SPARC SYSTEMS LIMITED

ANNUAL REPORT 2011 - 2012

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 9820166973
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
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

Notice

NOTICE is hereby given that Annual General Meeting of the Members of Sparc Systems Limited will be held on Saturday, September 29, 2012 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, 2012 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. Santosh Shetty, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Bharat Jain, 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 29, 2012

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 25.09.2012 to 29.09.2012, 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. Santosh Shetty, aged 39 years, is an Engineer and Masters in Marketing Management from Mumbai University. He has about 18 years of experience in Marketing and Sales. His area of specialization are OEM and B-2-B market segments. He is also experienced in setting up of Dealer / Distributor Network. Mr. Santosh Shetty does not hold any Directorship as well as Committee positions in any other company.

Director seeking re-appointment

Mr. Bharat Jain, aged 41 years, is on the Company's Board since March 30, 2009. Mr. Jain has about 20 years of experience as Accountant and Auditor. His areas of expertise encompass Accounting, Auditing and Financial Planning. Mr. Bharat Jain 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 29, 2012

Directors' Report

The Directors present the Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2012.

Financial Highlights

		Rs. In lacs
	2011 - 2012	2010 - 2011
Profit before Depreciation	2.64	2.58
Less Depreciation	(5.83)	(5.83)
Profit (Loss) after Depreciation	**(3.18)**	**(3.25)**
Less Provision for Taxation – Current Year	(0.25)	(0.18)
Less Provision for Taxation – Earlier Year	NIL	(0.18)
Add Excess Provision – Earlier Year W/B	NIL	0.02
Add Deferred Tax Assets / Liabilities	1.27	1.61
Profit (Loss) after Tax	(2.17)	(1.98)
Add Balance Profit brought forward from previous year	(1.95)	0.03
Surplus carried to Balance Sheet	(4.12)	(1.95)

Operations

During the year, income of the Company was Rs. 6.37 lacs as compared to Rs. 10.01 lacs during the previous year. The Company has incurred a net loss amounting Rs. 2.17 lacs as compared to a net loss of Rs. 1.98 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 Telematic range of products have been expanded and the Company has launched Server room monitoring equipment. The Company continues to add several new clients covering different industry segments which are expected to generate revenues. The Company's Vehicle Asset Tracking and Delivery Systems have been well received. Sales of the same are expected to pick-up in synchronisation with the recovery in the gems & jewelery segment. The Company's Biometric Security products are being pushed hard in the market. The Company's existing systems and components like Video Conference, Security Systems, Firewalls, Access Control Systems etc are spreading into the market.

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. Santosh Shetty and Mr. Bharat Jain, Directors of the Company retire by rotation from the Board of Directors and being eligible, offer themselves for re-appointment.

Related Parties

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

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 judgements and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company as at March 31, 2012 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.

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, 2012 is attached herewith, forming part of this Report.

Listing and Dematerealisation of Shares
The Equity Capital of the Company is listed on Bombay Stock Exchange Ltd., Ahemdabad Stock Exchange, and Bangalore Stock Exchange. The Company has paid the listing fees for the year 2012-2013 to Bombay 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 a One-Time-Settlement [OTS] with Maharashtra State Financial Corporation [MSFC]. The Company has paid the complete amount as per terms of the OTS and is awaiting relevant documents from MSFC.

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

For and on behalf of the Board

J. T. D’souza
Chairman & Managing Director
Mumbai, May 29, 2012

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

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 seven 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	4
Punit Neb	Whole-time Director	Yes	5
Anand Raj Jain	Non-Executive Director	Yes	5
Santosh Shetty	Non-Executive Director / Independent	Yes	2
Amit Bothra	Non-Executive Director / Independent	Yes	3
Bharat Jain	Non-Executive Director / Independent	Yes	4

2. **Number of Board Meetings held and dates thereof**
   During the year, five Board Meetings were held. The meetings were held on May 31, 2011, August 13, 2011, November 15, 2011, February 14, 2012 and March 30, 2012.

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.

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	Texplast Industries Limited
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, 2012, 4 meetings of the Audit Committee were held on May 31, 2011, August 13, 2011, November 15, 2011, February 14, 2012.

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

Remuneration paid to Mr. J. T. D'souza, Managing Director is Rs. 75,000/- as salary. Remuneration paid to Ms. Punit Neb, Whole-time Director is Rs. 75,000/- as salary. There was one meeting of the Remuneration Committee during the financial year 2011 - 2012.

Details of Equity Shares held by Directors is as below

Name	No. of Equity Shares held
Mr. J. T. D’souza	51200
Ms. Punit Neb	27300
Mr. Anand Raj Jain	1000
Mr. Santosh Shetty	Nil
Mr. 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 have not received any 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 in Item No. 4 of the “ Notes to Accounts.”

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 29, 2012.

