



# **SPARC SYSTEMS LIMITED**

**ANNUAL REPORT**

**2017 - 2018**

## Sparc Systems Limited

### BOARD OF DIRECTORS

Mr. J. T. D'souza	Managing Director
Ms. Punit Neb	Whole Time Director
Mr. Santosh Shetty	Independent Director
Mr. Ashok Jain	Independent 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 +91 9820700310  
Fax +9122 27792481

### CORPORATE OFFICE

#16 Ground Floor,  
Lovely, Sector 2,  
Airoli, Navi Mumbai - 400708  
Phone +9122 27792473 / 27792478 / 27792481  
Fax +9122 27792481  
Email [sparc@mtnl.net.in](mailto:sparc@mtnl.net.in)  
Website [www.sparcsys.com](http://www.sparcsys.com)

### REGISTRAR AND SHARE TRANSFER AGENTS

**Universal Capital Securities Pvt. Ltd.**  
**(Formerly known as Mondkar Computers Pvt Ltd.)**  
21 Shakil Niwas  
Mahakali Caves Road  
Andheri (E) Mumbai – 400093  
Phone +9122 28207203-05 / 2825 7641  
Fax +91 22 28207207  
Email [info@unisec.in](mailto:info@unisec.in)  
Website [www.unisec.in](http://www.unisec.in)

Contents	Page No.
Notice	3
Directors' Report	9
Management Discussion and Analysis	23
Independent Auditors' Report	24
Balance Sheet	27
Statement of Profit and Loss	28
Cash Flow Statement	30
Accompanying notes to the Financial Statements	31
Route Map of AGM Venue	46

## Notice

Notice is hereby given that the 29<sup>th</sup> Annual General Meeting of the Members of Sparc Systems Limited will be held on Saturday, September 29, 2018 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, 2018 including the Audited Balance Sheet as at March 31, 2018 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 Ms. Punit Neb (DIN 01026300), Whole Time Director, who retires by rotation and being eligible, offers herself for re-appointment and for the said purpose to consider and if thought fit, to pass the following resolution with or without modification(s) as an **Ordinary Resolution**.

**“RESOLVED THAT** Ms. Punit Neb (DIN 01026300), Whole Time Director of the Company, who retires by rotation be and is hereby re-appointed as Director of the Company liable to retire by rotation”.

### SPECIAL BUSINESS

3. To re-appoint Mr. Jude Terrence D'souza (DIN 00958844) as 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, and recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, the approval and consent of the members be and is hereby accorded to re-appoint Mr. Jude Terrence D'souza (DIN 00958844) as Managing Director of the Company on an annual remuneration of Rs. 1,80,000/-, for a period of 3 years with effect from December 1, 2018, and shall be liable to retire by rotation.

**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.”

4. 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, and recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, 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 on an annual remuneration of Rs. 90,000/-, for a period of 3 years with effect from December 1, 2018, and shall be liable to retire by rotation.

**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 Ms. Punit Neb (DIN 01026300) 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 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**  
**Managing Director**  
**DIN 00958844**  
**Mumbai, August 31, 2018**

**NOTES:**

- a. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), in respect of the business as set out in Item No.3 & 4 above and the relevant details of the Directors seeking re-appointment under Item No.3 & 4 above as required by Regulations 26(4) and 36(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and as required under Secretarial Standards - 2 on General Meetings issued by The Institute of Company Secretaries of India, are annexed hereto.
- b. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy, in order to be effective, should be deposited, duly completed and signed, at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting. A proxy form is attached herewith. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The proxy holder shall prove his identity at the time of attending the Meeting.**
- c. Pursuant to SS-2 i.e. Secretarial Standard on General Meetings as issued by the Institute of Company Secretaries of India, the route map for reaching the Meeting venue is given on page no. 46 of this Annual Report. Further, the Company has uploaded the above route map on its website at [www.sparcsys.com](http://www.sparcsys.com).
- d. The Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2018 to September 29, 2018, inclusive of both days for the purpose of Annual General Meeting.
- e. 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.
- f. The shares of Company are under compulsory demat trading. Members holding shares in physical form are requested to convert their shares in their own interest.**  
**As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8<sup>th</sup> June, 2018, w.e.f. 5<sup>th</sup> December, 2018 shares are required to be held in dematerialized form only. Members holding shares in physical form are requested to do the needful. For assistance / information required in this matter, kindly contact the RTA Universal Capital Securities Pvt. Ltd.**
- g. Notice is being sent to all the Members, whose names appear in the Register of Members / Record of Depositories as on August 24, 2018. Members who have registered their e-mail id with the Company, notice is sent electronically by e-mail and to the remaining Members notice is sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with RTA / Depositories.
- h. In terms of the provisions of Section 152 of the Act Ms. Punit Neb (DIN 01026300), Whole Time Director, retires by rotation at the Meeting. Nomination and Remuneration Committee and the Board of Directors of the Company recommend her re-appointment.
- i. Mr. J T D'souza & Ms. Punit Neb are interested in the Ordinary Resolution set out at Item Nos. 3 & 4 of the Notice with regard to their re-appointment. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Business set out under Item Nos. 3 & 4 of the Notice.
- j. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018

issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting held on September 29, 2017.

- k. Details of Directors retiring by rotation / seeking re-appointment at the ensuing Meeting are provided in the "Annexure" to the Notice.
- l. Members / Proxies / Authorised Representatives are requested to bring to the Meeting necessary details of their shareholding, attendance slip(s) and copies of Annual Report. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
- m. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days (i.e. except Saturdays, Sundays and Public Holidays) during business hours up to the date of the Meeting. The aforesaid documents will be also available for inspection by members at the Meeting.
- n. Mr. Rajesh Soni of M/s. R Soni & Co., Chartered Accountant has been appointed as Scrutinizer for conducting the voting by Ballot at the Meeting and remote e-voting process in a fair and transparent manner.
- o. Remote E-Voting Through Electronic Form (Remote E-Voting)**

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

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

**1. Instructions for members for voting electronically are as under**

- i. The Remote e-voting period begins on Wednesday September 26, 2018 at 9.00 am and ends on Friday September 28, 2018 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 Saturday September 22, 2018, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL after 5:00 PM (IST) on September 28, 2018.
- 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
- vi.
  - a. For CDSL: 16 digits beneficiary ID
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vii. Next enter the Image Verification as displayed and Click on Login.
- viii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

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

For Members holding shares in Demat Form & Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<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	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.
OR Date of Birth (DOB)	<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.
- xix. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the

instructions as prompted by the mobile app while voting on your mobile.

#### SHAREHOLDER INSTRUCTIONS FOR E-VOTING

##### xx. 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.

xxi. 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).

- The Scrutinizer shall, immediately after the conclusion of voting at the Meeting, first count the votes casted by Ballot at the Meeting, thereafter unblock the votes casted through remote e-voting in the manner provided in the Rules and make, not later than 48 hours of conclusion of the Meeting, consolidated Scrutinizer's Report of remote e-voting and voting by Ballot at the Meeting, of the total votes casted in favour or against, if any, to the Chairman of the Meeting and the Chairman or a person as may be authorized by him in writing shall declare the result of the voting forthwith and all the resolutions as mentioned in the Notice of the Meeting shall be deemed to be passed on the date of the Meeting.
- 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.
- 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. Saturday, September 22, 2018, 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.
- 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).
- Members are requested to register their email address and changes therein from time to time for shares held in physical form & bring their copy of the Annual Report to the Meeting.

#### For and on behalf of the Board

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**  
**Mumbai, August 31, 2018**

**Explanatory Statement**  
**Pursuant to Section 102(1) of the Companies Act, 2013 ("the Act")**

The following statement sets out all material facts relating to the Special Business mentioned in the Notice:

**Item No. 3**

Mr. Jude Terrence D'souza (DIN 00958844) was earlier re-appointed as Managing Director of the Company for the period of three years commencing from December 1, 2015. The Members approved his reappointment by passing ordinary resolution in their Annual General Meeting which was held on September 30, 2015.

Based on the recommendation made by the Nomination and Remuneration Committee (NRC), the Board of Directors at their meeting held on August 31, 2018, passed a resolution for re-appointment of Mr. Jude Terrence D'souza as Managing Director of the Company for a period of 3 years commencing from December 1, 2018 to November 30, 2021 subject to approval of the Members.

Mr. Jude Terrence D'souza (DIN 00958844), aged 59 years, Key Managerial Personnel is a Promoter Director designated as Managing Director of the Company. Mr. Jude Terrence D'souza has vast 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.

The above mentioned remuneration is to be made effective from December 1, 2018 and be paid accordingly and the said remuneration 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, remuneration shall be evaluated at actual cost.

Mr. Jude Terrence D'souza (DIN 00958844) 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 Directors are of the view that the reappointment of Mr. Jude Terrence D'souza as Managing Director will be beneficial to the functioning and future growth opportunities of the Company. The remuneration payable to him is commensurate with the nature and quantum of business of the Company and, accordingly, recommend the ordinary resolution at Item No. 3 of the accompanying Notice for approval by the Members of the Company.

In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act, the terms of remuneration specified above are now being placed before the Members for their approval.

Other than Mr. Jude Terrence D'souza, & Ms. Punit Neb, spouse, none of the Directors or KMP of the Company or their respective relatives are concerned or interested in the Resolution at Item No.3 of the accompanying Notice.

**Item No. 4**

Ms. Punit Neb (DIN 01026300), was earlier re-appointed as Whole Time Director of the Company for the period of three years commencing from December 1, 2015. The Members approved her reappointment by passing ordinary resolution in their Annual General Meeting which was held on September 30, 2015.

Based on the recommendation made by the Nomination and Remuneration Committee (NRC), the Board of Directors at their meeting held on August 31, 2018, passed a resolution for re-appointment of Ms. Punit Neb as Whole Time Director of the Company for a period of 3 years commencing from December 1, 2018 to November 30, 2021 subject to approval of the Members.

