactions with Related Parties during the year**

Particulars	Nature of Transaction	March 31, 2019	March 31, 2018
<b>b) Directors and Key Management Personnel</b>			
J. T. D'souza	Remuneration	180,000	180,000
Punit Neb	Remuneration	-	90,000
Deepika Singh	Remuneration	26,000	-
Punit Neb	Loan taken	70,000	-
J. T. D'souza	Reimbursement of expenses	13,090	-
Punit Neb	Reimbursement of expenses	99,806	-

**iii) Closing Outstanding Balances of Related Parties**

Particulars	Nature	March 31, 2019	March 31, 2018
J. T. D'souza	Remuneration payable	218,031	68,031
Punit Neb	Remuneration payable	7,500	7,500
Deepika Singh	Remuneration payable	-	-
Punit Neb	Unsecured Loan	70,000	-
Punit Neb	Payable (Reimbursement of expenses)	87,022	-

**Note 1: Related Parties as disclosed by Management and relied upon by auditors.**

**NOTE 27 - FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT****A. Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Amount in Rs.)

31st March 2019	Carrying amount				Fair value			
	Mandatorily at FVTPL	FVTOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Other Financial Assets	-	-	24,515	24,515	-	-	-	-
Trade receivables	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	472,336	472,336	-	-	-	-
	-	-	<b>496,851</b>	<b>496,851</b>	-	-	-	-
<b>Financial liabilities</b>								
Borrowing	-	-	70,000	70,000	-	-	-	-
Trade Payables	-	-	-	-	-	-	-	-
Other Financial Liabilities	-	-	546,109	546,109	-	-	-	-
	-	-	<b>616,109</b>	<b>616,109</b>	-	-	-	-
<b>31st March 2018</b>								
31st March 2018	Carrying amount				Fair value			
	Mandatorily at FVTPL	FVTOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Other Financial Assets	-	-	24,515	24,515	-	-	-	-
Trade receivables	-	-	28,763	28,763	-	-	-	-
Cash and cash equivalents	-	-	397,391	397,391	-	-	-	-
	-	-	<b>450,669</b>	<b>450,669</b>	-	-	-	-
<b>Financial liabilities</b>								
Trade Payables	-	-	38,403	38,403	-	-	-	-
Other Financial Liabilities	-	-	412,004	412,004	-	-	-	-
	-	-	<b>450,407</b>	<b>450,407</b>	-	-	-	-

**B. Measurement of fair values**

Valuation techniques and significant unobservable inputs

The Fair Value of the Financial Assets & Liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

**Financial instruments measured at fair value**

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Mutual Funds	The fair values of investments in Mutual fund units is based on the net asset value ("NAV") as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors	Not applicable	Not applicable
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable

**C. Financial Risk Management****CI. Risk management framework**

A wide range of risks may affect the Company's business and operational / financial performance. The risks that could have significant influence on the Company are market risk, credit risk and liquidity risk. The Company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the company's operational and financial performance.



**CII. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables, cash and cash equivalents and other bank balances. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

**(a) Trade and other receivables from customers**

Credit risk in respect of trade and other receivables is managed through credit approvals, establishing credit limits and monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in the credit risk on an on-going basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on assets as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business
- ii) Actual or expected significant changes in the operating results of the counterparty
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparties ability to meet its obligation
- iv) Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements

Financial assets are written off when there is a no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. When loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due, When recoverable are made, these are recognised as income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

**Ageing of Accounts receivables:**

Particulars	Amount in Rs.	
	As at March 31, 2019	As at March 31, 2018
0 - 6 months	-	28,763
Beyond 6 months		
<b>Total</b>	<b>-</b>	<b>28,763</b>

Financial Assets are considered to be of good quality and there is no significant increase in credit risk

**(b) Cash and cash equivalents and Other Bank Balances**

The Company held cash and cash equivalents and other bank balances of Rs. 4,72,336 at 31st March 2019 (31st March 2018: Rs. 3,97,391). The cash and cash equivalents are held with bank with good credit ratings and financial institution counterparties with good market standing. Also, Company invests its short term surplus funds in bank fixed deposit, which carry no / low mark to market risks for short duration therefore does not expose the Company to credit risk.

**CIII. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Company through effective fund management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and other borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**CIV. Market risk**

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

**a. Currency risk**

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. Our exposure are mainly denominated in U.S. dollars. The USD exchange rate has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations. This intent has been achieved in all years presented. The Company has put in place a Financial Risk Management Policy to identify the most effective and efficient ways of managing the currency risks.