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 29, 2012 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 25, 2012 to September 29, 2012 (Inclusive of both days)
D.	Special Resolutions	No Special Resolution was passed at last AGM
E.	Financial Calendar	1^{st} April to 31^{st} 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 2012 – 2013

	Event	Period
1.	Unaudited Financial Results for quarter ending June 30, 2012	On or before August 14, 2012
2.	Unaudited Financial Results for quarter ending September 30, 2012	On or before November 14, 2012
3.	Unaudited Financial Results for quarter ending December 31, 2012	On or before February 14, 2013
4.	Audited Financial Results for the year ending March 31, 2013	On or before May 30, 2013
5.	Annual General Meeting for the year ended March 31, 2013	End of September 2013

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		
2008 - 2009	Sep 24, 2009	Sep 30, 2009	Sep 30, 2009 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301
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

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

Year	Date	Location
2009	November 30, 2009	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe,Taluka Shahapur, At Post Athgaon, District Thane - 421301

5. Shareholding Pattern as on March 31, 2012

	Category		No. of Shares held	% of holding
A.	Promoter's Holding			
	Promoter & Promoter Group		1,366,100	27.94
		Sub-Total	1,366,100	27.94
B.	Non-Promoters Holding			
	Mutual Funds and UTI		40,800	0.83
		Sub-Total	40,800	0.83
C.	Others			
	Private Corporate Bodies		889,932	18.20
	Indian Public		2,287,302	46.78
	NRIs/OCBs		297,302	6.08
	Any other (please specify)		7,564	0.15
		Sub-Total	3,482,100	71.22
		GRAND TOTAL	4,889,000	100.00
		Total Foreign Shareholding	**297,302**	**6.08**

6. 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.

7. Distribution of Shareholding as of March 31, 2012

Number of Shares	Shareholders		Share holdings		Share Amount	
	Number	%	Holdings	%	Rs.	%
Up to 500	1,496	59.739	428,435	8.763	4,284,350.00	8.763
501- 1000	674	27.025	618,165	12.644	6,181,650.00	12.644
1001-2000	180	6.993	291,968	5.972	2,919,680.00	5.972
2001-3000	45	1.896	119,010	2.434	1,190,100.00	2.434
3001-4000	20	0.711	70,865	1.449	708,650.00	1.449
4001-5000	25	0.948	116,097	2.375	1,160,970.00	2.375
5001-10000	30	1.146	229,134	4.687	2,291,340.00	4.687
10001 & above	38	1.541	3,015,326	61.733	30,153,260.00	61.733
Total	2,508	100	4,889,000	100	48,890,000.00	100.000

8. Market Price Data

	Bombay Stock Exchange Limited				
	OPEN (Rs.)	HIGH (Rs.)	LOW (Rs.)	CLOSE (Rs.)	VOLUME (Nos.)
April 2011	3.26	3.65	2.95	3.47	15,203
May 2011	3.31	3.75	2.90	3.09	20,756
June 2011	3.09	3.24	2.68	3.24	4,818
July 2011	3.38	3.75	2.98	3.09	8,754
August 2011	3.11	3.28	2.82	3.28	2,801
September 2011	3.12	3.28	2.70	2.91	17,301
October 2011	2.99	3.38	2.71	3.38	2,126
November 2011	3.50	3.54	3.50	3.52	1,228
December 2011	3.35	3.35	3.04	3.18	2,733
January 2012	3.03	3.04	2.89	2.89	32,011
February 2012	3.00	2.76	2.76	3.48	4,473
March 2012	3.65	5.19	3.65	4.35	14,787

9. Outstanding GDRs /ADRs or any convertible instruments, conversion date and likely impact on equity
Not Applicable

10. Dematerialization of Shares and Liquidity
All Equity Shares of the Company are under compulsory dematerialisation for delivery on transfer. As at March 31, 2012, the number of Equity Shares of the Company in dematerialised form stood at **2534400** out of the total 4889000 Equity Shares issued by the Company.

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.

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 Website www.sparcsys.com
Registered Office:	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301 Phone 9820166973 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 Website www.unisec.in

For and on behalf of the Board

J. T. D'souza
Chairman & Managing Director
Mumbai May 29, 2012

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, 2012.

J. T. D'souza
Chairman & Managing Director
Mumbai, May 29, 2012

Auditors' Certificate on Corporate Governance Compliance

To
The Members
Sparc Systems Limited

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For R Soni & Co.
Chartered Accountants
FRN 130349W

Rajesh Soni
Partner
M No 133240
Mumbai May 29, 2012

Compliance Certificate

(Under Proviso to Sub-Section (1) of Section 383 A of the Companies Act, 1956)

Registration No.:	11-053467 of 1989
Nominal Capital:	Rs. 6,00,00,000/-
Paid-up Capital:	Rs. 4,88,90,000/-

To
The Members,
SPARC SYSTEMS LIMITED

I have examined the registers, records, books and papers of **SPARC SYSTEMS LIMITED** having its registered office at Plot No 11 Survey No 118/1-2, Village Pundhe, At Post Athgaon, Thane– 421301 as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended on March 31, 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the Company has kept and maintained all registers as stated in Annexure “A” to this certificate as per the provisions and the rules made thereunder and all entries therein have been duly recorded.

2. the Company has filed the forms and returns as stated in Annexure “B” to this certificate with the Ministry of Corporate Affairs beyond the time prescribed under the Act and the rules made thereunder.

3. the Company is a public limited Company and hence comments are not required .

4. the Board of Directors duly met 5 times on May 31, 2011, August, 13, 2011, November 15, 2011, February 14, 2012 and March 30, 2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

5. the Company has closed its Register of Members during the year from September 27, 2011 to September 30, 2011.

6. the Annual General Meeting for the financial year ended on March 31, 2011 was held on September 30, 2011 after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.

7. no Extra Ordinary Meeting was held during the financial year.

8. the Company has not advanced a loan to its Directors and/or persons or firms or companies referred to in the Section 295 of the Act.

9. no contracts were entered during the year attracting the provisions of Section 297 of the Act.

10. the Company was not required to make any entries in the register maintained under Section 301 of the Act.

11. as there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.

12. the Company did not issue any duplicate share certificates during the financial year under scrutiny.

