



# **SPARC SYSTEMS LIMITED**

**ANNUAL REPORT 2014 - 2015**

## **Sparc Systems Limited**

### **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 (Upto July 31, 2015)	Director
Mr. Ashok Jain (Appointed on August 13, 2015)	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 – 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

<b>Contents</b>	<b>Page No.</b>
Notice	3
Directors' Report	7
Corporate Governance Report	16
Management Discussion and Analysis	22
Independent Auditors' Report	23
Balance Sheet	25
Statement of Profit and Loss	26
Cash Flow Statement	27
Notes forming part of the Financial Statements	28

## Notice

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting of the Members of Sparc Systems Limited will be held on Wednesday, September 30, 2015 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, 2015 including the Audited Balance Sheet as at March 31, 2015 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. Ratification of 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 all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the appointment of M/s. R Soni & Co., Chartered Accountants, Mumbai (ICAI Registration Number 130349W), as Auditors of the Company by resolution passed at the 25<sup>th</sup> Annual General Meeting of the Company, to hold office from the conclusion of the 25<sup>th</sup> Annual General Meeting until the conclusion of the 28<sup>th</sup> Annual General Meeting, be and is hereby ratified for the balance term and accordingly they continue to hold office from the conclusion of the 26<sup>th</sup> Annual General Meeting until the conclusion of the 28<sup>th</sup> Annual General Meeting on such remuneration as may be fixed by the Board, apart from reimbursement of out of pocket expenses as may be incurred by them for the purpose of audit."

### SPECIAL BUSINESS

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in pursuance to Clause 49 of the Listing Agreement, Mr. Ashok Jain (DIN: 03013476), who was appointed as Additional Director by the Board of Directors on August 13, 2015 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and whose term of office expires at this Annual General Meeting has submitted a declaration that he is eligible for appointment and that he meets the criteria of independence as provided in Section 149(6) of the Act and Clause 49 of the Listing Agreement(s) entered into with the Stock Exchanges and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, to hold office for five consecutive years for a term up to 12.08.2020."

5. To re-appoint Mr. Jude Terrence D'souza (DIN: 00958844)

as Chairman & Managing Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company, subject to such sanctions as may be necessary, the approval and consent of the members be and is hereby accorded to re-appoint Mr. Jude Terrence D'souza (DIN: 00958844) Key Managerial Personnel as Chairman & Managing Director of the Company for a period of 3 years with effect from December 1, 2015, whose period of office is liable to retire by rotation. The aggregate remuneration to be paid to Mr. Jude Terrence D'souza is set out herein below:

- i. **Salary:** Rs. 15,000/- per month.
- ii. **Perquisites:** Perquisites shall be allowed in addition to salary. Perquisites shall be restricted to an amount equal to the annual salary. The perquisites will comprise of medical reimbursement, leave travel concession, club fees and other benefits, allowances, expenses for self and family. For the purpose of perquisites stated hereinabove, family means spouse, dependent children and dependent parents of the Managing Director.

**RESOLVED FURTHER THAT** in the absence of profit or inadequacy of profit in any financial year during his tenure, the remuneration as set out above be paid to Mr. Jude Terrence D'souza (DIN: 00958844) as minimum remuneration, subject to necessary approval(s), as may be required.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any committee thereof be and is hereby also authorised to amend, alter, modify or otherwise vary the terms and conditions of re-appointment of Mr. Jude Terrence D'souza (DIN: 00958844) Managing Director, including the components of the above mentioned remuneration payable to him."

6. To re-appoint Ms. Punit Neb (DIN: 01026300) as a Whole-time Director designated as Executive Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company, subject to such sanctions as may be necessary, the approval and consent of the members be and is hereby accorded to re-appoint Ms. Punit Neb (DIN: 01026300) as Whole-time Director of the Company for a period of 3 years with effect from December 1, 2015, whose period of office is liable to

retire by rotation. The aggregate remuneration to be paid to Ms. Punit Neb is set out herein below:

- i. **Salary:** Rs. 7,500/- per month.
- ii. **Perquisites:** Perquisites shall be allowed in addition to salary. Perquisites shall be restricted to an amount equal to the annual salary. The perquisites will comprise of medical reimbursement, leave travel concession, club fees and other benefits, allowances, expenses for self and family. For the purpose of perquisites stated hereinabove, family means spouse, dependent children and dependent parents of the Whole-time Director.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the tenure of the Whole-time Director the remuneration shall be governed as provided under section II of Part II of Schedule V to the Companies Act, 2013 and any excess payment in this regard will be recovered by the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any committee thereof be and is hereby also authorised to amend, alter, modify or otherwise vary the terms and conditions of re-appointment of Ms. Punit Neb (DIN: 01026300) Whole-time Director, including the components of the above mentioned remuneration payable to her."

