

CERTIFIED TRUE COPY

FOR SPARC SYSTEMS LTD.

[Signature]
DIRECTOR

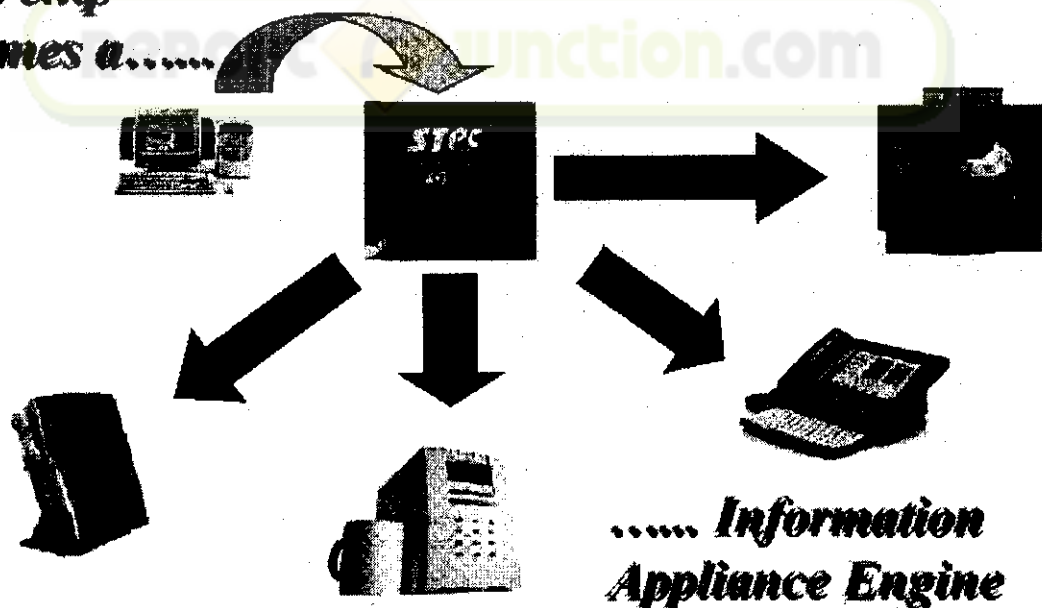


SPARC SYSTEMS LIMITED.

ANNUAL REPORT 1999-2000

Embedded Software & Systems

**A PC
on a chip
becomes a.....**



BOARD OF DIRECTORS

J. T. D'souza
Anand Raj Jain
Ms. Punit Neb
P. S. Patel
Ralph D'souza

Chairman & Managing Director
Director
Wholtime Director
Director
Director

BANKERS

Union Bank of India
Indian Overseas Bank

AUDITORS

M/s. Bhandari Pradeep & Co.,
Chartered Accountants, Mumbai

Registered Office

Plot No.11, Survey No.118/1 - 2, Village Pundhe, At Post Athgaon, Dist. Thane - 421301

Corporate Office

138, Hiranandani, Industrial Estate, Kanjurmarg (W), Mumbai 400078
Ph: 5770864, 5790592. Fax: 5796698. Email: sparc@bom3.vsnl.net.in

Share Transfer & Investor Cell

138, Hiranandani Industrial Estate, Kanjurmarg (W), Mumbai 400078
Ph: 5770864, 5790592. Fax: 5796698. Email: sparc@bom3.vsnl.net.in

Works

Plot No.11, Survey No. 118/1 - 2, Village Pundhe, At Post Athgaon, Dist. Thane - 421301

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of Sparc Systems Ltd. will be held at 10.00 a.m. on Friday the 29th of September 2000 at Plot No.11, Survey No. 118/1 - 2, Village Pundhe, At Post Athgaon, Dist. Thane - 421301 to transact the following business.

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2000 and the Profit and Loss Account for the year ended on that date along with the Directors' and Auditors' Report thereon.
- To appoint a Director in place of Mr. Anand Raj Jain who retires by rotation and being eligible offers himself for reappointment.
- To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

- To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION.
"RESOLVED THAT Mr. P. S. Patel be and is hereby appointed as Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation."
- To consider and, if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION.
"RESOLVED THAT, pursuant to the provisions of sections 198, 269, 309, 310, and other applicable provisions, if any of the Companies Act, 1956, as amended from time to time, The Company approves the re-appointment of and terms of remuneration and perquisites payable to Mr. Jude Terrence D'souza, as Managing Director of the Company for a period of 5 (five) years with effect 1st December, 1999, on terms and conditions set out in the draft Agreement which is hereby specifically sanctioned with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the said re-appointment and / or agreement in such a manner as may be approved by the Board and acceptable to Mr. D'souza, provided however that such remuneration shall not exceed the limits set out in schedule XIII to the Companies Act, 1956 or the laws in force for the time being."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take such steps as may be necessary to give effect to this resolution."