13. the Company has :

    i. delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act.

    ii. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.

    iii. not posted warrants to any member of the Company as no dividend was declared during the financial year.

    iv. no amounts unpaid in dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years and hence transferring of the same to the Investor Education and Protection Fund does not arise.

    v. duly complied with the requirements of Section 217 of the Act.

14. the Board of Directors of the Company is duly constituted and there was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancy during the financial year under scrutiny.

15. the appointment of Managing Director and Whole-time Director has been made in compliance with the provisions of Section 269 read with Schedule XIII to the Act. However, there is no new appointment during the financial year under scrutiny.

16. the Company has not appointed any sole-selling agents during the financial year under scrutiny.

17. the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such other authorities prescribed under the various provisions of the Act.

18. the Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. the Company has not issued any shares, debentures or other securities during the financial year under scrutiny.

20. the Company has not bought back any shares during the financial year under scrutiny.

21. the Company has not issued any preference shares/debentures and hence there is no question of redemption of the same.

22. during the year there was no need for the Company to keep in abeyance right to dividend, rights shares and bonus shares.

23. the Company has not invited/accepted any deposits falling within the purview of Section 58A during the financial year under scrutiny.

24. the amounts borrowed by the company are within the borrowing limits of the company.

25. the company has made investments in other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.

26. the Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under scrutiny.

27. the Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.

28. the Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.

29. the Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny.

30. the Company has not altered its Articles of Association during the year under scrutiny.

31. there was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for the offences under the Act.

32. the Company has not received any sum as security from its employees during the year under scrutiny.

33. the provisions of Section 418 of the Act are not applicable to the Company during the year under scrutiny.

For SNEHA JAIN
COMPANY SECRETARY

SNEHA JAIN
C. P. NO. 7366
Mumbai May 29, 2012

Annexure A

Registers as maintained by the Company

1. Register of Charges U/S. 143.
2. Register of Members U/S. 150.
3. Attendance Register for General Meetings U/S. 174.
4. Minutes Books of General Meetings and Board Meetings U/S. 193.
5. Attendance Register for Board Meetings U/S. 287.
6. Register of Contracts U/S. 301.
7. Register of Directors U/S. 303.
8. Register of Directors Shareholding U/S. 307.
9. Register of Share Transfer.
10. Books of Accounts U/S. 209.

Annexure B

Forms and Returns as filed by the company with the Ministry of Corporate Affairs, during the financial year ended on March 31, 2012.

Sr. No.	Form No./ Return	Filed under Section	For	Date of filing	Whether filed within prescribed time yes/no	If delay in filing whether requisite additional fee paid Yes/No
1	Form No. 20 B	159	Annual Return for the year ended March 31, 2011	January, 2, 2012	No	Yes

Annexure 'C' Management Discussion and Analysis

Overview

The Company deals in Hardware and Software Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances etc.

The Company was founded on September 14, 1989 and had its IPO in November 1995. It is currently listed on Bombay Stock Exchange Ltd., The Ahemdabad Stock Exchange and The Bangalore Stock Exchange.

The Company's line of business encompasses Software and Hardware Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances. The Telematic range of products have been expanded and the Company has launched Server room monitoring equipment. The Company's existing systems and components like Vehicle Asset Tracking and Delivery Systems, Biometric Security products, Video Conference, Security Systems, Firewalls, Access Control Systems etc are spreading into the market.

Outlook on Opportunities

India has become a soft target for various terrorist groups. With the heightened threat perceptions caused by attacks on public areas, both government and private organizations are reviewing and consolidating their security practices. As a result awareness of technology methods and electronic security systems has improved considerably. The Company's growth prospects have improved considerably as a result.

The Company continues to pursue its initiatives targeted at its customary markets. These systems find application in segments like manufacturing, retail and data centres.

Embedded Systems are used in almost every product including automobile, banking, and finance, energy, petrochemicals, etc. The growth in these areas of manufacturing and service provide larger and better opportunities. As IT technologies enter SMEs, datacentric protection and management solutions will be a major market. The Company is well positioned to utilize its diverse expertise in providing end to end solutions. The Company has begun deploying datacentric appliances and services. This is a very nascent industry and the Company foresees tremendous potential and opportunity. Identity management and verification will be a new area of focus, where the company's biometric and embedded systems strengths will provide growth opportunities. The Company's' Vehicle Tracking and Delivery Systems, Biometric Security Products and Customised Software Solutions have presented new opportunities.

Outlook on Threats, Risks and Concerns

The opening of the Indian market and removal of trade barriers, manufacturing activities are under tremendous pressure from cheaper finished goods imported into the country. This is particularly so in the electronic industry. Due to constant downward pressure on prices and rapid change in technology the Company must keep it's inventories at near zero levels. The Company will need to upgrade it's technology continuously. Further technology and development oriented skills are in acute short supply, with a concomitant rise in manpower costs. Many of the Company's competitors have significantly greater financial resources and low cost Chinese manufacturing bases. The Company must ensure cost effective operations to compete successfully with them. The arrival of major international brands in India has made the market ever more competitive. Important segments of the Company's client base are facing pressure, resulting in several projects being postponed. This has adversely affected revenue of the Company and is a cause for concern if these segments do not revive.

Segment-wise Performance

The Company operates from a single segment which comprises of Software and Hardware Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances. During the year, revenue amounted Rs. 6.37 lacs.

Internal control systems and adequacy

The Company has adequate internal control procedures commensurate with its size and nature of the business. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures, and statutes. The internal control system provide for well-documented policies, guidelines, authorizations and approval procedures.