**For and on behalf of the Board**

**J. T. D'souza**  
**Chairman & Managing Director**  
**DIN 00958844**  
**Mumbai, August 13, 2015**

#### NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY(S) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY (S) NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM MUST REACH THE COMPANY'S REGISTERED OFFICE ATLEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.
- b. Explanatory Statement pursuant to section 102(1) of the Companies Act, setting out the material facts in respect of the business under item Nos. 4 to 6 set out above and the details under clause 49 of the Listing Agreement with Stock Exchange in respect of Director's proposed to be appointed / re-appointed at the Annual General Meeting, is annexed hereto.
- c. The Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2015 to September 30, 2015, inclusive of both days.
- 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 31, 2015. 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.

- f. Mr. Rajesh Soni of M/s. R Soni & Co., Chartered Accounts 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 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 the revised clause 35B of the Equity Listing Agreement with Bombay Stock Exchange ("BSE"), 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, 2015 at 9.00 am and ends on September 29, 2015 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 24, 2015, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL after 5:00 PM (IST) on September 29, 2015.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv. Click on Shareholders.
- v. Now Enter your User ID
  - 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.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form & Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number which is mentioned in address label as sr no affixed on Annual Report, in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN for the relevant Sparc Systems Limited on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

#### SHAREHOLDER INSTRUCTIONS FOR E-VOTING

- xix. **Note for Non – Individual Shareholders and Custodians**
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
    - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
    - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
2. The Scrutinizer shall, immediately after the conclusion of voting at the Meeting, first count the votes casted by Ballot at the Meeting, thereafter unblock the votes casted through remote e-voting in the manner provided in the Rules and make, not later than 3 days of conclusion of the Meeting, consolidated Scrutinizer's Report of remote e-voting and voting by Ballot at the Meeting, of the total votes casted in favour or against, if any, to the Chairman of the Meeting and the Chairman or a person as may be authorized by him in writing shall declare the result of the voting forthwith and all the resolutions as mentioned in the Notice of the Meeting shall be deemed to be passed on the date of the Meeting.
  3. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company at [www.sparcsys.com](http://www.sparcsys.com) and on the website of CDSL at [www.cdslindia.com](http://www.cdslindia.com), immediately

after the results are declared by the Chairman.

4. Any person who becomes a member of the Company after the date of this Notice of the Meeting and holding shares as on the cut-off date i.e. Thursday, September 24, 2015, may obtain the User ID and Password by sending an email request to [sparc@mtnl.net.in](mailto:sparc@mtnl.net.in). Members may also call on +912227792473 / 78 / 81 or send a request to Ms. Punit Neb, Whole-time Director, by writing to her at Sparc Systems Ltd., #16 Ground Floor, Lovely, Sector 2, Airoli, Navi Mumbai – 400708.
5. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The Statement pursuant to Section 102(1) of the Companies Act, 2013 for item Nos. 4 to 6 of the accompanying notice is as under

##### Item No. 4

Members be informed that Mr. Ashok Jain was appointed as an Independent Director of the Company. He was appointed as an Additional Director (Independent) w.e.f. August 13, 2015 by the Board of Directors of the Company Mr. Ashok Jain holds office upto the conclusion of the date of this Annual General Meeting. The Company has received notice from the member along with deposit of requisite amount under section 160 of the Companies Act, 2013 proposing the candidature of Mr. Ashok Jain for the office of Director of the Company.

The Nominations Committee has recommended the appointment of Mr. Ashok Jain as Independent Director from 13.08.2015 to 12.08.2020 not liable to retire by rotation.

Mr. Ashok Jain is a post-graduate in Commerce and has experience of about 15 years. He has been associated with various reputed organisations. His appointment would be beneficial to the Company.

Mr. Ashok Jain, Non-Executive Independent Director of the Company, has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013. In the opinion of the Board, director fulfills the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Director Mr. Ashok Jain as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday and Sunday and also posted on Company's website – [www.sparcsys.com](http://www.sparcsys.com).

Brief profile alongwith other details of Mr. Ashok Jain are provided in the Report on Corporate Governance forming part of the Annual Report. He does not hold any Equity Shares of the Company.

None of the Directors (except Mr. Ashok Jain), Key Managerial Personnel and relatives of Directors of the Company are directly / indirectly interested in the above resolution except to the extent of their respective interest as shareholders of the Company.

The Board of Directors recommend the ordinary resolution for approval by the members.

**Item No. 5**

Mr. Jude Terrence D'souza (DIN: 00958844), aged 56 years, Key Managerial Personnel, is a Promoter Director designated as Chairman and Managing Director of the Company. Mr. Jude Terrence D'souza has rich experience in the field of Electronics, Computing, Software and Embedded Systems. He looks after the day-to-day affairs of the management of the Company, subject to the supervision of the Board.