Ms. Punit Neb, aged 50 years, Key Managerial Personnel is a Director designated as Whole Time Director of the Company. Ms. Punit Neb is experienced in the field of technology design, development and project implementation. 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.

The above mentioned remuneration is to be made effective from December 1, 2018 and be paid accordingly and the said remuneration 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, remuneration shall be evaluated at actual cost.

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 re-appointment. She is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The Directors are of the view that the reappointment of Ms. Punit Neb as Whole Time Director will be beneficial to the functioning and future growth opportunities of the Company. The remuneration payable to her is commensurate with the nature and quantum of business of the Company and, accordingly, recommend the ordinary resolution at Item No. 4 of the accompanying Notice for approval by the Members of the Company.

In compliance with the provisions of Sections 196, 197, 203 and other applicable provisions of the Act, read with Schedule V to the Act, the terms of remuneration specified above are now being placed before the Members for their approval.

Other than Ms. Punit Neb & Mr. Jude Terrence D'souza, her spouse, none of the Directors or KMP of the Company or their respective relatives are concerned or interested in the Resolution at Item No. 4 of the accompanying Notice.

**For and on behalf of the Board**

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**  
**Mumbai, August 31, 2018**

**The information required pursuant to Schedule V of the Companies Act 2013 is given below:**

**I. General Information**

- 1. Nature of Industry**  
Software and Hardware Electronic Security Solutions.
- 2. Date of / expected date of commencement of commercial production**  
The Company was incorporated on September 14, 1989 and commenced production in April 1995.
- 3. In case of new companies, expected date of commencement of activities**  
Not applicable.
- 4. Financial performance based on given indicators**

(Rs in lakhs)

Particulars	For the year ended 31/03/2018	For the year ended 31/03/2017
Revenue from Operations (Gross)	3.13	6.59
Profit / (Loss) for the period	(1.92)	(3.90)

**5. Foreign investments or collaborators, if any**

The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company. Foreign investors mainly comprise of investors in the Company because of past issuance of shares and secondary market purchase.

**II. (A) Information about Mr. Jude Terrence D'souza, Managing Director****1. Background details**

Mr. Jude Terrence D'souza aged 59 years, Key Managerial Personnel is a Promoter Director designated as Managing Director of the Company. Mr. Jude Terrence D'souza is experienced 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.

**2. Past Remuneration**

(Rs. in lakhs)

Particulars	FY 2017-18	FY 2016-17
Annual Remuneration	1.80	0.80

**3. Job Profile and his suitability**

Mr. Jude Terrence D'souza has over 30 years of experience in the electronics industry. Given his background and experience in this field, the Board re-appointed Mr. Jude Terrence D'souza as the Managing Director of the Company effective from December 1, 2018.

**4. Remuneration proposed**

As stated in the Resolution under Item No. 3 given in the Notice.

**5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person**

Considering the industry in which the Company operates, the size of the business as well as the profile of Mr. Jude Terrence D'souza, the remuneration proposed is commensurate with the remuneration packages paid to similar senior level appointees in other companies in the industry.

**6. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any**

Besides the remuneration proposed, Mr. Jude Terrence D'souza does not have any pecuniary relationship with the Company except with Ms. Punit Neb, his spouse. No other managerial personnel is concerned or interested in the above resolution.

7. The Managing Director shall be liable to retire by rotation.

8. The information provided above shall be treated as an abstract of contract of employment with the Managing Director under section 190 of the Companies Act 2013.

**II. (B) Information about Ms. Punit Neb, Whole Time Director****1. Background details**

Ms. Punit Neb aged 50 years designated as Whole Time Director is a Bachelor of Electronics Engineering and Master of Marketing Management. She is experienced in the field of technology design, development and project implementation. 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.

**2. Past Remuneration**

(Rs. in lakhs)

Particulars	FY 2017-18	FY 2016-17
Annual Remuneration	0.90	0.65

**3. Job Profile and her suitability**

Ms. Punit Neb is well experienced in the electronics industry. Given her background and experience in this field, the Board re-appointed Ms. Punit Neb as the Whole Time Director of the Company effective from December 1, 2018.

**4. Remuneration proposed**

As stated in the Resolution under Item No. 4 given in the Notice.

**5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person**

Considering the industry in which the Company operates, the size of the business as well as the profile of Ms. Punit Neb, the remuneration proposed is commensurate with the remuneration packages paid to similar senior level appointees in other companies in the industry.

**6. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any**

Besides the remuneration proposed, Ms. Punit Neb does not have any pecuniary relationship with the Company except with Mr. Jude Terrence D'souza, her spouse. No other managerial personnel is concerned or interested in the above resolution.

7. The Whole Time Director shall be liable to retire by rotation.

8. The information provided above shall be treated as an abstract of contract of employment with the Whole Time Director under section 190 of the Companies Act 2013.

**III. Other information****1. Reasons for inadequate profits in earlier years:**

Due to globalization and proliferation of cheap imports in the country and other reasons beyond the control of management of the Company, the Company had been incurring operational losses since the Financial Year 2011 - 2012.

**2. Steps taken by the Company to improve performance:**

The Company operates in an industry where-in product life-cycles are extremely short and technology churn is extremely high. The Company makes continuous efforts to design and develop new products by incorporating latest available components and technology. The Company also constantly leverages and updates its existing technologies.

**3. Expected increase in productivity and profits in measurable terms:**

The Company makes continuous efforts to improve productivity and the Company expects to perform better in terms of profitability in the years to come.

**IV. DISCLOSURES****Information of the remuneration package to the shareholders of the company:**

This information of the detailed in the Notice & Explanatory Statement attached to the respective resolution.

**Disclosure mentioned in the Board of Directors; report under the heading of Corporate Governance, if any attached to the Annual Report:**

Not applicable

The Board recommends the Ordinary Resolution set out at Item No. 3 of the accompanying Notice for the approval of Members. This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

Since the Resolution at Item No. 3 relates to re-appointment and payment of remuneration to Mr. Jude Terrence D'souza, Mr. Jude Terrence D'souza is deemed to be concerned or interested in the said resolutions along with his spouse Ms. Punit Neb. None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the accompanying Notice for the approval of Members. This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

Since the Resolution at Item No. 4 relates to re-appointment and payment of remuneration to Ms. Punit Neb, Ms. Punit Neb is deemed to be concerned or interested in the said resolutions along with her spouse M. Jude Terrence D'souza. None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

**For and on behalf of the Board**

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**  
**Mumbai, August 31, 2018**

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

Name of Director	Mr. J. T. D'souza	Ms. Punit Neb
DIN	00958844	01026300
Nationality	Indian	Indian
Date of Birth	August 28, 1959	December 26, 1967
Date of Appointment	September 14, 1989	July 6, 1991
Qualifications	Radio Officer	B. E., Master of Marketing Management
Expertise in specific functional areas	Techno-commercial and business development	Technology design & development and project implementation
Directorships held in other companies (excluding foreign companies)	Epson Finance & Investments Pvt. Ltd. (Unlisted Company)	Epson Finance & Investments Pvt. Ltd. (Unlisted Company)
Memberships / Chairmanships of Board Committees of other companies	None	None
Number of shares held in the Company	4,49,400	29,300
Number of Board Meetings attended during the F.Y. 2017 – 2018	6 out of 6	6 out of 6
Chairman / Member of the Committee of the Company	None	Member of the following Committees Audit Committee Nomination and Remuneration Committee Stakeholders Relationship Committee
Details of Remuneration	As mentioned in the Explanatory Statement to the Notice dated August 31, 2018	As mentioned in the Explanatory Statement to the Notice dated August 31, 2018
Relationship	Spouse of Ms. Punit Neb	Spouse of Mr. J T D'souza
Terms and conditions of appointment or re-appointment	As per details described in Notice and Explanatory Statement	As per details described in Notice and Explanatory Statement



## 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, 2018.

Financial summary of the Company is as below

Particulars	Year ended March 31, 2018 Rs.	Year ended March 31, 2017 Rs.
Total Revenue	1,971,020	862,880
Total Expenses	2,162,549	1,253,310
Profit / (Loss) Before Exceptional, Extraordinary & Prior Period Item	(191,529)	(390,430)
Prior-Period Expenses	-	-
Profit / (Loss) Before Tax	(191,529)	(390,430)
Tax Expenses		
Less: Current Tax	-	-
Add: Deferred Tax	-	-
Profit / (Loss) For The Year After Tax	(191,529)	(390,430)
Balance of Profit brought forward	(16,067,756)	(15,677,326)
Surplus / (Deficit ) carried to Balance Sheet	(16,259,285)	(16,067,756)

### 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. 19.71 lakhs for the current year as compared to Rs. 8.63 lakhs in the previous year. The Company has incurred a net loss amounting Rs. 1.92 lakhs in the current year as compared to Rs. 3.90 lakhs in the previous year.

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

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

### INDIAN ACCOUNTING STANDARDS (IND AS)

The financial results of the Company have been prepared in accordance with Indian Accounting standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standard) rules, 2015, Companies (Indian Accounting Standards) amendment rules 2016 and in terms of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and SEBI circular dated 05th July, 2016. The Company has for the first time adopted Ind AS for the financial year commencing from April 1, 2017 with a transition date of April 1, 2016. Figures for the previous year have also been re-stated in line with the requirements of the above rules.

### 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, were appointed as auditors of the company for a period of three consecutive year at the Annual General Meeting held on September 29, 2017. They have confirmed that are not disqualified from continuing as Auditors of the Company. The Directors take this opportunity to acknowledge with gratitude the valuable services rendered by M/s. R Soni & Co.

**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS IN THEIR REPORT**

There was no qualifications, reservations or adverse remarks made by the Auditors in their report.