Financial Performance

The sales of the Company for the financial year 2011 - 2012 was Rs. 6.37 lacs as compared to Rs. 10.01 lacs during the previous year. The Company has incurred a net loss amounting Rs. 2.17 lacs as compared to a net loss of Rs. 1.98 lacs during the previous year.

Human Resources

The Company regards its employees as a valuable asset and reviews and evolves policies and processes to provide a sustainable and stable working environment. Salaries and packages are commensurate with that of the industry for personnel of similar caliber and experience.

Auditors' Report

To
The Members
Sparc Systems Limited

We have audited the attached Balance Sheet of **Sparc Systems Limited** as at March 31, 2012, the Statement of Profit & Loss and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the companies (Auditor's Report) Order, 2003, as amended by companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order") issued by the Central Government of India in terms of sub section (4A) of section 227 of Companies Act, 1956, we give in the Annexure, a statement on the matter specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii. In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of those books.

iii. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns.

iv. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956.

v. On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a Director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

vi. In our opinion and to the best of our information and according to the explanations given to us, ***subject to Note No. 4 in respect of interest payable to MSFC,*** the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

   a. In the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2012;

   b. In the case of the Statement of Profit and Loss, of the **Loss** of the Company for the year ended on that date; and

   c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For R Soni & Co.
Chartered Accountants
FRN 130349W

Rajesh Soni
Partner
M No 133240
Mumbai, May 29, 2012

Annexure to Auditors' Report

Referred to in paragraph 3 of our report of even date on the Accounts for the year ended March 31, 2012 of Sparc Systems Limited

i. a. As explained to us, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   b. All the assets have been physically verified by the Management at the end of the financial year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   c. As per the records and as explained to us, the Company has not disposed off any substantial or major portion of fixed assets during the year.

ii. a. As explained to us, the inventories held by the Company were physically verified during the year by the Management at reasonable intervals.

   b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii. a. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured , to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii) (b), (c) and (d) of the order are not applicable.

   b. The Company has taken unsecured loan from one party covered in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs. 10,05,000/- and the year end balance of loan taken from such party was Rs. 10,05,000/-.

   c. In our opinion and according to the information and explanation given to us such loan is interest free and other terms and conditions on which loan have been taken are not prima facie prejudicial to the interest of the Company.

   d. The Company is regular in repaying the principal amounts as stipulated.

iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weakness in internal controls.

v. In our opinion and according to the information and explanations given to us, there are no contracts or arrangement referred to in section 301 of the Companies Act, 1956 that need to be entered in the Register required to be maintained under that section. Hence, clause (v-b) of paragraph 4 of the Order is not applicable.

vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year to which the directive issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act,1956 and the rules framed thereunder are applicable.

vii. The Company has adequate internal check and audit procedures implemented in the Course of the day–to–day functioning. However, no internal audit as such has been conducted.

viii. The Company is not covered under section 209(1)(d) of the Companies Act, 1956 in respect of maintenance of cost records.

ix. a. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31.3.2012 for a period of more than six months from the date they became payable ***except Service tax Rs. 2,90,611/- and interest thereon***.

b. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31.3.2012 for a period of more then six months from the date they became payable.

x. The Company has accumulated losses at the end of the financial year March 31,2012, however it does not exceed fifty percent of its net worth. The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

xi. ***In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to Maharashtra State Financial Corp. [MSFC] term loan amounting Rs. 16,38,000/- & interest of Rs. 26,07,972/-.***

xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures & other securities.

xiii. In our opinion, the Company is not a chit fund or a niche mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

xvi. In our opinion and according to the information and explanations given to us, the Company has not raised term loans during the year under audit.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.

xviii. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.

xix. The Company had not issued any debentures, during the year.

xx. The Company has not raised any money from a public issue, during the year.

xxi. On the basis of the audit procedure carried out by us and information and explanations given by the Management, we state that no fraud on or by the Company has been noticed or reported during the course of our audit.

For R Soni & Co.
Chartered Accountants
FRN 130349W

Rajesh Soni
Partner
M No 133240
Mumbai, May 29, 2012

Balance Sheet as at March 31, 2012

Particulars	Note	As At 31-03-2012 Rs.	As At 31-03-2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	49,685,000	49,685,000
Reserves & Surplus	3	(412,266)	(195,308)
		49,272,734	49,489,692
Non-Current Liabilities			
Long-Term Borrowings	4	**5,250,972**	**4,245,972**
Current Liabilities			
Trade Payables	5	538,562	150,508
Other Current Liabilities	6	1,237,462	1,274,084
Short-term Provision	7	-	17,291
		1,776,024	**1,441,883**
TOTAL		**56,299,730**	**55,177,547**
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	3,116,666	3,699,605
Non-current Investments	9	2,600,000	-
Deferred Tax Assets (Net)	10	269,998	143,079
Long Term Loans & Advances	11	6,242,279	15,082,478
		12,228,943	**18,925,162**
Current Assets			
Inventories	12	530,021	477,304
Trade Receivables	13	392,206	671,211
Cash and Cash Balance	14	1,114,071	503,661
Short-term Loans & Advances	15	41,994,684	34,571,563
Other Current Assets	16	39,805	28,646
		44,070,787	**36,252,385**
TOTAL		**56,299,730**	**55,177,547**
Significant Accounting Policies and Notes to Accounts	1-24		