Mr. Jude Terrence D'souza was re-appointed as a Managing Director of the Company w.e.f. December 1, 2012 for a tenure of 3 (three) years and his current term of appointment as Managing Director of the Company will expire on November 30, 2015 & in the previous AGM his term of office was changed to liable to determination by rotation. The Board of Directors hereby propose to seek the shareholders approval for reappointment and remuneration payable to Mr. Jude Terrence D'souza as Managing Director of the Company for a further period of 3 years, in terms of applicable provisions of the Act as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

The above mentioned salary is to be made effective from December 1, 2015 and be paid accordingly after approval from the Board of Directors of the Company from time to time during the tenure of appointment.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 and any rules made thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

Mr. Jude Terrence D'souza satisfies all the conditions as set out in Part I of Schedule V and conditions as set out in sub section (3) of Section 196 of the Act, being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Jude Terrence D'souza under section 190 of the Act.

None of the Directors / Key Managerial Personnel of the Company except Mr. Jude Terrence D'souza & Ms. Punit Neb is concerned or interested, financially or otherwise, in the aforementioned resolution.

The Board recommends the ordinary resolution set out in Item No. 5 of the Notice for approval by the members.

**Item No. 6**

Ms. Punit Neb (DIN: 01026300), aged 47 years was re-appointed as a Whole-time Director of the Company w.e.f. December 1, 2012 for a tenure of 3 (three) years. Ms. Punit Neb is a Bachelor of Electronics Engineering and Master of Marketing Management. She has vast experience in the field of technology design & development. She looks after the day-to-day affairs of the management of the Company, subject to the supervision of the Board and overall authority of the Managing Director.

Her current term of appointment as Whole-time Director of the Company will expire on November 30, 2015 & in the previous AGM her term of office was changed to liable to determination by rotation. The Board of Directors hereby propose to seek the shareholders approval for reappointment and remuneration payable to Ms. Punit Neb as Whole-time Director of the Company for a further period of 3 years, in terms of applicable provisions of the Act as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

Ms. Punit Neb satisfies all the conditions as set out in Part I of Schedule V and conditions as set out in sub section (3) of Section 196 of the Act, being eligible for her reappointment. She is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Ms. Punit Neb under section 190 of the Act.

None of the Directors / Key Managerial Personnel of the Company except Ms. Punit Neb & Mr. Jude Terrence D'souza is concerned or interested, financially or otherwise, in the aforementioned resolution.

The Board recommends the ordinary resolution set out in Item No. 6 of the Notice for approval by the members.

**For and on behalf of the Board**

**J. T. D'souza**  
**Chairman & Managing Director**  
**DIN 00958844**  
**Mumbai, August 13, 2015**

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

Particulars	J. T. D'souza	Punit Neb	Ashok Jain
DIN	00958844	01026300	03013476
Nationality	Indian	Indian	Indian
Date of Birth	August 28, 1959	December 26, 1967	June 8, 1980
Date of Appointment	September 14, 1989	July 6, 1991	August 13, 2015
Qualifications	Radio Officer	B. E., Master of Marketing Management	B. Com., M. Com.
Expertise in specific functional areas	Techno-commercial and business development	Technology design & development	International Financial Analyst
Directorships held in other companies (excluding foreign companies)	NIL	Epson Finance & Investments Pvt. Ltd.	G I M Financial Solutions Pvt. Ltd., Pansoft Infrastructure Pvt. Ltd., Sindu Valley Technologies Ltd.
Memberships / Chairmanships of Board Committees of other companies	NIL	NIL	1
Number of shares held in the Company	51200	28300	NIL

## 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, 2015.

Financial summary of the Company is as below

Particulars	Year Ended March 31, 2015 Rs.	Year Ended March 31, 2014 Rs.
Gross Income	695,169	1,843,672
Profit / (Loss) Before Interest and Depreciation	(6,894,243)	(1,924,583)
Finance Charges	-	-
Gross Profit	(6,894,243)	(1,924,583)
Provision for Depreciation	128,682	582,938
Net Profit / (Loss) Before Tax	(7,022,925)	(2,507,521)
Provision for Tax	309,480	128,419
Net Profit / (Loss ) After Tax	(6,713,445)	(2,379,102)
Balance of Profit brought forward	(7,687,369)	(5,308,267)
Balance available for appropriation	-	-
Proposed Dividend on Equity Shares	-	-
Tax on proposed Dividend	-	-
Transfer to General Reserve	-	-
Transferred depreciation to retained earning	50,895	-
Surplus / (Deficit ) carried to Balance Sheet	(14,451,709)	(7,687,369)

### 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.6.95 lacs for the current year as compared to Rs. 18.44 lacs in the previous year. The Company has incurred a net loss amounting Rs. 67.13 in the current year as compared to Rs. 23.79 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.