**SECRETARIAL AUDITORS**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, Mr. Jimmy Panthaky, Practicing Company Secretary (FCS 738 & C. P. No. 5044), Mumbai, has been appointed to conduct a Secretarial Audit of the Company's secretarial and related records for the year ended March 31, 2018. The practicing Company Secretary has submitted his report on the Secretarial Audit conducted by him which is annexed to this report.

**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE SECRETARIAL AUDITOR IN THEIR REPORT**

The Board has noted that pursuant to the provisions of Section 203 of The Companies Act, 2013, the Company was required to appoint Whole-time Company Secretary however the same has not been complied with as yet. Management is under process of appointing a suitable company secretary for compliance of said provision of Companies Act.

**DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL**

In accordance with the provisions of the Act and the Articles of Association of the Company, Ms. Punit Neb (DIN 01026300), Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment.

The Board recommends for shareholders' approval, the re-appointment of Mr. J. T. D'souza (DIN 00958844) as Managing Director and Ms. Punit Neb (DIN 01026300), as Whole Time Director, to be liable to determination by rotation for 3 years w.e.f. December 1, 2018.

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

**BOARD EVALUATION**

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

**DECLARATION BY INDEPENDENT DIRECTORS**

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

**DEPOSITS**

The Company has not invited / accepted any deposits from the public during the year ended March 31, 2018. There were no unclaimed or unpaid deposits as on March 31, 2018.

**CORPORATE SOCIAL RESPONSIBILITY**

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

**NUMBER OF BOARD MEETINGS**

During the year under review, the Board met 6 times on May 29, 2017, August 14, 2017, August 30, 2017, November 13, 2017, February 14, 2018 and March 30, 2018. 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, 2018, 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, 2018 and of the profit and loss of the Company for that period;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual accounts on a going concern basis; and
- v. They have laid down internal financial controls in the Company that are adequate and are operating effectively; and
- vi. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**NOMINATION AND REMUNERATION COMMITTEE AND ITS POLICY**

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

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

**The terms of reference of this committee:**

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

**Composition**

The Nomination and Remuneration Committee comprises of Mr. Santosh Shetty, Mr. Ashok Jain and Ms. Punit Neb. Mr. Santosh Shetty, Independent Director is the Chairman of this Committee.

**Meeting**

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

**STAKEHOLDERS RELATIONSHIP COMMITTEE COMPOSITION & MEETINGS OF COMMITTEE****Terms of the Committee**

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

**Details of Pending Investor Grievances and Compliance Officer:**

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

Details of the Compliance Officer designated for handling of the investor grievances:

Name: Ms. Punit Neb

Address: Sparc Systems Ltd., #16 Ground Floor, Lovely, Sector 2, Airoli, Navi Mumbai – 400708

Email ID: pneb@mtnl.net.in

**Composition & Meeting**

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

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

**Investor Grievance Redressal**

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

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

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

**PARTICULARS OF EMPLOYEES**

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

**EXTRACT OF THE ANNUAL RETURN IN FORM MGT – 9**

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

**RELATED PARTY TRANSACTIONS**

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

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

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

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint Venture or Associate Company as on March 31, 2018.

**RISK MANAGEMENT POLICY**

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

**ADEQUACY OF INTERNAL CONTROLS**

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

**AUDIT COMMITTEE****Constitution of the Committee**

The Composition of the Committee, together with the details of the attendance of each member as at March 31, 2018 is as below:

Name	Designation	Director Category	No. of meetings attended
* Mr. Bharat Jain	Chairman	Non Executive Independent Director	1
* Mr. Anand Raj Jain	Member	Non Executive Director	1
Mr. Ashok Jain	Chairman	Non Executive Independent Director	4
Mr. Santosh Shetty	Member	Non Executive Independent Director	3
Ms. Punit Neb	Member	Executive Director	4

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

**Terms of Reference**

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

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

- To recommend the appointment / removal of Auditors, fixing of audit fees and approval of payments,
- To review and monitor the Auditor's independence and performance, and effectiveness of audit process, to examine the financial statements and auditor's report thereon, scrutiny of inter-corporate loans and investments
- To approve or make any subsequent modification of transactions of the Company with related parties,
- To value the undertakings or assets of the Company, wherever it is necessary,
- To evaluate the internal financial controls and risk management systems and
- To monitor the end use of funds raised through public offers and related matters

**Meetings of the Committee**

During the year ended March 31, 2018, 4 meetings of the Audit Committee were held on May 29, 2017, August 30, 2017, November 13, 2017 and February 14, 2018.

**SEPARATE MEETING OF INDEPENDENT DIRECTORS:**

Pursuant to Schedule IV of the Companies Act, 2013, the Independent Directors of the Company shall hold at least one meeting in a year without attendance of non-independent directors and members of the Management. Accordingly, Independent Directors of the Company met on February 14, 2018 to consider the following business as required under the Companies Act, 2013:

- Review the performance of non-independent directors and the Board as a whole;
- Review the performance of the Company, taking into account the views of Executive Directors and Non-executive Directors;
- Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present for the meeting.

**EMPLOYEES' REMUNERATION**

In terms of the provisions of Section 197(12) of the Act, there are no employees of the Company drawing remuneration in excess of the limits set out in the said provision.

Details of the Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed with this report.

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has formulated and implemented the Whistle Blower Policy / Vigil Mechanism. This has provided a mechanism for directors and employees of the Company and other persons dealing with the Company to report to the Chairman of the Audit Committee; any instance of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The aforesaid policy has also been uploaded on the Company's website [sparcsys.com](http://sparcsys.com).

**PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

The Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace Act, 2013 provides for protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto. The Company has framed a Policy on Prevention of Sexual Harassment at Workplace as per the provisions of this Act. During the year under review, no cases were reported under the said policy.

**CODES OF CONDUCT**

The Board of Directors of the Company has laid down required Codes of Conduct. It has also adopted Code for Independent Directors as per Schedule IV of the Companies Act, 2013. All Board members including Independent Directors and Senior Management Personnel have affirmed compliance with the respective Codes of Conduct for the year under review. The Code of Conduct is available on the Company's website [www.sparcsys.com](http://www.sparcsys.com).

**CORPORATE GOVERNANCE**

Since the Company is falling within the criteria of Regulation 15 (2) of SEBI (Listing Obligation & Disclosure) Regulations, 2015. Therefore, Corporate Governance requirement prescribed under SEBI (Listing Obligation & Disclosure) Regulations, 2015 are not applicable to the Company as on March 31, 2018.

**CERTIFICATE ON FINANCIAL STATEMENT**

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

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**LISTING FEES**

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

**DISCLOSURES**

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

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

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

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

**Shareholding Pattern as on March 31, 2018**

Category	No. of Shares held	% of holding
<b>A. Promoter's Holding</b>		
Promoter & Promoter Group	1,350,500	27.62
Sub-Total	1,350,500	27.62
<b>B. Non-Promoters Holding</b>		
Mutual Funds	40,400	0.83
Sub-Total	40,400	0.83
<b>C. Others</b>		
Private Corporate Bodies	984,834	20.14
Indian Public / HUF	2,249,204	46.01
NRIs /OCBs	258,200	5.28
Clearing members	5,862	0.12
Sub-Total	3,498,100	71.55
<b>GRAND TOTAL</b>	<b>4,889,000</b>	<b>100</b>
<b>Total Foreign Shareholding</b>	<b>258,200</b>	<b>5.28</b>

**Dematerialization of Shares**

All Equity Shares of the Company are under compulsory dematerialisation for delivery on transfer. As at March 31, 2018, the number of Equity Shares of the Company in dematerialised form stood at **3,456,300** out of the total 48,89,000 Equity Shares issued by the Company.

**Distribution of Shareholding as of March 31, 2018**

Number of Shares	Shareholders		Share holdings		Share Amount	
	Number	%	Holdings	%	Rs.	%
Up to 500	1436	60.719	398,519	8.151	3,985,190.00	8.151
501- 1000	629	26.596	575,684	11.775	5,756,840.00	11.775
1001-2000	160	6.765	257,199	5.261	2,571,990.00	5.261
2001-3000	42	1.776	110,942	2.269	1,109,420.00	2.269
3001-4000	14	0.592	50,611	1.035	506,110.00	1.035
4001-5000	21	0.888	99,615	2.038	996,150.00	2.038
5001-10000	23	0.973	172,092	3.520	1,720,920.00	3.520
10001 & above	40	1.691	3,224,338	65.951	32,243,380.00	65.951
<b>Total</b>	<b>2365</b>	<b>100.000</b>	<b>4,889,000</b>	<b>100.000</b>	<b>48,890,000.00</b>	<b>100.000</b>

**Market Price Data**

	Bombay Stock Exchange Limited				
	OPEN (Rs.)	HIGH (Rs.)	LOW (Rs.)	CLOSE (Rs.)	VOLUME (Nos.)
April 2017	4.64	7.16	4.21	7.16	12,882
May 2017	6.81	7.13	6.81	7.13	14
June 2017	-	-	-	-	-
July 2017	-	-	-	-	-
August 2017	6.78	6.78	6.30	6.30	7,100
September 2017	-	-	-	-	-
October 2017	5.99	5.99	5.70	5.70	205
November 2017	5.79	5.79	3.94	3.94	6,378
December 2017	3.76	3.76	2.68	3.36	4,089
January 2018	3.20	3.65	2.75	3.32	3,361
February 2018	3.16	3.82	3.16	3.82	7,648
March 2018	4.01	5.11	3.75	4.24	66,631

**MEANS OF COMMUNICATION**

The quarterly, half-yearly and annual Financial Results of the Company are forwarded to BSE Limited immediately upon its approval by the Board of Directors and are simultaneously published in national and regional newspapers. In accordance with the Listing Agreement requirements, data pertaining to Shareholding Pattern, Quarterly Financial Results and other details are forwarded to the Stock Exchange. During the year under review, no presentation was made to the institutional investors or analysts.