As per our attached report of even date

For R Soni & Co. — **For and on behalf of the Board**

Chartered Accountants
FRN 130349W

Rajesh Soni	**J. T. D’souza**	**Anand Raj Jain**	**Punit Neb**
Partner	**Chairman & Managing Director**	**Director**	**Director**
M No 133240			
Mumbai May 29, 2012			

Statement of Profit and Loss for the year ended March 31, 2012

Particulars	Note	Year Ended 31-03-2012 Rs.	Year Ended 31-03-2011 Rs.
INCOME			
Revenue from operations	17	637,100	1,000,897
Other Income	18	985,803	287,447
Total Revenue		**1,622,903**	**1,288,344**
EXPENSES			
Purchase of Stock in Trade	19	154,600	-
Cost of Material Consumed	20	595,733	666,953
Changes in Inventory	21	(52,717)	(252,304)
Employee Benefit Expenses	22	304,313	336,552
Other Expenses	23	356,754	279,311
Depreciation	8	582,938	582,938
Total Expenses		**1,941,621**	**1,613,450**
Profit Before Tax		**(318,718)**	**(325,106)**
Tax Expenses			
Less: Provision for Tax – Current Year		25,160	17,292
Less: Provision for Tax – Earlier year		-	17,916
Add: Excess Provision – Earlier year W/B		-	1,644
Add: Deferred Tax Assets / Liability		126,920	160,584
PROFIT / (LOSS) FOR THE YEAR AFTER TAX		(216,958)	(198,086)
Earning per Equity Share			
Basic		(0.04)	(0.04)
Diluted		(0.04)	(0.04)
Face Value of Share		10	10
Significant Accounting Policies and Notes to Accounts	1-24		

As per our attached report of even date

For R Soni & Co. | **For and on behalf of the Board**

Chartered Accountants
FRN 130349W

Rajesh Soni	**J. T. D'souza**	**Anand Raj Jain**	**Punit Neb**
Partner	**Chairman & Managing Director**	**Director**	**Director**
M No 133240			

Mumbai May 29, 2012

Cash Flow for the year ended March 31, 2012

Particulars		Year ended 31-03-2012 Rs.	Year ended 31-03-2011 Rs.
Cash Flow From Operating Activities			
Profit Before Tax		(318,718)	(325,106)
Adjustments for:			
Depreciation		582,938	582,938
Interest Income		281,407	(287,447)
Operating Profit before Working Capital		**545,627**	**(29,615)**
Adjustments for:			
(Increase) / Decrease in Inventories		(52,717)	(252,304)
(Increase) / Decrease in Trade Receivables		279,005	(20,898)
(Increase) / Decrease in Short-term Loans & Advances & other current assets		(7,447,762)	(4,676,676)
(Increase) / Decrease in Term Loans & Advances		8,840,200	790,228
(Increase) / Decrease in Current Liabilities		351,432	(60,784)
Cash Generated from Operations		**2,515,785**	**(4,438,109)**
Taxes Paid		28,968	32,201
Net Cash Flow From / (Used in) Operating Activities	(A)	**2,486,817**	**(4,470,310)**
Cash Flow From / (Used in) Investing Activities			
Change in			
Purchase of Investment		(2,600,000)	-
Proceeds from Sale of Investments		-	3,924,000
Interest Received		(281,407)	287,447
Net cash From / (Used in) Investing Activities	(B)	**(2,881,407)**	**4,211,447**
Cash Flow From / (Used in) Financing Activities			
Proceeds from Borrowing (Net)		1,005,000	-
Net Cash Flow From / (Used in) Financing Activities	(C)	**1,005,000**	**-**
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)		**610,410**	**(258,863)**
Opening Cash & Cash Equivalents		503,661	762,524
Closing Balance of Cash & Cash Equivalents (Refer Note 1 Below)		1,114,071	503,661

1. Cash and cash equivalents consist of cash on hand & balances with banks. Cash and cash equivalents included in Cash Flow Statement comprise of the following Balance Sheet items

Particulars	2012 Rs.	2011 Rs.
Cash in hand	560,755	295,489
Balance with Banks in Current Account	553,316	208,172
	1,114,071	503,661

2. The above Cash Flow Statement have been prepared under indirect method set out in Accounting Standard 3 'Cash Flow Statements' as specified in Companies Accounting Standard Rules, 2006
3. Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification

As per our attached report of even date

For R Soni & Co.
Chartered Accountants
FRN 130349W

For and on behalf of the Board

Rajesh Soni
Partner
M No 133240
Mumbai May 29, 2012

J. T. D'souza
Chairman & Managing Director

Anand Raj Jain
Director

Punit Neb
Director

Notes annexed and forming part of the Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

a. Basis & Method of Accounting

The financial statements have been prepared on accrual basis under historical cost convention in accordance with generally accepted accounting principles in India and the provision of the Companies Act,1956.

b. Use of Estimates

The preparation of financial statements is conformity with generally accepted accounting principles requires the management to make estimates and assumptions that effects the reported balances of assets and liabilities as of the date of financial statement and reported amount of income and expenses during the period management believe that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the Estimates.

c. Fixed Assets

Fixed Assets are stated at cost of acquisition or construction inclusive of capitalization of all costs incurred till the commencement of commercial production.

d. Impairment of Assets

The carrying amount of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal / external factors. An asset is impaired when the carrying amount of the asset exceed the recoverable amount. An impairment loss is charged to the Statement of Profit and Loss in the year in which the asset is identified as being impaired.