- To consider and, if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT, pursuant to the provisions of sections 198, 269, 309, 310, and other applicable provisions, if any of the Companies Act, 1956, as amended from time to time, The Company approves the re-appointment of and terms of remuneration and perquisites payable to Ms Punit Neb, as Whole-time Director of the Company for a period of 5 (five) years with effect 1st December, 1999, on terms and conditions set out in the draft Agreement which is hereby specifically sanctioned with liberty to the Board of Directors of the Company to alter and vary the terms and conditions of the said re-appointment and / or agreement in such a manner as may be approved by the Board and acceptable to Ms. Punit Neb provided however that such remuneration shall not exceed the limits set out in schedule XIII to the Companies Act, 1956 or the laws in force for the time being."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to take such steps as may be necessary to give effect to this resolution."

- To consider and, if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION.

"RESOLVED THAT, pursuant to the provisions of sections 163, of the Companies Act, 1956, the Register of Members, Index of Members, and copies of all Annual Returns together with certificates and documents required to be annexed thereto be kept at the Corporate office of the Company at 138, Hiranandani Industrial Estate, Kanjurmarg (W), Mumbai 400078."

For and on behalf of the Board
J. T. D'souza
Chairman & Managing Director

Mumbai, September 1st, 2000

Annexure to the Notice

Explanatory statement pursuant to the provisions of section 173 of the Companies Act, 1956

Item No.4

Mr. P. S. Patel was appointed as Additional Director of the Company w.e.f. 1st September 2000 and in terms of section 260 of the Companies Act 1956, he vacates the office at the ensuing annual general meeting. A notice under section 257 of the Companies Act, 1956 has been received by the Company from a member proposing the appointment of Mr. P. S. Patel as Director of the Company, whose period of office will be liable to determination by retirement of directors by rotation. The Board recommends the appointment of Mr. P. S. Patel as Director.
None of the Directors, except Mr. P. S. Patel himself, is interested in the above item.

Item No.5

Mr. Jude Terrence D'souza was re-appointed as Managing Director of the Company w.e.f. 1st December 1999 for period of 5 (five) years. The

remuneration and terms of re-appointment of Mr. D'souza as Managing Director are as follows:

- Salary in the slab of, including any allowance Rs. 25,000 - Rs. 2,000 - Rs. 35,000 per month.
- Commission at the rate of 1% of Net Profit as computed as per the Companies Act, 1956.
- Perquisites:
Perquisites may be allowed in addition to the salary, which will be restricted to an amount equal to the annual salary or Rs. 4,00,000/- per annum, whichever is less.

Category 'A'

- Housing i:
The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the ceiling of 60% of the salary, over and above 10% payable by the appointee.
- Housing ii:

In case the accommodation is owned by the Company, 10% of the salary of the appointee shall be deducted by the Company.

Housing iii :

In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in Housing i.

Explanation :

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per electricity the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10 % of the salary of the appointee.

II. Medical Reimbursement :

Expenses incurred for the Managing Director and his family shall be subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

III. Leave Travel Concession :

For the Managing Director and his family, once in a year incurred in accordance with the rules of the Company.

IV. Club Fees :

Reimbursement of fees of club subject to maximum of two clubs. The fees shall not include admission fees and life membership fees.

V. Personal Accident Insurance :

Premium not to exceed Rs. 4000/- per annum.

Explanation

For the purpose of Category 'A' family means the spouse, dependent children and dependent parents of the appointee.

Category 'B'

1. Provident Fund/Superannuation Fund :

Contribution to Provident Fund and Superannuation Fund will be to a maximum of 25% of salary. However this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act.

2. Gratuity :

Gratuity payable shall be as per rules of the Company but shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-.

Category 'C'

I. Car :

Provision of car with a driver for use on the Company's business. Use of car for private purpose shall be billed by the Company to the Managing Director as per the rules of the Company.