**NOMINATION**

Individual Shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the depository participants as per the bye-laws and business rules applicable to NSDL and CDSL. Nomination form SH-13 [Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014] can be obtained from the Company's Registrar and Share Transfer Agent. It is also available on public domain.

**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.

**SHARE TRANSFER SYSTEM**

Presently the Share Transfer documents received by the Company's Registrar and Transfer Agents in physical form are processed, approved and dispatched within a period of 5 to 15 days from the date of receipt, provided the documents received are complete and the shares under transfer are not under dispute. For expeditious processing of share transfers, the Board of Directors of the Company has authorized the Compliance Officer, to decide on various issues like transfers / transmission of securities in physical form, change in status of share holders and confirmation of dematerialization.

**ISIN No.**

The Company's Demat International Security Identification Number (ISIN) for its equity shares in NSDL and CDSL is **INE960B01015**.

**OUTSTANDING GDRs/ ADRs**

The Company has not issued any GDRs / ADRs.

**RECONCILIATION OF SHARE CAPITAL AUDIT**

A practicing Company Secretary carries out reconciliation of share capital audit, on half-yearly basis to reconcile the total admitted capital with NSDL & CDSL and total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL & CDSL.

**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.

**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****Managing Director  
DIN 00958844****Mumbai August 31, 2018****Punit Neb****Whole Time Director  
DIN 01026300**

**DETAILS OF THE REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:**

1. The percentage increase in remuneration of each Director and Chief Financial Officer during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as follows:

Sr. No.	Name of Director / KMP & Designation	Remuneration of Director / KMP for financial year 2017-2018 (Rs.)	% increase in Remuneration in the financial year 2017-2018	Ratio of remuneration of each Director to median remuneration of employees	Comparison of the remuneration of the KMP against the performance of the Company
1	Mr. J. T. D'souza (Managing Director)	180,000	NIL	N.A. *	N.A.
2	Ms. Punit Neb (Whole Time Director)	90,000	NIL	N.A.*	N.A.

\* There are no permanent employees. Trainees and apprentices are deployed on project basis.

2. The median remuneration of employees of the Company during the financial year 2017-18 was Rs. NIL.  
 3. In the financial year 2017-18, there was an increase of NIL% in the median remuneration of employees.  
 4. As on March 31, 2018, there were no permanent employees who were on the roll of the Company.  
 5. Relationship between average increase in remuneration and Company performance:  
 The Loss After Tax for the financial year ended March 31, 2018 decreased by 50.94% whereas the median remuneration increased by NIL% which was in line with Company performance.  
 6. Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:  
 The total remuneration of the Key Managerial Personnel(s) did not increase in 2017 - 2018 whereas Loss After Tax decreased from Rs. 3.90 lakhs in 2016 - 2017 to Rs. 1.92 lakhs in 2017 - 2018.

**CERTIFICATE ON FINANCIAL STATEMENTS**

To,  
**The Members**  
**Sparc Systems Limited**

I, J. T. D'souza, Managing Director of Sparc Systems Limited hereby certify that:

1. I have reviewed the financial statements and the cash flow statements for the financial year 2017-18 and to the best of my knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year 2017-18, which are fraudulent, illegal or violation of the Company's Code of Conduct.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting and I have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify those deficiencies.
4. I have indicated wherever applicable, to the Auditors and the Audit Committee:
  - i. Significant changes, if any, in internal control over financial reporting during this year;
  - ii. Significant changes, if any, in accounting policies during this year 2017-18, and that the same have been disclosed in the notes to the financial statement; and
  - iii. Instances of significant fraud of which I am aware and involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**For and on behalf of the Board**

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**  
**Mumbai August 31, 2018**

**ANNEXURE TO DIRECTORS' REPORT****Form AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangement or transactions entered into during the year ended March 31, 2018, which were not at arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

- a. Name(s) of the related party and nature of relationship: N.A.
- b. Nature of contracts/arrangements/transactions: N.A.
- c. Duration of the contracts / arrangements/transactions: N.A.
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
- e. Date(s) of approval by the Board, if any: N.A.
- f. Amount paid as advances, if any: N.A.

**For and on behalf of the Board**

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**  
**Mumbai, August 31, 2018**

**Punit Neb**  
**Whole Time Director**  
**DIN 01026300**

**ANNEXURE TO DIRECTORS' REPORT**

**Information under Section 134(3)(m) of the Companies Act, 2013 read with rule 8(3) the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report**

**A. Conservation of energy**

- (i) The steps taken or impact on conservation of energy: NIL
- (ii) The steps taken by the company for utilising alternate sources of energy: NIL
- (iii) The capital investment on energy conservation equipments: NIL

The Electronic Industry is a low power consumption industry. Therefore the cost of electricity purchased and generated through genset is very low and efforts are made to minimise the use of energy.

**B. Technology absorption**

- (i) The efforts made towards technology absorption: NIL
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: NIL
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- : NIL
- (iv) The expenditure incurred on Research and Development: NIL

**C. Foreign exchange earnings and Outgo**

Foreign Exchange earned in terms of Actual Inflows	NIL (P.Y. NIL)
Foreign Exchange outgo in terms of Actual Outflows	NIL (P.Y. NIL)

**For and on behalf of the Board**

**J. T. D'souza**  
**Managing Director**  
**DIN 00958844**  
**Mumbai, August 31, 2018**

**Punit Neb**  
**Whole Time Director**  
**DIN 01026300**



**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, 2018

[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 +9122 28207203-05 / 2825 7641 Fax +91 22 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

#	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

## iv. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

## i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>1) Indian</b>									
a) Individual/ HUF	102,800	23,300	126,100	2.58	103,800	400,600	504,400	10.32	7.74
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	126,500	1,096,900	1,223,400	25.02	846,100	0	846,100	17.31	-7.72
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(1)</b>	<b>229,300</b>	<b>1,120,200</b>	<b>1,349,500</b>	<b>27.60</b>	<b>949,900</b>	<b>400,600</b>	<b>1,350,500</b>	<b>27.62</b>	<b>0.02</b>
<b>2) Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other ...	-	-	-	-	-	-	-	-	-
<b>Sub-total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>229,300</b>	<b>1,120,200</b>	<b>1,349,500</b>	<b>27.60</b>	<b>949,900</b>	<b>400,600</b>	<b>1,350,500</b>	<b>27.62</b>	<b>0.02</b>
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
<b>1. Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	0	40,400	40,400	0.83	0	40,400	40,400	0.83	0.00
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(1)</b>	<b>0</b>	<b>40,400</b>	<b>40,400</b>	<b>0.83</b>	<b>0</b>	<b>40,400</b>	<b>40,400</b>	<b>0.83</b>	<b>0.00</b>
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	988,536	1,300	989,836	20.25	983,534	1,300	984,834	20.14	-0.10
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	606,843	733,300	1,340,143	27.41	621,825	730,300	1,352,125	27.66	0.25
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	752,671	70,200	822,871	16.83	786,926	41,900	828,826	16.95	0.12
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Clearing Members	10,287	0	10,287	0.21	5,862	0	5,862	0.12	-0.09
ii) Trusts	-	-	-	-	-	-	-	-	-
ii) NRI / OCB	47,010	220,700	267,710	5.48	40,000	218,200	258,200	5.28	-0.19
iv) Foreign Nationals	-	-	-	-	-	-	-	-	-
v) Foreign Corporate Body	-	-	-	-	-	-	-	-	-
lii) HUF	68,253	0	68,253	1.40	68,253	0	68,253	1.4	0
<b>Sub-total (B)(2)</b>	<b>2,473,600</b>	<b>1,025,500</b>	<b>3,499,100</b>	<b>71.57</b>	<b>2,506,400</b>	<b>991,700</b>	<b>3,498,100</b>	<b>71.55</b>	<b>-0.02</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>2,473,600</b>	<b>1,065,900</b>	<b>3,539,500</b>	<b>72.40</b>	<b>2,506,400</b>	<b>1,032,100</b>	<b>3,538,500</b>	<b>72.38</b>	<b>-0.02</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>2,702,900</b>	<b>2,186,100</b>	<b>4,889,000</b>	<b>100.00</b>	<b>3,456,300</b>	<b>1,432,700</b>	<b>4,889,000</b>	<b>100.00</b>	<b>0.00</b>

## ii. Shareholding of Promoters

No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	ANAND RAJ JAIN	1,000	0.02	0.00	1,000	0.02	0.00	0.00
2	JUDE TERRENCE D'SOUZA	51,200	1.05	0.00	449,400	9.19	0.00	8.14
3	KHAN ZAFRI ALI	23,300	0.48	0.00	23,300	0.48	0.00	0.00
4	PUNIT MANMOHAN SINGH NEB	28,300	0.58	0.00	29,300	0.60	0.00	0.02
5	RALPH D'SOUZA	10,900	0.22	0.00	0	0.00	0.00	-0.22
6	RENU JAIN	1,400	0.03	0.00	1,400	0.03	0.00	0.00
7	SYLVIA D'SOUZA	10,000	0.20	0.00	0	0.00	0.00	-0.20
8	EPSON FINA & INVEST PVT LTD	719,600	14.72	0.00	719,600	14.72	0.00	0.00
9	PINOL FINANCE & INVEST PVT LTD	377,300	7.72	0.00	0	0.00	0.00	-7.72
10	SATTA SECURITIES PVT LTD	126,500	2.59	0.00	126,500	2.59	0.00	0.00
	<b>Total</b>	<b>1,349,500</b>	<b>27.60</b>	<b>0.00</b>	<b>1,350,500</b>	<b>27.62</b>	<b>0.00</b>	<b>0.02</b>