e. Depreciation

The depreciation on Fixed Assets is provided on straight line method, in accordance with the Schedule XIV to the Companies Act, 1956. The depreciation on Assets added during the year has been provided on pro-rata basis with reference to the date on which the assets were put to use. No depreciation has been provided on the fixed assets, which have not been put to use during the year.

f. Investments

The long term investments (unquoted) are stated at cost. The income from investments is accounted for when received.

g. Revenue recognition

Sales represent invoice value of goods supplied and service rendered, including Sales Tax applicable and are net of rate difference and goods returned.

h. Inventories

Inventories are valued at cost or net realizable value whichever is lower. The cost is worked out on weighted average basis.

i. Research and Development Expenses

Expenditure relating to capital items is debited to fixed assets and depreciated at applicable rates. Revenue expenses are charged to the Statement of Profit & Loss of the year.

j. Retirement Benefits

No provisions has been made for payment of gratuity since it is not yet applicable. Leave encashment benefits have been charged to Statement of Profit & Loss.

k. Borrowing Cost

Borrowing costs that are attributable to acquisition or construction of qualifying assets are capitalized as a part of the cost of such asset. A Qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit & Loss.

l. Taxation

Income–tax expenses comprises current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amount of deferred tax assets is reviewed to reassure realization.

m. Earning per share

The earnings considered in ascertaining the Company's EPS are computed as per Accounting Standard 20 on "Earning Per Share", issued by the Institute of Chartered Accountants of India. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless the effect of the potential dilutive equity shares is anti-dilutive.

n. Segment Reporting

The Company is engaged in the Office automation and Security Systems and Services thereof being a single segment hence disclosure as requirements of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India is not applicable.

o. Miscellaneous Expenditure

There is no miscellaneous expenditure for the year.

p. Other Accounting policies

These are consistent with generally accepted accounting practices.

Notes annexed and forming part of the Financial Statements

NOTE 2 - SHARE CAPITAL

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Authorised Capital		
6000000 (6000000) Equity Shares of Rs. 10/-each	**60,000,000**	**60,000,000**
Issued & Subscribed Capital		
5040000 (5040000) Equity Shares of Rs. 10/- each	50,400,000	50,400,000
TOTAL	**50,400,000**	**50,400,000**
Paid-up Capital		
4889000 (4889000) Equity Shares of Rs. 10/- each	48,890,000	48,890,000
Add: Forfeited Equity Shares	795,000	795,000
	49,685,000	**49,685,000**

(a) Reconciliation of Equity Shares outstanding at the beginning and end of the reporting period.

	As at 31-03-2012 Rs.	As at 31-03-2011 Rs.
	In Value	
At the beginning of the reporting period	48,890,000	48,890,000
Equity issued during the period	-	-
At the end of the reporting period	48,890,000	48,890,000
	In numbers	
At the beginning of the reporting period	4,889,000	4,889,000
Equity issued during the period	-	-
At the end of the reporting period	4,889,000	4,889,000

(b) Term & right attached to Equity Shares

The Company has only one class of Equity Shares having a par value of Rs.10/- per share. Each holder of Equity Share is entitled to one vote per share. In the event of liquidation, a shareholder will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the Member of Equity Share held by the share holder.

Details of shareholders holding more than 5% Equity Shares in the Company

	As at 31-03-2012	
Equity Shares of Rs 10/- each fully paid	**Number**	**% of holding**
Epson Finance & Inv Pvt Ltd	719,600	14.72
Pinol Finance & Inv Pvt Ltd	377,300	7.72
Khem Sum Apparels Overseas Ltd	294,110	6.02

	As at 31-03-2011	
Equity Shares of Rs 10/- each fully paid	**Number**	**% of holding**
Epson Finance & Inv Pvt Ltd	719,600	14.72
Pinol Finance & Inv Pvt Ltd	377,300	7.72
Khem Sum Apparels Overseas Ltd	282,700	5.78

Notes annexed and forming part of the Financial Statements

NOTE 3 - RESERVES & SURPLUS

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as at the beginning of the year	(195,308)	2,778
Profit / (Loss) for the current year	(216,958)	(198,086)
Net Surplus / (Deficit) in the statement of Profit and Loss	**(412,266)**	**(195,308)**

NOTE 4 – LONG TERM BORROWINGS

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Secured Loan		
Term Loan		
From Maharashtra State Financial Corporation		
Term Loan	1,638,000	1,638,000
Interest overdue	2,607,972	2,607,972
TOTAL	**4,245,972**	**4,245,972**

Company had taken Term Loan from the Maharashtra State Financial Corporation (MSFC) in 31.03.1995 of Rs 25,00,000 /- @20 % P.A. which is secured against first charges of the Company plant and machinery etc. fixed or movable and all other similar assets both present and future of the Company in addition to the personal guarantee of the Directors. However the Company defaulted in payment of principle and interest since March 1999. The Company has entered into an One-Time-Settlement with MSFC which is in the process of completion as on date of Balance Sheet. Balance as per accounts are subject to confirmation.