**b. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely.

**NOTE 28 - CAPITAL MANAGEMENT**

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. Management monitors the return on capital as well as the debt equity ratio and make necessary adjustments in the capital structure for the development of the business. The capital structure of the Company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company's debt to equity ratio as on March 31<sup>st</sup>, 2019 was 0.20% (31<sup>st</sup> March 2018: Nil)

**NOTE 29 - Contingent Liability- NIL**

**NOTE 30 -**

There is no availability of information about the amount dues to small/micro undertaking, we are unable to comment that the interest if any is due to such undertaking or not.

**NOTE 31 -**

As certified by the Management there is no obligation in respect of gratuity and leave encashment during the year

**NOTE 32 -**

Balances are relied upon as per books of accounts wherever the confirmations from debtors /creditors /Loans /Advances are not available

**NOTE 33 -**

Previous year figures have been regrouped and rearranged wherever necessary to confirm with the current year presentation.

**In terms of our report of even date**

For R SONI & COMPANY

Chartered Accountants

Firm's registration number: 130349W

For and on behalf of the Board

**Rajesh Soni**  
Partner  
Membership No.133240  
Mumbai May 30, 2019

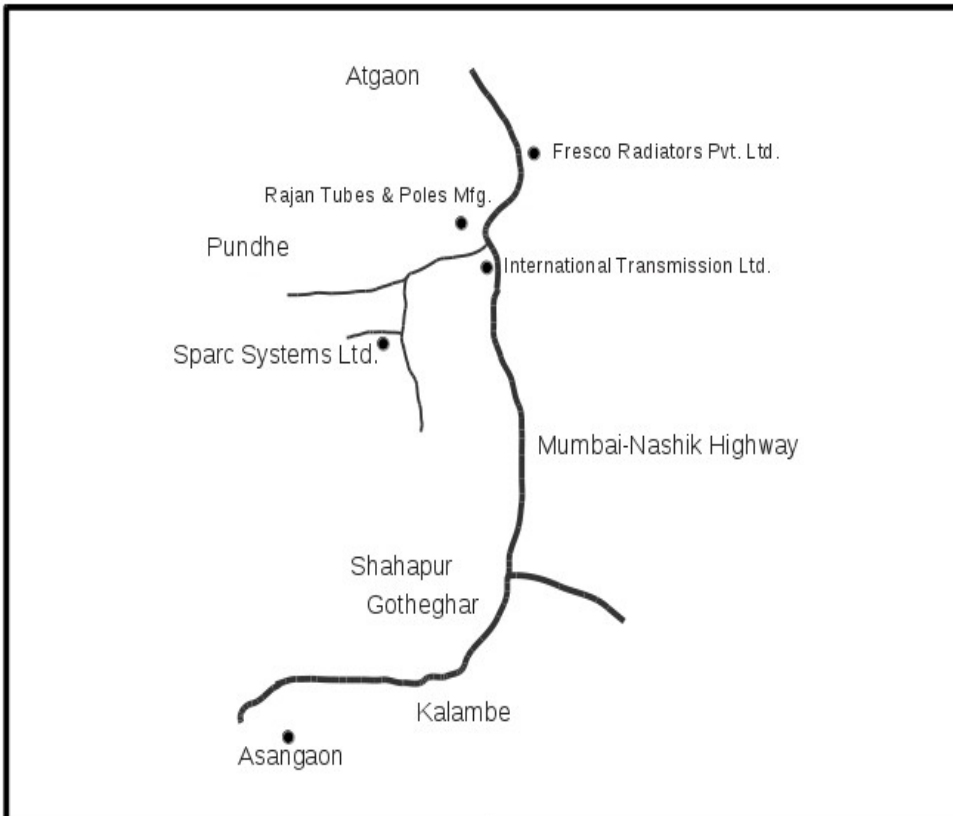
**J. T. D'souza**  
Managing Director  
DIN 00958844

**Punit Neb**  
Whole Time Director & CFO  
DIN 01026300

**Deepika Singh**  
Company Secretary  
M.N. 41761

**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	

NAME & ADDRESS OF THE REGISTERED SHARE HOLDERS / PROXY HOLDER
---

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 Monday, September 30, 2019 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]

30th ANNUAL GENERAL MEETING - Monday, September 30, 2019 AT 10.00 AM

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

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

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

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

3. 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 Monday, September 30, 2019 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, 2019 including the Audited Balance Sheet as at March 31, 2019 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. Jude Terrence D'souza (DIN 00958844), who retires by rotation and being eligible, offers himself for re-appointment.		
<b>Special Business:</b>			
3	To re-appoint Mr. Santosh Shetty (DIN 03043071) as an Independent Director.		
4	To appoint Ms. Kajal Jain (DIN 08129655) as an Independent Director.		

Signature of Shareholder ..... Signed this ..... day of ..... 2019

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

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.

Affix  
Revenue  
Stamp of  
Rs. 1/-

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