



# **SPARC SYSTEMS LIMITED**

**ANNUAL REPORT 2008 - 2009**



## **BOARD OF DIRECTORS**

Mr. J. T. D'souza	Chairman & Managing Director
Mr. Anand Raj Jain	Director
Ms. Punit Neb	Wholetime Director
Mr. Santosh Shetty	Director
Mr. Amit Bothra	Director
Mr. Padmakar Chandrachood (Upto January 29, 2009)	Director
Mr. Bharat Jain (Appointed on March 30, 2009)	Director

## **BANKERS**

Union Bank of India  
Indian Overseas Bank

## **AUDITORS**

M/s Sanklecha & Co.  
Chartered Accountants, Mumbai

## **REGISTERED OFFICE & WORKS**

Sparc Systems Limited  
Plot No. 11  
Survey No. 118/1 - 2  
Village Pundhe  
Taluka Shahapur  
At Post Athgaon  
District Thane - 421301  
Phone 9820166973  
Fax 27602481

## **CORPORATE OFFICE**

Sparc Systems Limited  
#16-17 Ground Floor  
Lovely  
Sector 2  
Airoli  
Navi Mumbai - 400708  
Phone 27602473 / 27602478 / 27602481  
Fax 27602481  
Email sparc@bom3.vsnl.net.in  
Email sparc@mtnl.net.in

## **REGISTRAR AND SHARE TRANSFER AGENTS**

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

**NOTICE**

NOTICE is hereby given that Annual General Meeting of the Members of Sparc Systems Limited will be held on Wednesday, September 30, 2009 at 10.00 am, at the Registered Office of the Company at Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Anand Raj Jain, who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint a Director in place of Mr. Amit Bothra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

5. Appointment of Mr. Bharat Jain as a Director

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

**"RESOLVED THAT Mr. Bharat Jain** who has been appointed as an Additional Director of the Company with effect from March 30, 2009 and who, in terms of Section 260 of the Companies Act, 1956, holds office of directorship upto the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing from a member under section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Company".

**For and on behalf of the Board**

**J. T. D'souza**  
**Chairman & Managing Director**  
**Mumbai, June 30, 2009**

**NOTES:**

- i. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS PLACE AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- ii. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- iii. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2009 to 30.09.2009, inclusive of both days.
- iv. Members seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
- v. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is attached hereto.

vi. Members are requested to:

- a. Notify immediately any change in their address to the Company's Share Transfer Agents;
- b. Bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.

vii. Additional details in terms of Clause 49 of Listing agreement in respect of Directors seeking appointment / re-appointment are as below.

viii. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business is annexed hereto.

## **DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING:**

(In pursuance of Clause 49(VI) (A) of the Listing agreement)

### **DIRECTOR SEEKING RE-APPOINTMENT**

**Mr. Anand Raj Jain**, aged 47 years, is on the Board of the Company since October, 1994. Mr. Anand Raj Jain is a Chartered Accountant. Mr. Anand Raj Jain has ample experience and expertise in finalisation of Accounts. Mr. Anand Raj Jain is also director in Satta Securities Pvt. Ltd. and Sindhu Valley Technologies Ltd. Mr. Anand Raj Jain does not hold any Committee positions in any other company.

### **DIRECTOR SEEKING RE-APPOINTMENT**

**Mr. Amit Bothra**, aged 29 years, is on the board of the Company since December 31, 2005. Mr. Bothra is a Chartered Accountant and Masters of Commerce. Mr. Bothra has several years of experience as Chartered Accountant. His areas of expertise encompass Accounting, Financial Planning and Indirect Taxation. Mr. Bothra holds Directorship and Committee positions in Texplast Industries Limited.

### **DIRECTOR SEEKING RE-APPOINTMENT**

**Mr. Bharat Jain**, aged 37 years, is on the board of the Company since March 30, 2009. Mr. Jain has 17 years of experience as Accountant and Auditor. His areas of expertise encompass Accounting, Auditing and Financial Planning. Mr. Jain does not hold any Directorship and Committee positions in any other company.

