

SPARC SYSTEMS LIMITED

ANNUAL REPORT
2016 - 2017

Sparc Systems Limited

BOARD OF DIRECTORS

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

BANKERS

Union Bank of India

Indian Overseas Bank

AUDITORS

M/s R Soni & Co.

Chartered Accountants, Mumbai

REGISTERED OFFICE & WORKS

Plot No. 11
Survey No. 118 / 1 - 2
Village Pundhe
Taluka Shahapur
At Post Athgaon, District Thane – 421601
Phone 9820700310
Fax 27792481

CORPORATE OFFICE

#16 Ground Floor,
Lovely, Sector 2,
Airoli, Navi Mumbai - 400708
Phone 27792473 / 27792478 / 27792481
Fax 27792481
Email sparc@mtnl.net.in
Website 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
Website www.unisec.in

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Notice

Notice is hereby given that the 28th Annual General Meeting of the Members of Sparc Systems Limited will be held on Friday, September 29, 2017 at 10.00 am, at the Registered Office of the Company at Plot No. 11, Survey No. 118 - 1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421601, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2017 including the Audited Balance Sheet as at March 31, 2017 and the Statement of Profit & Loss Account and Cash Flow for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. J. T. D'souza (DIN 00958844), who retires by rotation and being eligible, offers himself for re-appointment.
3. Re-appointment of Auditors

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

   "RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time pursuant to the proposal of the Audit Committee of the board and recommendation of the board, M/s. R Soni & Co., Chartered Accountants, Mumbai (ICAI Registration Number 133240) be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office for a period of three years commencing from the conclusion of this Annual General Meeting until the conclusion of the 31st [2019-2020] Annual General Meeting of the Company (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) on such remuneration as may be decided by the Board of Directors of the Company."

For and on behalf of the Board

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

NOTES:

a. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy, in order to be effective, should be deposited, duly completed and signed, at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A proxy form is attached herewith. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The proxy holder shall prove his identity at the time of attending the Meeting.

b. Pursuant to SS–2 i.e. Secretarial Standard on General Meetings as issued by the Institute of Company Secretaries of India, the route map for reaching the Meeting venue is given on page no. 34 of this Annual Report. Further, the Company has uploaded the above route map on its website at www.sparcsys.com.

c. The Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2017 to September 29, 2017, inclusive of both days for the purpose of Annual General Meeting.

d. The Members are requested to intimate to the Registrar & Share Transfer Agent of the Company – **Universal Capital Securities Pvt. Ltd. (Formerly known as Mondkar Computers Pvt Ltd.)** 21 Shakil Niwas, Mahakali Caves Road, Andheri (E) Mumbai – 400093, immediately of any changes, if any, in their Registered Address. Members are requested to address the correspondence relating to the share registry both in physical and electronic mode to the said Registrar & Share Transfer Agents.

e. Notice is being sent to all the Members, whose names appear in the Register of Members / Record of Depositories as on August 25, 2017. Members who have registered their e-mail id with the Company, notice is sent electronically by e-mail and to the remaining Members notice is sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with RTA / Depositories.

f. Mr. Rajesh Soni of M/s. R Soni & Co., Chartered Accountant has been appointed as Scrutinizer for conducting the voting by Ballot at the Meeting and remote e-voting process in a fair and transparent manner.

g. Remote E-Voting Through Electronic Form (Remote E-Voting)

In Compliance with the provisions of section 108 of the Companies Act, 2013, read with Rule 20 of Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (LODR) Regulations, 2015, the Company is pleased to offer remote E-Voting facility for the Members to enable them to cast their votes electronically. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Members who have not cast their votes by remote e-voting can exercise their voting rights at the AGM. The Company will provide polling papers at the AGM venue. The Members who have casted their votes by remote e-voting may participate in the Meeting even after exercising their right to vote through remote e-voting but they shall not be allowed to cast vote again at the Meeting.

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

1. Instructions for members for voting electronically are as under

i. The Remote e-voting period begins on September 26, 2017 at 9.00 am and ends on September 28, 2017 at 5.00 pm. During this period shareholder's of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 22, 2017, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL after 5:00 PM (IST) on September 28, 2017.

ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

iii. The shareholders should log on to the e-voting website www.evotingindia.com.

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 and voted on an earlier voting of any company, then your existing password is to be used.

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

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) • 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. • 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.
Dividend Bank Details **OR** Date of Birth (DOB)	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.
	• 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).

x. After entering these details appropriately, click on "SUBMIT" tab.

xi. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

xii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

xiii. Click on the EVSN for the relevant Sparc Systems Limited on which you choose to vote.

xiv. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xvi. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xvii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xviii. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xix. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

SHAREHOLDER INSTRUCTIONS FOR E-VOTING

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

xxi.Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com 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.
- 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 and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xxii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to 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 and on the website of CDSL at 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. Friday, September 22, 2017, may obtain the User ID and Password by sending an email request to 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

h. Members are requested to register their email address and changes therein from time to time for shares held in physical form & bring their copy of the Annual Report to the Meeting.

For and on behalf of the Board

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

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

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

Directors' Report

To,
The Members
Sparc Systems Limited

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

Financial summary of the Company is as below

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

RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS
The Company's line of business involves Software and Hardware Electronic Security Solutions.

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

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

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

CHANGE IN THE NATURE OF BUSINESS
There is no change in the nature of the business of the Company.

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

TRANSFER TO RESERVES
The Company has not transferred any amount to reserves.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND
The Company was not required to transfer any amount to unclaimed dividend to investor education and protection fund.

MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR
There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE
During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

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

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORT
There was no qualifications, reservations or adverse remarks made by the Auditors in their report.

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

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE SECRETARIAL AUDITOR IN THEIR REPORT
The Board has noted that pursuant to the provisions of Section 203 of The Companies Act, 2013, the Company was required to appoint Whole-time Company Secretary however the same has not been complied with as yet. Management is under process of appointing a suitable company secretary for compliance of said provision of Companies Act.

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

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

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

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

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

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

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

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

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

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

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

NOMINATION AND REMUNERATION COMMITTEE AND ITS POLICY

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

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

The terms of reference of this committee are:

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

Composition

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

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

Meeting

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

STAKEHOLDERS RELATIONSHIP COMMITTEE COMPOSITION & MEETINGS OF COMMITTEE

Terms of the Committee

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

Details of Pending Investor Grievances and Compliance Officer:

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

Details of the Compliance Officer designated for handling of the investor grievances:
Name: Ms. Punit Neb
Address: Sparc Systems Ltd., #16 Ground Floor, Lovely, Sector 2, Airoli, Navi Mumbai – 400708
Email ID: pneb@mtnl.net.in

Composition & Meeting

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

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

Investor Grievance Redressal

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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

PARTICULARS OF EMPLOYEES

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

EXTRACT OF THE ANNUAL RETURN IN FORM MGT – 9

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

RELATED PARTY TRANSACTIONS

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

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

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

RISK MANAGEMENT POLICY

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

ADEQUACY OF INTERNAL CONTROLS

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

AUDIT COMMITTEE

Constitution of the Committee

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

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

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

Terms of Reference

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

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

a. To recommend the appointment / removal of Auditors, fixing of audit fees and approval of payments,
b. 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
c. To approve or make any subsequent modification of transactions of the Company with related parties,
d. To value the undertakings or assets of the Company, wherever it is necessary,
e. To evaluate the internal financial controls and risk management systems and
f. To monitor the end use of funds raised through public offers and related matters

Meetings of the Committee

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

SEPARATE MEETING OF INDEPENDENT DIRECTORS:

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

1. Review the performance of non-independent directors and the Board as a whole;
2. Review the performance of the Company, taking into account the views of Executive Directors and Non-executive Directors;
3. 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.

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.

CORPORATE GOVERNANCE

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

CERTIFICATE ON FINANCIAL SATEMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

LISTING FEES

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

DISCLOSURES

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

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

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

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

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

Shareholding Pattern as on March 31, 2017

	Category	No. of Shares held	% of holding
A.	Promoter's Holding		
	Promoter & Promoter Group	1,349,500	27.60
	Sub-Total	1,349,500	27.60
B.	Non-Promoters Holding		
	Mutual Funds and UTI	40,400	0.83
	Sub-Total	40,400	0.83
C.	Others		
	Private Corporate Bodies	989,836	20.25
	Indian Public	2,239,359	45.80
	NRIs/OCBs	267,710	5.48
	Any other (please specify)	2,195	0.04
	Sub-Total	3,499,100	71.57
	GRAND TOTAL	4,889,000	100
	Total Foreign Shareholding	**267,710**	**5.48**

Dematerialization of Shares

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

Distribution of Shareholding as of March 31, 2017

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