## iii. Change in Promoters' Shareholding (please specify, if there is no change)

No.	Shareholders	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year		Cumulative Shareholding during the year		Shareholding at the end of the year		
		No. of shares	% of total shares of the Company	Date	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	ANAND RAJ JAIN	1000	0.02	-	-	-	-	1,000	0.02	
2	JUDE TERRENCE D'SOUZA	51,200	1.05	06/10/2017 Inter-se transfer	10,900	0.22	62,100	1.27	449,400	9.19
				06/10/2017 Inter-se transfer	10,000	0.20	72,100	1.47		
				01/11/2017 Inter-se transfer	377,300	7.72	449,400	9.19		
3	KHAN ZAFRI ALI	23,300	0.48	-	-	-	-	23,300	0.48	
4	PUNIT MANMOHANSINGH NEB	28,300	0.58	03/11/2017 Transmission	1,000	0.02	29,300	0.6	29,300	0.60
5	RALPH D'SOUZA	10,900	0.22	06/10/2017 Inter-se transfer	(10,900)	-0.22	-	-	0	0
6	RENU JAIN	1,400	0.03	-	-	-	-	1,400	0.03	
7	SYLVIA D'SOUZA	10,000	0.20	06/10/2017 Inter-se transfer	(10,000)	-0.20	-	-	0	0
8	EPSON FINA & INVEST PVT LTD	719,600	14.72	-	-	-	-	719,600	14.72	
9	PINOL FINANCE & INVEST PVT LTD	377,300	7.72	01/11/2017 Inter-se transfer	(377,300)	-7.72	-	-	0	0
10	SATTA SECURITIES PVT LTD	126,500	2.59	-	-	-	-	126,500	2.59	

## iv. Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

No.	Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	VORA CONSTRUCTIONS LIMITED	347,573	7.11	4/7/2017 Buy	5,000	0.10	352,573	7.21	352,573	7.21
2	KHEM SUM APPARELS OVERSEAS LTD	289,665	5.92	-	-	-	-	-	289,665	5.92
3	GULECHHA INVESTMENT & TRADING CO PVT LTD	159,900	3.27	-	-	-	-	-	159,900	3.27
4	SANMITRA COMMERCIAL LIMITED	149,874	3.07	-	-	-	-	-	149,874	3.07
5	KOUSHALYADEVI MUNDRA	95,000	1.94	-	-	-	-	-	95,000	1.94
6	SAMPAT JASRAJJI BALDIA	87,000	1.78	-	-	-	-	-	87,000	1.78
7	NISHA LODHA	72,300	1.48	-	-	-	-	-	72,300	1.48
8	BHAVNA NARESH JAIN	70,000	1.44	-	-	-	-	-	70,000	1.44
9	DEVANG K MEHTA	65,164	1.33	-	-	-	-	-	65,164	1.33
10	GUNJAN PATNI	43,500	0.89	-	-	-	-	-	43,500	0.89

## v. Shareholding of Directors and Key Managerial Personnel

No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year			Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	JUDE TERRENCE D'SOUZA	51,200	1.05	06/10/2017 Inter-se transfer	10,900	0.22	62,100	1.27	449,400	9.19
				06/10/2017 Inter-se transfer	10,000	0.20	72,100	1.47		
				01/11/2017 Inter-se transfer	377,300	7.72	449,400	9.19		
2	PUNIT MANMOHANSINGH NEB	28,300	0.58	03/11/2017 Transmission	1,000	0.02	29,300	0.60	29,300	0.60

## vi. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
- Addition				
- Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

## vii. Remuneration of Directors and Key Managerial Personnel

## A. Remuneration to Managing Director, Whole Time Directors and / or Manager

No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		J T D'souza	Punit Neb	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	180,000	90,000	270,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act,1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit			
	- others, specify...			
5	Others, please specify	-	-	-
6	Total (A)	180,000	90,000	270,000
7	Ceiling as per the Act	6,000,000	6,000,000	12,000,000

## B. Remuneration to other Directors

No.	Particulars of Remuneration	Name of Directors				Total Amount
		* Anand Raj Jain	Ashok Jain	* Bharat Jain	Santosh Shetty	
1	<b>Independent Directors</b>					
	Fee for attending board committee meetings	NA	-	-	-	-
	Commission	NA	-	-	-	-
	Others, please specify	NA	-	-	-	-
	<b>Total(1)</b>	-	-	-	-	-
2	<b>Other Non-Executive Directors</b>					
	Fee for attending board committee meetings	-	NA	NA	NA	-
	Commission	-	NA	NA	NA	-
	Others, please specify	-	NA	NA	NA	-
	<b>Total(2)</b>	-	NA	NA	NA	-
	<b>Total(B)=(1+2)</b>	-	-	-	-	-
	<b>Total Managerial Remuneration</b>	-	-	-	-	-
	<b>Over all Ceiling as per the Act</b>	-	-	-	-	-

\* Mr. Bharat Jain and Mr. Anand Raj Jain have resigned from the post of Director w.e.f. August 30, 2017

## C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Co. Sec.	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5	Others, please specify	-	-	-	-
	<b>Total</b>	-	-	-	-

## viii. Penalties / Punishment/ Compounding Of Offenses

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made. If any (give details)
<b>A. Company</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>B. Directors</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>C. Other Officers In Default</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

**Form No. MR-3  
SECRETARIAL AUDIT REPORT**

**For the Company's Financial Year from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2018**

**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

**To,  
The Members,  
Sparc Systems Limited**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sparc Systems Limited. (hereinafter called "the Company") having CIN L72100MH1989PLC053467. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period comprising the Company's Financial Year from 1st April, 2017 to 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; #
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;#
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; #
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 #; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 #;
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.
- (vi) The management has confirmed that as per nature of the company's business there is no additional law specifically applicable to the Company.

# The Regulations or Guidelines as the case may be was not applicable to the Company for the period under review.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with the Stock Exchange.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable, except that pursuant to the provision of section 203 of the Companies Act, 2013, the Company was required to appoint Whole time Company Secretary. However the same has not yet been complied with.

I Further Report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority Decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I Further Report that there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Jimmy Nowroz Panthaky  
Company Secretary in Practice  
FCS - 738  
C.P. No. 5044**

**Place : Mumbai  
Date : 31<sup>st</sup> August 2018**

**To,  
The Members  
Sparc Systems Limited**

My report of even date is to be read along with this letter.

- 1 Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express as opinion on these secretarial records based on my audit.
- 2 I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- 3 I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4 Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5 The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6 The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Jimmy Nowroz Panthaky  
Company Secretary in Practice  
FCS - 738  
C.P. No. 5044**

**Place : Mumbai  
Date : 31<sup>st</sup> August 2018**

## Management Discussion and Analysis

### Overview

The Company's line of business comprises of Software and Hardware Electronic Security Solutions.

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 Company's line of business encompasses Software and Hardware Electronic Security Solutions. The Company continues to leverage its exiting technologies and continues to add several new clients covering different industry segments.

### Outlook on Opportunities

India remains 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 connected embedded systems strengths will provide growth opportunities in the IOT and telematics segments. The Company is actively pursuing new avenues to provide opportunities for growth and profitability. The Company perceives the need for additional finance and will be pursuing this accordingly.

### 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 its inventories at near zero levels. The Company will need to upgrade its 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 Electronic Security Solutions. During the year, the revenue from operations amounted Rs. 3.13 lakhs.

### 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 income of the Company from operations for the financial year 2017 - 2018 was Rs. 3.13 lakhs as compared to Rs. 6.59 lakhs during the previous year. The Company has incurred a net loss amounting Rs.1.92 lakhs as compared to a net loss of Rs. 3.90 lakhs 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.

## Independent Auditors' Report

To  
The Members  
Sparc Systems Limited

### Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of Sparc Systems Limited ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended 31<sup>st</sup> March 2018 and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Financial Statements").

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Financial Statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of the affairs of the Company as at 31<sup>st</sup> March 2018, and its profits and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;



- d. In our opinion, the aforesaid Standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
- e. On the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company have no pending litigations.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company.
  - iv. The disclosures in the Standalone Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31<sup>st</sup> March 2018.

**For R Soni & Co.**  
**Chartered Accountants**  
**FRN 130349W**

**Rajesh Soni**  
**Partner**  
**M No 133240**  
**Mumbai, May 29, 2018**

#### **Annexure A to the Auditors' Report**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Standalone Financial Statements for the year ended March 31, 2018, we report that:

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of one years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c. There are no immovable properties held by the Company.
- ii. The Inventories have been physically verified by the management. In our opinion the frequency of verification is reasonable. On the basis of our examination of the records of inventory, we are of the opinion that the discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- iii. a. The Company has not granted loans to any party covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'),
- b. No Loans granted to any parties in the register maintained under section 189 of the act, Accordingly, paragraph 3(ii) (b) of the order is not applicable to the company in respect of payment of the principal amount.
- c. There are no overdue amounts for period of more than ninety days in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with provision of section 185 and 186 of Act, with respect to the loan and investment made.
- v. The Company has not accepted any deposits during the year within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- vii. a. According to the information and explanations given to us and on the basis of our examination of the records, the Company is regular in depositing undisputed statutory dues including provident fund, income tax, service tax, cess and other material statutory dues with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, value added tax, employees' state insurance and duty of excise.
- b. According to the information and explanation given to us, there is no dispute pending in respect of dues of provident fund/sales tax/wealth tax/service tax/custom duty/excise duty/cess/value added tax, were in arrears as at 31<sup>st</sup> March, 2018 for a period of more than six month from the date they became payable.
- viii. The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. Based upon the audit procedure performed for the purpose of reporting the true and fair view of the Financial Statements and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the record of the Company, managerial remuneration has been paid / provided in accordance with the requisite approvals.
- xii. In our opinion and according to the information and

explanations given to us, the Company is not Nidhi Company. Accordingly paragraph 3(xii) of Order is not applicable.

- xiii. According to the information and explanations given to us and based on our examination of the record of the Company, transactions with related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. According to the information and explanations given to us and based on our examination of the record of the Company, the company has not entered into any non-cash transactions

with directors or persons connected with him.