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, Mumbai (ICAI Registration Number 130349W), were appointed as Statutory Auditors at the 25<sup>th</sup> Annual General Meeting of the Company, for a term of three consecutive financial years i.e. for 2014-2015 to 2016-2017 and they shall hold office till the conclusion of the 28<sup>th</sup> Annual General Meeting of the Company to be held in the year 2017, subject to

ratification by the shareholders at every Annual General Meeting. 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.

#### **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, 2015. 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.

#### **CASH FLOW STATEMENT**

The Cash Flow Statement for the period ended 31<sup>st</sup> March, 2015, in conformity with the provisions of Clause 32 of the Listing Agreement entered with the Stock Exchanges, is annexed hereto.

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

Mr. Amit Bothra, (DIN: 01269396) Non-Executive Independent Director of the Company, has tendered his resignation from the Board of the Company with effect from July 31, 2015. The Board at its meeting held on August 13, 2015 took note of the same. The Board wishes to place on record appreciation of the valuable services rendered by Mr. Amit Bothra during his tenure.

Mr. Ashok Jain (DIN: 03013476), was appointed as an Additional Independent Director on the Board of the Company on August 13, 2015. In accordance with the requirements of Section 149 and 152 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, his continuation as an Independent Director on the Board of the Company will have to be approved by the Members of the Company.

The requisite resolutions for the appointment of Mr. Ashok Jain as Independent Director, are being proposed in the Notice of the ensuing Annual General Meeting for approval of the Members.

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the information on the particulars of the Directors proposed for appointment has been provided in the Notice of the Annual General Meeting.

The Board recommends for shareholders' approval, the re-appointment of Mr. J. T. D'souza as Managing Director and Ms. Punit Neb, as Whole-time Director to be liable to determination by rotation for 3 years w.e.f. December 1, 2015.

#### **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, 2015. There were no unclaimed or unpaid deposits as on March 31, 2015.

#### **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**

The Board met 6 times in financial year 2014 - 2015. 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, 2015, 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, 2015 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 and Clause 49 of the Listing Agreement, consists of three Directors namely Mr. Santosh Shetty Chairman, Mr. Bharat Jain and Mr. Anand Jain, Members. Mr. Santosh Shetty and Mr. Bharat Jain are Independent Directors.

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

**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**

There was no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review.

**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, 2015.

**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. In the opinion of the Board, none of the risks faced by the Company threaten its existence.

**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**

The details pertaining to composition of Audit Committee and its members are included in the Corporate Governance Report which is annexed and forms a part of this Report.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has an established mechanism for Directors / Employees to report concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of directors/employees who avail of the mechanism. The Company affirms that no personnel has been denied access to the audit committee. The Company has formulated a Policy of Vigil Mechanism and has established a mechanism that any personnel may raise Reportable Matters within 60 days after becoming aware of the same. All suspected violations and reportable matters are reported to the Chairman of the Audit Committee. The key actions / directions are informed to the Managing Director of the Company.

**LISTING FEES**

The Company has paid the listing fees for the year 2014-2015 to Bombay Stock Exchange Ltd.

**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.

**CORPORATE GOVERNANCE**

Detailed notes on Corporate Governance and other such disclosures as are required to be made under the Listing Agreement with the Stock Exchanges, are annexed and form part of this Report. A certificate from the Statutory Auditors of the Company confirming compliance of the Corporate Governance is annexed and forms a part of this Report.

**SHARES**

During the year under review, the Company has not increased its share capital, bought back securities, issued sweat equity, bonus shares or employees stock option plan.

**ACKNOWLEDGMENTS**

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

**For and on behalf of the Board**

**J. T. D'souza**  
Chairman & Managing Director  
DIN 00958844  
Mumbai, August 13, 2015

**ANNEXURE TO DIRECTORS' REPORT**  
**Extract of the Annual Return in Form MGT-9**

**Form No.MGT-9**

Extract of Annual Return as on the financial year ended on March 31, 2015  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**i. Registration and Other Details**

i.	CIN	L72100MH1989PLC053467
ii.	Registration Date	14/09/1989
iii.	Name of the Company	SPARC SYSTEMS LIMITED
iv.	Category / Sub-Category of the Company	Public Company Limited by Shares
v.	Address of the Registered office and contact details	Plot No. 11 Survey No 118/1-2 Village Pundhe At Post Athgaon, Thane-421601 Phone 27792473 / 27792478 / 27792481 Fax 27792481 Email sparc@mtnl.net.in Website www.sparcsys.com
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Universal Capital Securities Pvt. Ltd. (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

**ii. Principal Business Activities of the Company**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Electric sound or visual signaling apparatus	8531	100
2	-	-	-
3	-	-	-

**iii. Particulars of Holding, Subsidiary And Associate Companies**

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA