



# **SPARC SYSTEMS LIMITED**

**ANNUAL REPORT 2012 - 2013**

## **Sparc Systems Ltd.**

### **BOARD OF DIRECTORS**

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

### **BANKERS**

Union Bank of India  
Indian Overseas Bank

### **AUDITORS**

M/s R Soni & Co.  
Chartered Accountants, Mumbai

### **REGISTERED OFFICE & WORKS**

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

### **CORPORATE OFFICE**

#16-17 Ground Floor,  
Lovely, Sector 2,  
Airoli, Navi Mumbai - 400708  
Phone 27792473 / 27792478 / 27792481  
Fax 27792481  
Email [sparc@mtnl.net.in](mailto:sparc@mtnl.net.in)  
Website [www.sparcsys.com](http://www.sparcsys.com)

### **REGISTRAR AND SHARE TRANSFER AGENTS**

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

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

#### **IMPORTANT COMMUNICATION TO MEMBERS**

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

## Notice

**NOTICE** is hereby given that Annual General Meeting of the Members of Sparc Systems Limited will be held on Monday, September 30, 2013 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, 2013 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.

### For and on behalf of the Board

**J. T. D'souza**  
**Chairman & Managing Director**  
**Mumbai, May 30, 2013**

### 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 September 26, 2013 to September 30, 2013, 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. 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.

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

### Disclosure pursuant to Clause 49 of the Listing Agreement

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

##### Director seeking re-appointment

**Mr. Anand Raj Jain**, aged 51 years, is on the Board of the Company since October 1994. Mr. Anand Raj Jain is a Chartered Accountant. Mr. Jain has ample experience and expertise in financialisation of accounts. Mr. Jain is also director in Avenue 2 Revenue Media Pvt. Ltd., 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 33 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 does not hold any Directorship as well as Committee positions in any other company.

### For and on behalf of the Board

**J. T. D'souza**  
**Chairman & Managing Director**  
**Mumbai, May 30, 2013**

## Directors' Report

The Directors present the Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2013.

### Financial Highlights

	Rs. In lacs	
	2012 - 2013	2011 - 2012
Profit before Depreciation	(35.96)	2.64
<u>Less</u> Depreciation	(5.83)	(5.83)
<b>Profit (Loss) after Depreciation</b>	<b>(41.79)</b>	<b>(3.18)</b>
<u>Less</u> Provision for Taxation – Current Year	(0.45)	(0.25)
<u>Add</u> Deferred Tax Assets / Liabilities	(6.72)	1.27
Profit (Loss) after Tax	(48.96)	(2.17)
<u>Add</u> Balance Profit brought forward from previous year	(4.12)	(1.95)
Surplus carried to Balance Sheet	(53.08)	(4.12)

### Operations

During the year, income of the Company was Rs. 16.60 lacs as compared to Rs. 6.37 lacs during the previous year. The Company has incurred a net loss amounting Rs. 48.96 lacs as compared to a net loss of Rs. 2.17 lacs during the previous year.

The Management intends to continue to pursue Software and Hardware Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances. The Company continues to leverage its exiting technologies and continues to add several new clients covering different industry segments.

### Dividend

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

### Fixed Deposits

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

### Particulars of Employees

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

### Statutory Information

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

### Directors

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

During the year Mr. J. T. D'souza & Ms. Punit Neb have been re-appointed as Managing Director & Whole-time Director respectively w.e.f. December 1, 2012, for a period of three years.

### Related Parties

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

### Corporate Governance Report

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

### Management Discussion and Analysis Report

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

### Secretarial Compliance Report

Pursuant to Section 383A(1) of the Companies Act, 1956, a copy of the Compliance Certificate issued by a Practicing Company Secretary for the year ended March 31, 2013 is attached herewith, forming part of this Report.

**Directors' Responsibility Statement**

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

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed with proper explanation relating to material departures;
2. Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company as at March 31, 2013 and of the loss of the Company for the year;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company & for preventing & detecting fraud & other irregularities;
4. The Annual Accounts have been prepared on a going concern basis.

**Listing and Dematerealisation of Shares**

The Equity Capital of the Company is listed on Bombay Stock Exchange Ltd., Ahemdabad Stock Exchange Ltd., and The Bangalore Stock Exchange Ltd. The Company has paid the listing fees for the year 2013-2014 to Bombay Stock Exchange Ltd., Ahemdabad Stock Exchange Ltd. and The Bangalore Stock Exchange Ltd.

**Auditors**

M/s. R Soni & Co., Chartered Accountants, the Auditors of the Company, retire at the conclusion of this Annual Meeting and are eligible for re-appointment. Members are requested to appoint Auditors and fix their remuneration. The Directors take this opportunity to acknowledge with gratitude the valuable services rendered by M/s. R Soni & Co.

**Auditors' Remarks**

The observations made by the Auditors for the year under review are self-explanatory and need no further comments from the Directors.