- xvi. According to the information and explanations given to us, the provisions of the section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For R Soni & Co.**  
**Chartered Accountants**  
**FRN 130349W**

**Rajesh Soni**  
**Partner**  
**M No 133240**  
**Mumbai, May 29, 2018**

## ANNEXURE B TO THE AUDITORS' REPORT

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sparc Systems Limited ('the Company') as of 31<sup>st</sup> March 2018 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the guidance note on audit of internal financial control over financial reporting issued by the Institute of Chartered Accountant of India.

**For R Soni & Co.**  
**Chartered Accountants**  
**FRN 130349W**

**Rajesh Soni**  
**Partner**  
**M No 133240**  
**Mumbai, May 29, 2018**

## Balance Sheet as at March 31, 2018

Particulars	Note No.	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.	As at 01/04/2016 Rs.
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property, Plant and Equipment	2	1,362,402	1,491,086	1,619,771
<b>Financial Assets</b>				
Investments		-	-	-
Others Financial Assets		-	-	-
Deferred Tax Assets		-	-	-
Other Non - current Asset	3	1,540,000	17,450,370	11,289,654
<b>Total Non-current Assets</b>		<b>2,902,402</b>	<b>18,941,456</b>	<b>12,909,425</b>
<b>Current assets</b>				
Inventories	4	14,520	52,000	54,000
<b>Financial Assets</b>				
Trade receivables	5	28,763	38,556	31,882
Cash and cash equivalents	6	397,391	939,500	380,008
Other Bank Balances		-	-	-
Loan	7	1,108,000	1,000,000	1,000,000
Others Financial Assets	8	24,515	24,515	24,515
Income Tax Assets (net)	9	215,122	24,000	12,000
Other current assets	10	29,435,094	13,481,803	20,710,415
<b>Total Current assets</b>		<b>31,223,405</b>	<b>15,560,374</b>	<b>22,212,820</b>
<b>Total Assets</b>		<b>34,125,807</b>	<b>34,501,830</b>	<b>35,122,245</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	11	49,685,000	49,685,000	49,685,000
Other Equity	12	(16,259,285)	(16,067,756)	(15,677,326)
<b>Total Equity</b>		<b>33,425,715</b>	<b>33,617,244</b>	<b>34,007,674</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Other financial liabilities		-	-	-
<b>Deferred Tax Liabilities</b>				
<b>Total Non-current liabilities</b>		-	-	-
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Trade payables	13	38,403	89,357	165,167
Other financial liabilities	14	412,004	282,709	364,884
Employee Benefit Obligations		-	-	-
Other Current Liabilities	15	249,685	512,520	584,520
<b>Total Current liabilities</b>		<b>700,092</b>	<b>884,586</b>	<b>1,114,571</b>
<b>Total Equity and Liabilities</b>		<b>34,125,807</b>	<b>34,501,830</b>	<b>35,122,245</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	<b>1-32</b>			

In terms of our 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, 2018

J. T. D'souza  
Managing Director  
DIN 00958844

Punit Neb  
Whole Time Director  
DIN 01026300

## Statement of Profit and Loss for the year ended March 31, 2018

Particulars	Note No.	Year ended 31/03/2018 Rs.	Year ended 31/03/2017 Rs.
<b>INCOME</b>			
Revenue from operations	16	312,909	659,150
Other Income and Other Gains / (Losses)	17	1,658,111	203,730
<b>Total Income</b>		<b>1,971,020</b>	<b>862,880</b>
<b>EXPENDITURE</b>			
Cost of Material Consumed	18	168,972	70,762
Purchase of Stock-in-Trade			
Changes in Inventories of finished goods, Stock - in -Trade and work - in - progress			
Employee Benefit Expenses	19	522,448	338,511
Finance costs			
Depreciation and amortisation expenses	20	128,684	128,684
Other Expenses	21	1,342,445	715,353
<b>Total Expenses</b>		<b>2,162,549</b>	<b>1,253,310</b>
<b>Profit / (Loss) Before Tax</b>		<b>(191,529)</b>	<b>(390,430)</b>
<b>Tax Expenses</b>	22		
Less: Current Tax		-	-
Add: Deferred Tax		-	-
<b>Total Tax Expenses</b>		<b>-</b>	<b>-</b>
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(191,529)</b>	<b>(390,430)</b>
<b>Other Comprehensive Income</b>			
Items that will be reclassified to profit or loss		-	-
Other Comprehensive Income for the Year		-	-
<b>Total Comprehensive Income for the year</b>		<b>(191,529)</b>	<b>(390,430)</b>
<b>Earning per Equity Share</b>			
Basic	23	(0.04)	(0.08)
Diluted	23	(0.04)	(0.08)
Face Value of Share		10	10
<b>Significant Accounting Policies and Notes to Accounts</b>	<b>1-32</b>		

In terms of our 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, 2018

J. T. D'souza  
Managing Director  
DIN 00958844

Punit Neb  
Whole Time Director  
DIN 01026300

## Statement of changes in equity for the year ended March 31, 2018

## A. Equity Share Capital

Equity Share Capital	Balance as at April 01, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018
Paid up Capital	48,890,000	-	48,890,000	-	48,890,000
Forfeited Equity Shares Capital	795,000	-	795,000	-	795,000
<b>Total</b>	<b>49,685,000</b>	<b>-</b>	<b>49,685,000</b>	<b>-</b>	<b>49,685,000</b>

## B. Other Equity

Particulars	Other Equity		
	Retained Earnings	Other Comprehensive Income	Total
Balance as on April 01, 2016	(15,677,326)	-	(15,677,326)
Profit for the year	(390,430)	-	(390,430)
Balance as on March 31, 2017	(16,067,756)	-	(16,067,756)
Profit for the year	(191,529)	-	(191,529)
Balance as on March 31, 2018	(16,259,285)	-	(16,259,285)

In terms of our 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, 2018

J. T. D'souza  
Managing Director  
DIN 00958844

Punit Neb  
Whole Time Director  
DIN 01026300

## Cash Flow for the year ended March 31, 2018

Particulars	Year ended 31/03/2018 Rs.	Year ended 31/03/2017 Rs.
<b>Cash Flow From Operating Activities</b>		
<b>Profit Before Tax</b>	<b>(191,529)</b>	<b>(390,430)</b>
<b>Adjustments to reconcile profit before tax to net cash inflow</b>		
Depreciation and amortisation	128,684	128,684
Interest Income	(1,645,660)	(120,000)
Sundry Balance written Back	(12,031)	(83,730)
	<b>(1,720,536)</b>	<b>(465,476)</b>
<b>Working capital adjustments:-</b>		
(Increase) / Decrease in Trade and Other Receivables	9,793	(6,674)
(Increase) / Decrease in Inventories	37,480	2,000
(Increase) / Decrease in Loan	(108,000)	-
(Increase) / Decrease in Income Tax (Assets)	-	-
(Increase) / Decrease in Other Current Assets	(15,941,260)	7,228,612
(Increase) / Decrease in Other Non Current Assets	15,910,370	(6,160,716)
Increase / (Decrease) in Trade and Other Payables	(50,954)	(75,810)
Increase / (Decrease) in Other Financial Liabilities	129,295	(82,175)
Increase / (Decrease) in Other Current Liabilities	(262,835)	11,730
<b>Cash Generated from Operations</b>	<b>(1,996,647)</b>	<b>451,492</b>
Direct taxes paid (Net off Refund)	(191,122)	(12,000)
<b>Net cash flow from operating activities</b>	<b>(2,187,769)</b>	<b>439,492</b>
<b>Investing activities</b>		
Interest received	1,645,660	120,000
<b>Net cash used in investing activities</b>	<b>1,645,660</b>	<b>120,000</b>
<b>Financing Activities</b>		
Proceeds from of Long Term Borrowings (Net)	-	-
Interest paid	-	-
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>	<b>(542,109)</b>	<b>559,492</b>
Cash and cash equivalents at the beginning of the year	939,500	380,008
Cash and cash equivalents at the end of the year	<b>397,391</b>	<b>939,500</b>
<b>Particulars</b>	<b>As at 31.03.2018 Rs.</b>	<b>As at 31.03.2017 Rs.</b>
Cash in hand	56,873	33,942
Balance with Banks in Current Account	340,517	905,558
	<b>397,391</b>	<b>939,500</b>

In terms of our 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, 2018

J. T. D'souza  
Managing Director  
DIN 00958844

Punit Neb  
Whole Time Director  
DIN 01026300

## Accompanying notes to the Financial Statements for the year ended March 31, 2018

### NOTE 1

#### A. Corporate Information

SPARC SYSTEM LIMITED ('the Company') is in business of Software and Hardware Electronic Security Solutions. The Company is a public limited company incorporated in India and has its registered office at Shahapur in the state of Maharashtra, India. The Company has its primary listing in BSE Ltd.

#### B. Significant Accounting Policies

##### i. Basis of preparation and presentation

The financial statements of the Company have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

The financial statements for all periods upto and including year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under Section 133 of the Companies Act ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) ("previous GAAP").

The financial statements for the year ended 31 March 2018 are the first financial statements prepared by the Company in accordance with Ind AS.

The financial statements have been prepared under the historical cost convention with the exception of certain financial assets and liabilities which have been measured at fair value, on an accrual basis of accounting.

All the assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in as per the guidance set out in Schedule III to the Act. Based on nature of services, the Company ascertained its operating cycle as 12 months for the purpose of current and non-current classification of asset and liabilities.

The Company's financial statements are reported in Indian Rupees, which is also the Company's functional currency.

#### C. Use of Estimates

The preparation of the financial statements, in conformity with the Ind AS, requires the management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognised in the period in which they are determined.

##### i) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

##### ii) Deferred tax assets

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible.

Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

##### iii) Provisions

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash flow can be reliably estimated. The timing of recognition and quantification of the liability require application of judgment to the existing facts and circumstances which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing the facts and circumstances.