II. Telephone :

Telephone to be provided at the residence. Personal long distance calls shall be billed by the Company to the Managing Director.

Notes :-

1. The Managing Director will not be entitled to the Sitting Fees for the meeting of the Board of Directors attended by him.
2. The Managing Director will be entitled to Earned, Casual, Sick Leaves as per the rules of the Company.

The Board recommends the appointment of Mr. D'souza as Managing Director on the terms and conditions stated above.

The agreement referred above will be available for inspection by members of the Company at it's Corporate office on any working date prior to the date of the meeting between 1100 and 1300 hrs.

Mr. Jude Terence D'souza, Mr. Ralph D'souza and Ms. Punit Neb being relatives are interested in the item.

Item No.6

Ms. Punit Neb was re-appointed as Whole-time Director of the Company w.e.f. 1st December 1999 for period of 5 (five) years. The remuneration and terms of re-appointment of Ms. Punit Neb as Whole-time Director are as follows:

1. Salary in the slab of, including any allowance Rs. 12,500 - Rs. 1,000 - Rs. 20,500 per month.
2. Perquisites: Perquisites may be allowed in addition to the salary, which will be restricted to an amount equal to the annual salary or Rs. 2,00,000/- per annum, whichever is less.

Category 'A'

Notes:

1. A member entitled to vote is entitled to appoint one or more proxies to attend and vote instead of himself and a proxy need not be a member.
2. The instrument appointing Proxy should be deposited at the registered office of the Company not less than forty eight hours before the commencement of the meeting.

I. Housing i:

The expenditure by the Company on hiring furnished accommodation for the appointee will be subject to the ceiling of 60% of the salary, over and above 10% payable by the appointee.

Housing ii :

In case the accommodation is owned by the Company, 10% of the salary of the appointee shall be deducted by the Company.

Housing iii:

In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in Housing i.

Explanation :

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per electricity the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10 % of the salary of the appointee.

II. Medical Reimbursement :

Expenses incurred for the Whole-time Director and her family shall be subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

III. Leave Travel Concession :

For the Whole-time Director and her family, once in a year incurred in accordance with the rules of the Company.

IV. Club Fees :

Reimbursement of fees of club subject to maximum of two clubs. The fees shall not include admission fees and life membership fees.

V. Personal Accident Insurance :

Premium not to exceed Rs. 4000/- per annum.

Explanation

For the purpose of Category 'A' family means the spouse, dependent children and dependent parents of the appointee.

Category 'B'

I. Provident Fund / Superannuation Fund :

Contribution to Provident Fund and Superannuation Fund will be to a maximum of 25% of salary. However this will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act.

II. Gratuity :

Gratuity payable shall be as per rules of the Company but shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-.

Category 'C'

I. Car :

Provision of car with a driver for use on the Company's business. Use of car for private purpose shall be billed by the Company to the Whole-time Director as per the rules of the Company.

II. Telephone :

Telephone to be provided at the residence. Personal long distance calls shall be billed by the Company to the Whole-time Director.

Notes :-

- 1) The Whole-time Director will not be entitled to the Sitting Fees for the meeting of the Board of Directors attended by her.
- 2) The Whole-time Director will be entitled to Earned, Casual, Sick Leaves as per the rules of the Company.

The Board recommends the appointment of Ms. Punit Neb as Whole-time Director on the terms and conditions stated above.

The agreement referred above will be available for inspection by members of the Company at it's Corporate office on any working date prior to the date of the meeting between 1100 and 1300 hrs.

Mr. Jude Terence D'souza, Mr. Ralph D'souza and Ms. Punit Neb being relatives are interested in the item.

Item No.6

The registered office of the Company is situated at Plot No.11, Survey No.118/1-2, Village Pundhe, At Post Athgaon, Dist. Thane. which is about 100km away from Mumbai. Pursuant to section 163 of the Companies Act, 1956, certain records are required to be maintained at the Registered office of the Company. The Company had received several requests from members to maintain these records at the Corporate office. The Board recommends passing of the resolution.

None of the Directors are interested in the item.

3. An explanatory statement pursuant to section 173 of the Companies Act, 1958, is annexed.

4. The Register of Members and Share Transfer Books of the Company shall remain closed from 27th September 2000 to 29th September 2000 both days inclusive.