**OTS with Maharashtra State Financial Corporation [MSFC]**

The Company had entered into an One-Time-Settlement [OTS] with Maharashtra State Financial Corporation [MSFC]. The Company has paid the complete amount as per terms of the OTS and obtained no dues letter from MSFC.

**Acknowledgments**

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

**For and on behalf of the Board**

**J. T. D'souza**

**Chairman & Managing Director**  
Mumbai, May 30, 2013

**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 – NIL**

	Rs. in lacs	
	2012-2013	2011-2012
Foreign Exchange Earning	NIL	NIL
Foreign Exchange Used - Raw material purchase	1.39	NIL

## Annexure 'B' Corporate Governance Report

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

### 1. Board of Directors

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

Name	Category Position	Last AGM Attended	No. of meetings attended
J. T. D'souza	Chairman & Managing Director	Yes	6
Punit Neb	Whole-time Director	Yes	6
Anand Raj Jain	Non-Executive Director	Yes	6
Santosh Shetty	Non-Executive Director / Independent	Yes	3
Amit Bothra	Non-Executive Director / Independent	Yes	3
Bharat Jain	Non-Executive Director / Independent	Yes	5

### 2. Number of Board Meetings held and dates thereof

During the year, six Board Meetings were held. The meetings were held on May 29, 2012, August 14, 2012, November 5, 2012, November 14, 2012, February 14, 2013 and March 30, 2013.

### 3. Code of Conduct

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

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

Name	Other Directorships
Mr. J. T. D'souza	--
Ms. Punit Neb	--
Mr. Anand Raj Jain	Avenue 2 Revenue Media Pvt. Ltd., Satta Securities Pvt. Ltd., Sindhu Valley Technologies Ltd.
Mr. Santosh Shetty	--
Mr. Amit Bothra	--
Mr. Bharat Jain	--

5. None of the Directors of the Company holds Directorship in more than 15 Companies or is a member of more than 10 Committees or Chairman of more than 5 Committees across all such Companies.

### 6. Relationship Between Directors

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

### 7. Audit Committee

The Audit Committee of the Company has 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 4 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, 2013, 4 meetings of the Audit Committee were held on May 29, 2012, August 14, 2012, November 14, 2012 and February 14, 2013.

**8. Remuneration Committee**

The Remuneration Committee of the Company has been reconstituted and consists of Mr. Bharat Jain, Mr. Anand Raj Jain and Mr. Santosh Shetty, as committee members. Mr. Santosh Shetty, 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. 1,20,000/- as salary. Remuneration paid to Ms. Punit Neb, Whole-time Director is Rs. 90,000/- as salary. There was one meeting of the Remuneration Committee during the financial year 2012 - 2013.

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	28300
Mr. Anand Raj Jain	1000
Mr. Santosh Shetty	Nil
Mr. Amit Bothra	Nil
Mr. Bharat Jain	Nil

**9. 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, transfer of 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 or through the Stock Exchanges.

**10. Subsidiary Companies**

The Company does not have any subsidiary companies.

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

Relevant details form part of the Directors' Report.

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

The Company has complied with the requirement of regulatory authorities on Capital Markets and no penalties/strictures have been imposed against the Company in the last three years.

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

**13. Management Discussion and Analysis Report**

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

**14. CEO / CFO Certification**

As required under Clause 49 of the Listing Agreement, a certificate duly signed by the Finance Controller was placed at the meeting of Board of Directors held on May 30, 2013.

**15. Cautionary Statement**

Statements in the Management Discussion & Analysis describing the Company's objectives, projections and expectations maybe "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include economic conditions affecting demand / supply & price conditions in the markets in which the Company operates, changes in Government regulations, tax laws, litigation, exchange rate fluctuations, interest, other cost and certain presumptions on which estimates are based and other incidental factors.

## Shareholder Information

### 1. Annual General Meeting

A. Date & Time	September 30, 2013 at 10.00 am
B. Venue of AGM	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301
C. Dates of Book Closures	September 26, 2013 to September 30, 2013 (Inclusive of both days)
D. Special Resolutions	No Special Resolution was passed at last AGM
E. Financial Calendar	1 <sup>st</sup> April to 31 <sup>st</sup> March

During last year, no resolutions were put through postal ballot and neither during the current year any resolution is proposed to be conducted through postal ballot.

### 2. Financial Reporting for 2013 – 2014

Event	Period
1. Unaudited Financial Results for quarter ending June 30, 2013	On or before August 14, 2013
2. Unaudited Financial Results for quarter ending September 30, 2013	On or before November 14, 2013
3. Unaudited Financial Results for quarter ending December 31, 2013	On or before February 14, 2014
4. Audited Financial Results for the year ending March 31, 2014	On or before May 30, 2014
5. Annual General Meeting for the year ended March 31, 2014	End of September 2014

### 3. Date of Book Closure and Annual General Meeting in last three years

Financial Year	Date of Book Closure		AGM Date & Time	Venue
	From	To		
2009 - 2010	Sep 27, 2010	Sep 30, 2010	Sep 30, 2010 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301
2010 - 2011	Sep 27, 2011	Sep 30, 2011	Sep 30, 2011 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301
2011 - 2012	Sep 25, 2012	Sep 29, 2012	Sep 29, 2012 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301