#### D. Property, Plant and Equipment

##### Tangible Assets

Property, Plant and Equipment are stated at cost of acquisition including attributable interest and finance costs, if any, till the date of acquisition/ installation of the assets less accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditure relating to Property, Plant and Equipment is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the Statement of Profit and Loss as incurred. The cost and related accumulated depreciation are eliminated from the financial statements, either on disposal or when retired from active use and the resultant gain or loss are recognized in the Statement of Profit and Loss.

Capital work-in-progress, representing expenditure incurred in respect of assets under development and not ready for their intended use, are carried at cost. Cost includes related acquisition expenses, construction cost, related borrowing cost and other direct expenditure.

On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2016 of its Property, Plant and Equipment and use that carrying value as the deemed cost except for certain class of assets which are measured at fair value as deemed cost on the date of transition i.e. 1 April 2016.

#### E. Depreciation and Amortisation

The depreciation on Fixed Assets is provided on straight line method, in accordance with the Schedule II to the companies Act, 2013. 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 end.

#### F. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial Assets

##### Initial Recognition

In the case of financial assets not recorded at fair value through profit or loss (FVPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place

(regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

#### Financial Assets at Amortised Cost ( AC)

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

#### Financial Assets Measured at Fair Value

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

Financial asset not measured at amortised cost or at fair value through OCI is carried at FVTPL.

On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1 April 2016 of its equity investments in subsidiaries, Joint Ventures associates and investment in partnership firm, if any, and used that carrying value as the deemed cost of these investments on the date of transition i.e. 1 April 2016.

#### G. Impairment of Financial Assets:

In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss.

#### H. De-recognition of Financial Assets

- a) The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or

it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### b) Equity Instruments and Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments which are issued for cash are recorded at the proceeds received, net of direct issue costs. Equity instruments which are issued for consideration other than cash are recorded at fair value of the equity instrument.

#### I. Financial Liabilities

##### i) Initial Recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

##### ii) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below

#### Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Amortisation is recognised as finance income in the Statement of Profit and Loss.

#### Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the Statement of Profit and Loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

##### iii) De-recognition of Financial Liabilities

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.



When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

#### iv) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

### J. Impairment of Non-Financial Assets

As at each Balance Sheet date, the Company assesses whether there is an indication that a non-financial asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, or when annual impairment testing for an asset is required, the Company determines the recoverable amount and impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In case of an individual asset, at the higher of the assets' fair value less cost to sell and value in use; and
- In case of cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of cash generating unit's fair value less cost to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specified to the asset. In determining fair value less cost to sell, recent market transaction are taken into account. If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

### K. Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment.

### L. Trade payables

A payable is classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually settled as per the payment terms stated in the contract. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

### M. Earnings Per Share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares

outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share is computed by dividing the net profit or loss for the period attributable to the equity shareholders of the Company and weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares).

### N. Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprises of cash at banks and on hand and short-term deposits with an original maturity of three month or less, which are subject to an insignificant risk of changes in value.

### O. Revenue Recognition

Revenue is recognized when all significant risks and rewards of ownership of the goods are passed on to the buyer and no significant uncertainty exists as to its realization or collection.

- i. Revenue from sale of good is recognized on delivery of the products, when all significant contractual obligation have been satisfied, the property in the goods is transferred for a price, significant risks, reward and no effective control.
- ii. Interest Income is recognized on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

### P. Inventories

Inventories are valued at cost or net realizable value whichever is lower. Cost of property under construction held as inventory includes cost of purchases, construction cost, and other cost incurred in bringing the properties to their present location and condition.

### Q. Provisions and Contingent Liabilities and Assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability also arises, in rare cases, where a liability cannot be recognised because it cannot be measured reliably.

Contingent asset is not recognised unless it becomes virtually certain that an flow of economic benefits will arise.

### R. Employee Benefits

#### Short-term Benefits

Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.

**S. Accounting for Taxes of Income****i) Current Taxes**

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

**ii) Deferred Taxes**

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax

rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**iii) Minimum Alternative Tax**

MAT is recognised as deferred Tax Assets in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

**NOTE 2 - PROPERTY, PLANT & EQUIPMENT**

Particulars	Land	Buildings	Plant & Machinery	Furniture and Fixtures	Dies and Moulds	Total
<b>Year ended March 31, 2017</b>						
<b>Gross Carrying Amount</b>						
Deemed Cost as at 1 April 2016	50,850	3,883,654	6,731,071	531,629	967,558	12,164,762
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>Closing Gross Carrying Amount</b>	<b>50,850</b>	<b>3,883,654</b>	<b>6,731,071</b>	<b>531,629</b>	<b>967,558</b>	<b>12,164,762</b>
<b>Accumulated Depreciation</b>						
Opening Accumulated Depreciation	-	2,660,014	6,417,558	505,048	962,371	10,544,992
Depreciation charge during the year	-	128,684	-	-	-	128,684
Disposals	-	-	-	-	-	-
<b>Closing Accumulated Depreciation</b>	<b>-</b>	<b>2,788,698</b>	<b>6,417,558</b>	<b>505,048</b>	<b>962,371</b>	<b>10,673,676</b>
<b>Net Carrying Amount</b>	<b>50,850</b>	<b>1,094,956</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,491,086</b>
<b>Year ended March 31, 2018</b>						
<b>Gross Carrying Amount</b>						
Opening Gross Carrying Amount	50,850	3,883,654	6,731,071	531,629	967,558	12,164,762
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>Closing Gross Carrying Amount</b>	<b>50,850</b>	<b>3,883,654</b>	<b>6,731,071</b>	<b>531,629</b>	<b>967,558</b>	<b>12,164,762</b>
<b>Accumulated Depreciation and Impairment</b>						
Opening Accumulated Depreciation	-	2,788,698	6,417,558	505,048	962,371	10,673,676
Depreciation charge during the year	-	128,684	-	-	-	128,684
Disposals	-	-	-	-	-	-
<b>Closing Accumulated Depreciation and Impairment</b>	<b>-</b>	<b>2,917,382</b>	<b>6,417,558</b>	<b>505,048</b>	<b>962,371</b>	<b>10,802,360</b>
<b>Net Carrying Amount</b>	<b>50,850</b>	<b>966,272</b>	<b>313,513</b>	<b>26,581</b>	<b>5,187</b>	<b>1,362,402</b>

The Company has elected to use the exemption available under Ind AS 101 to continue the carrying value of all its Property, Plant and Equipment and Intangible Assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per Previous GAAP and use that as its deemed cost as at the date of transition (i.e. April 1, 2016).

Particulars	Gross Block (As Cost)	Accumulated Depreciation
<b>As at 01-04-2016</b>		
Land	50,850	-
Buildings	3,883,654	2,660,014
Plant & Machinery	6,731,071	6,417,558
Furniture and Fixtures	531,629	505,048
Dies and Moulds	967,558	962,371
<b>Total</b>	<b>12,164,762</b>	<b>10,544,992</b>

	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.	As at 01/04/2016 Rs.
<b>NOTE 3 – OTHER NON CURRENT ASSETS</b>			
Capital Advances	1,540,000	17,450,370	11,289,654
<b>TOTAL</b>	<b>1,540,000</b>	<b>17,450,370</b>	<b>11,289,654</b>
<b>NOTE 4 – INVENTORIES</b>			
Raw materials and consumable items	14,520	52,000	54,000
<b>TOTAL</b>	<b>14,520</b>	<b>52,000</b>	<b>54,000</b>
<b>NOTE 5 - TRADE RECEIVABLES</b>			
Unsecured, considered good	28,763	38,556	31,882
<b>TOTAL</b>	<b>28,763</b>	<b>38,556</b>	<b>31,882</b>
Current Portion	28,763	38,556	31,882
Non Current Portion	-	-	-
<b>NOTE 6 – CASH &amp; CASH EQUIVALENTS</b>			
Balance with Banks - Current Accounts	340,517	905,558	223,698
Cash on Hand	56,873	33,942	156,310
<b>TOTAL</b>	<b>397,391</b>	<b>939,500</b>	<b>380,008</b>
<b>NOTE 7 - LOAN</b>			
Unsecured considered good			
Loan to others	1,108,000	1,000,000	1,000,000
<b>TOTAL</b>	<b>1,108,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>NOTE 8 - OTHER CURRENT FINANCIAL ASSETS</b>			
Deposits	24,515	24,515	24,515
<b>TOTAL</b>	<b>24,515</b>	<b>24,515</b>	<b>24,515</b>
<b>NOTE 9 - INCOME TAX ASSETS (NET)</b>			
Advance Tax & TDS (Net of Provisions)	215,122	24,000	12,000
<b>TOTAL</b>	<b>215,122</b>	<b>24,000</b>	<b>12,000</b>
<b>NOTE 10 - OTHER CURRENT ASSETS</b>			
<b>Unsecured, considered good</b>			
Security Deposit	21,423,094	-	-
Deposit /Loan/Advances recoverable in cash or kind	8,012,000	13,481,803	20,710,415
<b>TOTAL</b>	<b>29,435,094</b>	<b>13,481,803</b>	<b>20,710,415</b>

	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.	As at 01/04/2016 Rs.
<b>NOTE 11 - EQUITY SHARE CAPITAL</b>			
<b>Authorised Capital</b>			
60,000,000 Equity Shares of Rs. 10/-each	60,000,000	60,000,000	60,000,000
<b>Issued &amp; Subscribed Capital</b>			
50,40,000 Equity Shares of Rs. 10/- each	50,400,000	50,400,000	50,400,000
<b>TOTAL</b>	<b>50,400,000</b>	<b>50,400,000</b>	<b>50,400,000</b>
<b>Paid-up Capital</b>			
48,89,000 Equity Shares of Rs. 10/- each	48,890,000	48,890,000	48,890,000
Add: Forfeited Equity Shares	795,000	795,000	795,000
	<b>49,685,000</b>	<b>49,685,000</b>	<b>49,685,000</b>