Unsecured Loan		
From Director	1,005,000	**-**
TOTAL	**1,005,000**	-
TOTAL	**5,250,972**	**4,245,972**

Loan taken from J.T. D’souza of Rs. 1005000 (PY NIL)

NOTE 5 – TRADES PAYABLE

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Creditors for Goods	538,562	150,508
TOTAL	**538,562**	**150,508**

Notes annexed and forming part of the Financial Statements

NOTE - 6 OTHER CURRENT LIABILITIES

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Advances from customers	216,199	775,217
Statutory Dues	290,763	300,086
Other advance received	517,388	-
Creditors for expenses	213,112	198,781
TOTAL	**1,237,462**	**1,274,084**

NOTE - 7 SHORT TERM PROVISIONS

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Provision for Tax	-	17,291
TOTAL	**-**	**17,291**

NOTE – 8 FIXED ASSETS

NAME OF THE ASSET	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 01.04.2011 Rs.	ADD / DED Rs.	AS AT 31.03.2012 RS.	UP TO 31.03.2011 Rs.	FOR THE YEAR Rs.	UP TO 31.03.2012 Rs.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
Land	50,850	-	50,850	-	-	-	50,850	50,850
Buildings	3,883,654	-	3,883,654	2,013,506	129,714	2,143,220	1,740,434	1,870,148
Plant & Machinery	6,731,071	-	6,731,071	5,321,864	365,232	5,687,095	1,043,976	1,409,207
Furniture & Fixtures	531,629	-	531,629	323,580	35,938	359,518	172,110	208,050
Dies and Molds	967,558	-	967,558	806,208	52,055	858,262	109,296	161,350
Office Equipments	1,626,907	-	1,626,907	1,626,907	-	1,626,907	-	-
Total	13,791,669	-	13,791,669	10,092,065	582,938	10,675,002	3,116,666	3,699,605
Previous Period	13,791,669	-	13,791,669	9,509,126	582,938	10,092,064	3,699,605	4,282,543

NOTE - 9 NON CURRENT INVESTMENT

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Investment in Shares		
Trade Investment		
Investment in Dharmasthal Manjunath Construction Pvt Ltd	2,600,000	-
TOTAL	**2,600,000**	**-**

Notes annexed and forming part of the Financial Statements

NOTE - 10 DEFERRED TAX ASSET (NET)

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Deferred Tax Assets - Net	269,998	143,079
TOTAL	**269,998**	**143,079**

NOTE - 11 LONG TERM LOANS & ADVANCES

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Capital Advances	6,242,279	15,082,478
TOTAL	**6,242,279**	**15,082,478**

NOTE - 12 INVENTORIES

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Raw materials and consumable items	101,452	94,603
Finished Goods	428,569	382,701
TOTAL	**530,021**	**477,304**

NOTE - 13 TRADE RECEIVABLES

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Outstanding for more than six months		
a) Secured, Considered Good		
b) Unsecured, Considered Good	141,696	652,639
c) Doubtful	-	-
Others	-	-
a) Secured, Considered Good	-	-
b) Unsecured, Considered Good	250,510	18,572
c) Doubtful	-	-
TOTAL	**392,206**	**671,211**

Note - Payment is due on the date of Sale or Service

NOTE - 14 CASH & CASH EQUIVALENTS

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Cash in hand	560,755	295,489
Balance with Bank	553,316	208,172
TOTAL	**1,114,071**	**503,661**

Notes annexed and forming part of the Financial Statements

NOTE - 15 SHORT-TERM LOANS AND ADVANCES

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Unsecured considered good		
Inter-corporate Loan	5,306,687	3,510,201
Advance to others	36,645,594	31,018,959
Deposits	42,403	42,403
TOTAL	**41,994,684**	**34,571,563**

NOTE - 16 OTHER CURRENT ASSETS

	As At 31/03/2012 Rs.	As At 31/03/2011 Rs.
Balance with Govt Authorities	37,262	28,646
Advance Paid to Supplier	2,543	-
TOTAL	**39,805**	**28,646**

NOTE - 17 REVENUE FROM OPERATIONS

	Year Ended 31/03/2012 Rs.	Year Ended 31/03/2011 Rs.
Sale of Products		
Electronic Equipments	518,151	452,649
	518,151	**452,649**
Sale of Services		
Annual Maintenance Contract	118,949	548,248
	118,949	**548,248**
TOTAL	**637,100**	**1,000,897**

NOTE - 18 OTHER INCOME

	Year Ended 31/03/2012 Rs.	Year Ended 31/03/2011 Rs.
Balance Written Back	285,766	-
Prize and Awards	400,000	-
Interest Income	281,407	287,447
Others	18,630	-
TOTAL	**985,803**	**287,447**

Notes annexed and forming part of the Financial Statements

NOTE - 19 PURCHASES OF STOCK IN TRADE

	Year Ended 31/03/2012 Rs.	Year Ended 31/03/2011 Rs.
Electronic Equipments	154,600	-
TOTAL	**154,600**	**-**

NOTE - 20 COST OF MATERIAL CONSUMED

	Year Ended 31/03/2012 Rs.	Year Ended 31/03/2011 Rs.
Opening Stock	94,603	44,175
Add: Purchase of Electronic Equipment	602,582	717,381
Closing Stock	101,452	94,603
TOTAL	**595,733**	**666,953**

NOTE - 21 CHANGES IN INVENTORY

	Year Ended 31/03/2012 Rs.	Year Ended 31/03/2011 Rs.
Opening Stock	477,304	225,000
Less-Closing Stock	530,021	477,304
TOTAL	**(52,717)**	**(252,304)**

NOTE - 22 EMPLOYEE BENEFIT EXPENSES

	Year Ended 31/03/2012 Rs.	Year Ended 31/03/2011 Rs.
Salary	141,663	162,045
Directors' remuneration	150,000	150,000
Staff welfare	12,650	24,507
TOTAL	**304,313**	**336,552**

Notes annexed and forming part of the Financial Statements

NOTE - 23 OTHER EXPENSES

	Year Ended 31/03/2012 Rs.	Year Ended 31/03/2011 Rs.
Audit Fee	16,854	16,545
Bank Charges	625	875
Books & Periodicals	560	470
Conveyance	9,860	8,010
Demat Charges	13,236	13,236
Electricity Expenses	5,618	18,410
Insurance Expenses	5,356	4,994
Internet Charges	938	-
Legal And Professional Fees	84,854	42,390
Office Expenses	22,000	2,230
Printing, Stationary, Postage And Courier	10,403	10,278
Repairs & Maintenance	25,600	39,290
Share Transfer & Registrar Charges	11,875	3,696
Telephone Expenses	16,323	66,716
Traveling	15,650	13,165
Sales Promotion	117,002	-
Write Off	-	39,006
TOTAL	**356,754**	**279,311**

NOTE 24 - NOTES TO ACCOUNTS

1. **Deferred Taxation**
   As per Accounting Standard 22 " Accounting for Taxes on Income", required disclosure are give below:

	31.03.2012	31.03.2011
Deferred Tax Liabilities		
Arising on account of timing difference Fixed Assets excess net block over written Down value as per the provisions of the Income Tax Act, 1961	535,865	662,784
Deferred Tax Assets		
Arising on account of timing difference - Due to section 43B of the Income Tax Act	805,863	805,863
Net Deferred Tax Liability	-	-
Net Deferred Tax Asset	**269,998**	**143,079**
(Debited) or Credited to P & L A/c	126,920	160,584

2. Managerial Remuneration

Managerial remuneration paid or payable during the financial year is as under:

Particulars	31.03.2012	31.03.2011
Remuneration to Managing Director	75,000	75,000
Remuneration to Whole-time Director	75,000	75,000

3. Auditors' Remuneration

Auditors' remuneration paid or payable during the financial year is as under:

Particulars	31.03.2012	31.03.2011
Statutory Audit Fees	15,000	15,000
Service Tax	1,854	1,545

4. Related Party Transactions

In accordance with the Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the transactions with the related parties of the Company are disclosed below:

Name of the related party with whom transactions have been made	Description of relation with the party	Nature of Transaction	Amount 2011 – 2012 Rs.	Amount outstanding as at March 31, 2012
J. T. D'Souza	Managing Director	Remuneration	75,000 (P.Y. Rs. 75,000/-)	NIL
J. T. D'Souza	Managing Director	Loan Liability	10,05,000 (P.Y. NIL)	10,05,000 CR (P.Y. NIL)
Punit Neb	Whole–time Director	Remuneration	75,000 (P.Y. Rs. 75,000/-)	NIL

5. Foreign Income & Outgo - NIL

6. During the year, the Company has not made provision for interest payable to MSFC as the Company has entered into a One-Time-Settlement [OTS] with MSFC and is the process of completing the same.

7. Contingent Liabilities: - NIL

8. There is no impairment of assets as per AS 28 issued by ICAI.

9. In the opinion of the Board, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount which they are stated and adequate provision of all known liabilities of the Company has been made. Further balances are subject to confirmation.

10. Previous year figures have been regrouped and reclassified wherever necessary.

11. Figures have been rounded off to nearest rupee.

12. Prior Period Comparatives

a. Schedule VI of the Companies Act, 1956 is revised effective from April 1, 2011. This has significantly impacted the disclosures and presentation in the financial statements.

b. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with current year's classification / disclosures.

As per our attached report of even date

For R Soni & Co.	**For and on behalf of the Board**		
Chartered Accountants			
FRN 130349W			
Rajesh Soni	**J. T. D’souza**	**Anand Raj Jain**	**Punit Neb**
Partner	**Chairman & Managing Director**	**Director**	**Director**
M No 133240			
Mumbai May 29, 2012			

Auditors’ Certificate

To
The Board of Directors
Sparc Systems Limited

We have examined the above Cash Flow Statement of Sparc Systems Limited for the year ended March 31, 2012. The statement has been prepared by the Company and is based on and in agreement with the corresponding Statement of Profit & Loss and Balance Sheet of the Company covered by report of even date to the Members of the Company.

For R Soni & Co.
Chartered Accountants
FRN 130349W

Rajesh Soni
Partner
M No 133240
Mumbai May 29, 2012

ATTENDANCE SLIP

SPARC SYSTEMS LIMITED

Reg. Off: Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane 421301

ANNUAL GENERAL MEETING - September 29, 2012 AT 10.00 AM

DP ID	
Client ID / Folio No.	
No. of Shares	

NAME & ADDRESS OF THE REGISTERED SHARE HOLDERS

I certify that I am a registered shareholder of the Company.

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, District Thane, At Post Athgaon - 421301 on Saturday, September 29, 2012.

SIGNATURE

Note: Please complete this attendance slip and hand it over at the entrance.

PROXY FORM

SPARC SYSTEMS LIMITED

Reg Off.: Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane – 421301

ANNUAL GENERAL MEETING - September 29, 2012 AT 10.00 AM

I/We...

of .... being a Member / Members of Sparc Systems Ltd.

hereby appoint .... of ....

Or failing him .... of ....

Or failing him .... of ....

as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on Saturday, September 29, 2012 and at any adjournment thereof.

Signed this .... day of .... 2012.

DP. ID	
Client ID / Folio No.	
No. of Shares	

Signature ....

Affix a 15 paise Revenue Stamp

Note: This proxy form to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before commencement of the Meeting

BOOK POST

If undelivered please return to

Sparc Systems Limited
#16-17 Ground Floor
Lovely
Sector 2
Airoli (West)
Navi Mumbai – 400 708