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

### **Item No. 5**

The Board of Directors appointed Mr. Bharat Jain as an Additional Director of the Company with effect from March 30, 2009. Under Section 260 of the Companies Act, 1956, Mr. Bharat Jain holds the office of Director upto the date of this Annual General Meeting and the Company has received Notice from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of Director.

**For and on behalf of the Board**

**J. T. D'souza**  
Chairman & Managing Director  
Mumbai, June 30, 2009

## DIRECTORS' REPORT

The Directors present the Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2009.

### FINANCIAL HIGHLIGHTS

	Rs. In lacs	
	2008-2009	2007-2008
Profit before Depreciation	4.24	10.93
<u>Less:</u> Depreciation	(5.68)	(5.68)
<b>Profit (Loss )after Depreciation</b>	<b>(1.43)</b>	<b>(5.25)</b>
<u>Less:</u> Provision for Taxation	0.34	2.52
Add : Provision for earlier W/D	(1.51)	-
Less provision for Fringe Benefit Tax	0.17	0.23
<u>Add : Deferred Tax assets / Liabilities</u>	<u>(0.92)</u>	<u>(1.49)</u>
Profit after Tax	0.48	1.02
<u>Add:</u> Balance Profit brought forward from Previous Year	2.07	1.05
Surplus carried to Balance Sheet	2.55	2.06

### OPERATIONS

During the year, income of the Company was Rs. 11.10 lacs as compared to Rs. 47.45 lacs during the previous year. Net profit after tax was at Rs. 0.48 lacs as compared to Rs. 1.01 lacs during the previous year.

The Management intends to continue to pursue Software and Hardware Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances. Last year, the Company had launched it's range of Telematics Systems targeted at the automobile sector. The market response for these products is positive. The Telematic range of products have been expanded and the Company has launched Server Room Monitoring Equipment. The Company continues to add several new clients covering different industry segments which are expected to generate revenues. The Company's Vehicle Asset Tracking and Delivery Systems have been well received. Sales of the same are expected to pick-up in synchronisation with the recovery in the gems & jewellery segment. The Company's Biometric Security products are being pushed hard in the market. The Company's existing systems and components like Video Conference, Security Systems, Firewalls, Access Control Systems etc are spreading into the market. However important segments of it's client base are facing pressure due to exposure to the US markets and have resulted in several projects being postponed. This has adversely affected revenue of the Company.

### DIVIDEND

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

### FIXED DEPOSITS

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

### PARTICULARS OF EMPLOYEES

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

### STATUTORY INFORMATION

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

## **DIRECTORS**

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

Mr. Padmakar Chandrachood, Non Executive Director of the Company has resigned from the Company with effect from January 29, 2009. The Board placed on record its appreciation for the valuable services rendered by him during his tenure as Director of the Company

Mr. Bharat Jain was appointed as an Additional Director on March 30, 2009. He holds office upto the conclusion of this Annual General Meeting and the Company has received Notice from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of Director.

## **DIRECTORS RESPONSIBILITY STATEMENT**

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

- i. In the preparation of the annual accounts, the applicable Accounting Standards have been followed with proper explanation relating to material departures;
- ii. Appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company as at March 31, 2009 and of the profit of the Company for the year;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company & for preventing & detecting fraud & other irregularities;
- iv. The annual accounts have been prepared on a going concern basis.

## **CORPORATE GOVERNANCE REPORT**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

## **LISTING AND DEMATERIALIZATION OF SHARES**

The Equity Capital of the Company is listed on Bombay Stock Exchange Ltd., Ahmedabad Stock Exchange, and Bangalore Stock Exchange. The Company has paid the listing fees for the year 2009-2010 to Bombay Stock Exchange Ltd.

## **AUDITORS' REMARKS**

The observations made by the Auditors with reference to Notes to the Accounts for the year under report are self-explanatory and need no further comments from the Directors.

## **AUDITORS**

M/s Sanklecha & Co., Chartered Accountants, the Auditors of the Company, retire at the conclusion of this Annual Meeting and are eligible for re-appointment. Members are requested to appoint Auditors and fix their remuneration.

## **SUSPENSION IN TRADING OF EQUITY SHARES**

Trading of the Equity Shares was suspended by Bombay Stock Exchange Ltd., due to non compliance of Clause 49 of the Listing Agreement with effect from December 21, 2004. The Company has submitted required application along with all the necessary documents as required by Bombay Stock Exchange Ltd. for revocation of suspension of trading of Equity Shares. However Bombay Stock Exchange Ltd. has rejected the same. The Company has reapplied for revocation of suspension of trading of Equity Shares to Bombay Stock Exchange Ltd. The Company expects trading of Equity Shares will commence in the year 2009-2010.

## **ACKNOWLEDGEMENTS**

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

**For and on behalf of the Board**

**J. T. D'souza**  
**Chairman & Managing Director**  
**Mumbai, June 30, 2009**

**ANNEXURE 'A' TO THE DIRECTORS' REPORT****Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo****A. CONSERVATION OF ENERGY**

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

**B. TECHNOLOGY ABSORPTION**

Not Applicable

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	Rs. in lacs	
	2008-2009	2007-2008
Foreign Exchange Earning	NIL	NIL
Foreign exchange used - Raw material purchase	0.29	0.82

**ANNEXURE 'B' TO DIRECTORS' REPORT**  
**CORPORATE GOVERNANCE REPORT**

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

**1. BOARD OF DIRECTORS**

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

Name	Category Position	Last AGM Attended	No. of Board Meetings attended during the year ended March 31, 2009
J. T. D'souza	Chairman & Managing Director	Yes	5
Punit Neb	Wholetime Director	Yes	6
Anand Raj Jain	Non-Executive Director	Yes	4
Santosh Shetty	Non-Executive Director / Independent	Yes	4
* Padmakar Chandrachood	Non-Executive Director / Independent	Yes	3
Amit Bothra	Non-Executive Director / Independent	Yes	5
** Bharat Jain	Non-Executive Director / Independent	NA	NA

\* Upto January 29, 2009

\*\* Appointed as Additional Director w.e.f. March 30, 2009



## 2. NUMBER OF BOARD MEETINGS HELD AND DATES THEREOF

During the year, six Board Meetings were held. The meetings were held on April 19, 2008, June 28 2008, July 30, 2008, October 31, 2008, January 29, 2009 and March 30, 2009.

## 3. CODE OF CONDUCT

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

## 4. AUDIT COMMITTEE

The Audit Committee of the Company has Mr. Santosh Shetty, Mr. Anand Raj Jain and Mr. Amit Bothra as members of the Committee. All Committee Members are Non Executive Directors, out of which Mr. Santosh Shetty & Mr. Amit Bothra are Independent Directors. The Audit Committee constitution meets with the requirements under Section 292A of the Companies Act, 1956. During the year, the Committee met 5 times. The terms of reference of the Audit Committee are as contained in the Clause 49 of the Listing Agreement. Mr. Amit Bothra, Independent Director is the Chairman of this Committee.

During the year ended March 31, 2009, 5 meetings of the Audit Committee were held on June 28 2008, July 30, 2008, October 31, 2008, January 29, 2009 and March 30, 2009.

## 5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

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

During the year under review, the Registrar and Share Transfer Agents of the Company has received one complaint from members directly and no complaints through the Stock Exchanges. The same has been redressed.

## 6. REMUNERATION COMMITTEE

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

Remuneration paid to Mr. J. T. D'souza, Managing Director is Rs. 75,000/- as salary.  
Remuneration paid to Ms. Punit Neb, Whole-time Director is Rs. 75,000/- as salary.  
There was one meeting of the Remuneration Committee during the financial year 2008-2009.  
Details of Equity Shares held by Directors is as below

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