### 4. Details of Extra-ordinary General Meeting in last three years

Year	Date	Location
2012	November 30, 2012	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301

### 5. Share Transfer System

Trading in Equity Shares of the Company is permitted only in dematerialised form. Equity Shares lodged for transfer in physical form are in-warded, scrutinized, verified, transferred and dispatched between 10 to 15 days from the date of receipt, if the documents are in order in all respects. Documents having deficiency are rejected & dispatched back to transferee citing reason for rejection. Where requests for dematerialisation are received simultaneously, the same are also processed separately.

### 6. Dematerialization of Shares and Liquidity

All Equity Shares of the Company are under compulsory dematerialisation for delivery on transfer. As at March 31, 2013, the number of Equity Shares of the Company in dematerialised form stood at **25,40,000** out of the total 48,89,000 Equity Shares issued by the Company.



**7. Shareholding Pattern as on March 31, 2013**

Category	No. of Shares held	% of holding
A. Promoter's Holding		
Promoter & Promoter Group	1,367,100	27.96
Sub-Total	1,367,100	27.96
B. Non-Promoters Holding		
Mutual Funds and UTI	40,800	0.83
Sub-Total	40,800	0.83
C. Others		
Private Corporate Bodies	884,243	18.09
Indian Public	2,294,331	46.93
NRIs/OCBs	296,302	6.06
Any other (please specify)	6,224	0.13
Sub-Total	3,481,100	71.20
GRAND TOTAL	4,889,000	100.00
<b>Total Foreign Shareholding</b>	<b>296,302</b>	<b>6.06</b>

**8. Distribution of Shareholding as of March 31, 2013**

Number of Shares	Shareholders		Share holdings		Share Amount	
	Number	%	Holdings	%	Rs.	%
Up to 500	1,488	59.330	421,136	8.614	4,211,360.00	8.614
501- 1000	688	27.432	629,681	12.880	6,296,810.00	12.880
1001-2000	176	7.018	284,633	5.822	2,846,330.00	5.822
2001-3000	47	1.874	124,863	2.554	1,248,630.00	2.554
3001-4000	19	0.758	66,860	1.368	668,600.00	1.368
4001-5000	22	0.88	103,580	2.119	1,035,800.00	2.119
5001-10000	29	1.156	221,435	4.529	2,214,350.00	4.529
10001 & above	39	1.555	3,036,812	62.115	30,368,120.00	62.115
Total	2,508	100.000	4,889,000	100.000	48,890,000.00	100.000

**9. Market Price Data**

	Bombay Stock Exchange Limited				
	OPEN (Rs.)	HIGH (Rs.)	LOW (Rs.)	CLOSE (Rs.)	VOLUME (Nos.)
April 2012	4.14	4.14	3.76	3.76	3,100
May 2012	3.58	3.58	2.38	0.00	5,554
June 2012	2.45	3.28	2.25	3.28	16,500
July 2012	3.12	3.12	2.42	2.42	5,153
August 2012	2.34	3.65	2.27	2.86	20,869
September 2012	2.73	2.85	2.38	2.48	4,810
October 2012	2.40	3.30	2.40	3.13	7,873
November 2012	2.98	2.98	2.27	2.38	3,906
December 2012	2.49	3.92	2.39	3.92	10,371
January 2013	4.10	4.40	3.91	4.39	4,648
February 2013	4.39	4.39	4.39	4.39	1,201
March 2013	4.39	5.25	4.39	5.25	174

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

Not Applicable

**11. Stock Exchanges on which Company's Equity Shares are listed**

The Company's Equity Shares are listed on the Stock Exchanges at Mumbai, Ahemdabad, and Bangalore

**Stock Scrip Code****531370****International Securities Identification Number (ISIN)****INE960B01015**

The Company has paid listing fees for the year 2012-2013 to Bombay Stock Exchange Ltd., Ahemdabad Stock Exchange Ltd. and The Bangalore Stock Exchange Ltd.

**12. Registrars and Share Transfer Agents**

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

**13. Investors Correspondence**

Corporate Office: #16-17 Ground Floor, Lovely, Sector 2, Airoli West, Navi Mumbai - 400708  
Phone 2779 2473 / 2779 2478 / 2779 2481  
Fax 2779 2481  
Email [sparc@mtnl.net.in](mailto:sparc@mtnl.net.in)  
Website [www.sparcsys.com](http://www.sparcsys.com)

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

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

**For and on behalf of the Board**

**J. T. D'souza**  
**Chairman & Managing Director**  
**Mumbai May 30, 2013**

**Code of Conduct Declaration**

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, the Board Members have confirmed compliance with the code of conduct for the year ended March 31, 2013.

**J. T. D'souza**  
**Chairman & Managing Director**  
**Mumbai, May 30, 2013**