**a) Terms / rights 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 of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**b) Reconciliation of Equity Shares outstanding at the beginning and end of the reporting period.**

Particulars	Equity Shares					
	As on 31/03/2018		As on 31/03/2017		As on 01/04/2016	
	Number	Rs.	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	4,889,000	48,890,000	4,889,000	48,890,000	4,889,000	48,890,000
Shares Issued during the year						
Shares bought back during the year						
Shares outstanding at the end of the year	4,889,000	48,890,000	4,889,000	48,890,000	4,889,000	48,890,000

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

Name of the Shareholder	As on 31-03-2018		As on 31-03-2017		As on 01-04-2016	
	Number	% of holding	Number	% of holding	Number	% of holding
Epson Finance & Inv Pvt Ltd	719,600	14.72	719,600	14.72	719,600	14.72
Pinol Finance & Inv Pvt Ltd	-	-	377,300	7.72	377,300	7.72
Khem Sum Apparels Overseas Ltd	289,665	5.92	289,665	5.92	283,280	5.79
Vora Constructions Limited	352,573	7.21	347,573	7.11	347,573	7.11
Jude Terrence D'souza	449,400	9.19	51,200	1.05	51,200	1.05

	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.	As at 01/04/2016 Rs.
<b>NOTE 12 - OTHER EQUITY</b>			
Retained Earnings	(16,259,285)	(16,067,756)	(15,677,326)
<b>Closing Balance</b>	<b>(16,259,285)</b>	<b>(16,067,756)</b>	<b>(15,677,326)</b>
<b>i) Retained Earnings</b>			
Balance as at the beginning of the year	(16,067,756)	(15,677,326)	(14,451,709)
Add- Profit for the current year	(191,529)	(390,430)	(1225,617)
Net surplus in the statement of profit and loss account	<b>(16,259,285)</b>	<b>(16,067,756)</b>	<b>(15,677,326)</b>

**Nature and Purpose of Reserves:****Retained Earnings**

Retained Earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders

	As at 31/03/2018 Rs.	As at 31/03/2017 Rs.	As at 01/04/2016 Rs.
<b>NOTE 13 - TRADE PAYABLES</b>			
Due to Micro, Small & Medium enterprises (Refer Note 29)	-	-	-
Others	38,403	89,357	165,167
<b>TOTAL</b>	<b>38,403</b>	<b>89,357</b>	<b>165,167</b>
<b>NOTE 14 - OTHER FINANCIAL LIABILITIES (CURRENT)</b>			
Statutory Dues	14,405	78,070	3,407
Creditors for Expenses	286,575	204,639	361,477
Other Liabilities	111,024	-	-
<b>TOTAL</b>	<b>412,004</b>	<b>282,709</b>	<b>364,884</b>
<b>NOTE 15 - OTHER CURRENT LIABILITIES</b>			
Advance from Customers	249,685	512,520	584,520
<b>TOTAL</b>	<b>249,685</b>	<b>512,520</b>	<b>584,520</b>
	<b>For the year ended 31/03/2018 Rs.</b>	<b>For the year ended 31/03/2017 Rs.</b>	
<b>NOTE 16 - REVENUE FROM OPERATIONS</b>			
Manufacturing Turnover-Electronic Equipments	312,909	581,150	
Service Charges	-	78,000	
<b>TOTAL</b>	<b>312,909</b>	<b>659,150</b>	
<b>NOTE 17 - OTHER INCOME AND OTHER GAINS/(LOSSES)</b>			
Interest Income on Deposits/Advances/ Loan	1,645,660	120,000	
Interest on Income Tax Refund	420	-	
Liabilities no longer required written back	12,031	83,730	
<b>TOTAL</b>	<b>1,658,111</b>	<b>203,730</b>	
<b>NOTE 18 - COST OF MATERIAL CONSUMED</b>			
Opening Stock - Raw Material	52,000	54,000	
Add : Purchase	131,492	68,762	
Closing Stock - Raw Material	14,520	52,000	
<b>TOTAL</b>	<b>168,972</b>	<b>70,762</b>	
<b>NOTE 19 - EMPLOYEE BENEFIT EXPENSE</b>			
Salary & Stipend	236,718	157,722	
Directors remuneration	270,000	145,000	
Staff welfare	10,000	30,205	
Workman Insurance Expenses	5,730	5,584	
<b>TOTAL</b>	<b>522,448</b>	<b>338,511</b>	
<b>NOTE 20 - DEPRECIATION AND AMORTISATION EXPENSES</b>			
Depreciation on Property,Plant and Equipment	128,684	128,684	
<b>TOTAL</b>	<b>128,684</b>	<b>128,684</b>	

	For the year ended 31/03/2018 Rs.	For the year ended 31/03/2017 Rs.
<b>NOTE 21 - OTHER EXPENSES</b>		
Advertisement	32,762	24,248
Auditors Remuneration-		
Statutory Audit Fees	23,000	23,000
Tax Audit Fees	-	-
Bank Charges	2,764	7,656
Courier & Postage Charges	67,965	11,125
Bad Debts write off	500,000	-
Electricity Charges	6,793	27,643
Listing & Custodian fees	412,542	319,443
Office Expenses	14,916	29,327
Printing And Stationary	73,796	32,769
Professional Fees	85,000	40,528
Sales Promotion	18,093	42,800
Conveyance	6,600	19,390
Repairs & Maintenance	7,500	40,538
ROC Charges	11,214	13,669
Telephone Expenses	30,858	37,405
Travelling & Conveyance	48,642	30,115
Web Site Expenses	-	15,697
<b>TOTAL</b>	<b>1,342,445</b>	<b>715,353</b>

**Details of Payment to Auditors**

For Audit Fees	23,000	23,000
For Tax Audit	-	-
For Other Services	-	-
<b>TOTAL</b>	<b>23,000</b>	<b>23,000</b>

**NOTE 22 - TAX EXPENSE****(a) Amounts recognised in Statement of Profit and Loss**

Current tax expense (A)		
Current year	-	-
Deferred tax expense (B)		
Brought forward Loss *	-	-
<b>Tax expense recognised in the income statement (A+B)</b>	<b>-</b>	<b>-</b>

\*In the absence of convincing evidence, the Company has not recognised deferred tax assets (DTA) on timing differences arising on the above mentioned items.

**b) Amounts recognised in other comprehensive income**

	2017-18			2016-17		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	-	-	-	-	-	-
	-	-	-	-	-	-

	For the year ended 31/03/2018 Rs.	For the year ended 31/03/2017 Rs.
<b>(c) Reconciliation of effective tax rate</b>		
<b>Profit before tax</b>	<b>(191,529)</b>	<b>(390,430)</b>
Company's domestic tax rate	<b>25.75%</b>	<b>29.87%</b>
Tax using the Company's domestic tax rate	(49,319)	(116,621)
<b>Tax effect of:</b>		
Tax effect on non-deductible expenses	145,684	56,702
Tax On Carried forward losses adjusted	(96,365)	59,920
<b>Tax expense as per Statement of Profit &amp; Loss</b>	-	-
Effective tax rate	0.00	0.00
<b>NOTE 23 - EARNING PER SHARE</b>		
Weighted average number of shares outstanding during the period	4,889,000	4,889,000
Weighted average number of Potential Equity shares outstanding during the year	4,889,000	4,889,000
Total number of Potential Equity Share for calculating Diluted Earning Per share	4,889,000	4,889,000
Net Profit \ (Loss) after tax available for equity shareholders	(191,529)	(390,430)
Basic Earning per share (in Rs.)	(0.04)	(0.08)
Diluted Earning per share (in Rs.)	(0.04)	(0.08)

**NOTE - 24 TRANSITION TO IND AS**

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Generally Accepted Accounting Principles in India (Indian GAAP) as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the "Previous GAAP".

The Significant Accounting Policies set out in Note No. 1 have been applied in preparing the financial statements for the year ended March 31, 2018, March 31, 2017 and the opening Ind AS Balance sheet on the date of transition i.e. April 1, 2016.

In preparing its Ind AS Balance sheet as at April 1, 2016 and in presenting the comparative information for the year ended March 31, 2017, the Company has adjusted amounts previously reported in the financial statements prepared in accordance Previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

**I) Explanation of transition to Ind AS**

In preparing the financial statement, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

**Property, Plant and Equipment and Intangible Assets exemption:**

The Company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (i.e. April 1, 2016).

**Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

## II) Reconciliation of Balance sheet as at March 31, 2017

(Amount in Rs.)

Particulars	Reference Note No.	As at March 31, 2017 (Previous GAAP)	Regrouped / reclassification as per Ind AS	Net Balance	IND AS Adjustments	As at March 31, 2017 (Ind AS)
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, Plant and Equipment		1,491,086	-	1,491,086	-	1,491,086
Financial Assets						
i) Investments		--	-	-	-	-
ii) Others Financial Assets		-	-	-	-	-
Deferred Tax Assets		-	-	-	-	-
Other Non - current Asset		17,450,370		17,450,370		17,450,370
<b>Total Non - Current Assets</b>		<b>18,941,456</b>	<b>-</b>	<b>18,941,456</b>	<b>-</b>	<b>18,941,456</b>
<b>Current Assets</b>						
Inventories		52,000	-	52,000	-	52,000
Financial Assets						
(i) Trade receivables		38,556	-	38,556	-	38,556
(ii) Cash and Cash Equivalents		939,500	-	939,500	-	939,500
(iii) Loan		-	1,000,000	1,000,000	-	1,000,000
(iv) Other Financial Assets		24,515	-	24,515	-	24,515
Income Tax assets		24,000	-	24,000	-	24,000
Other Current Assets		14,481,803	(1,000,000)	13,481,803	-	13,481,803
<b>Total Current Assets</b>		<b>15,560,374</b>	<b>-</b>	<b>15,560,374</b>	<b>-</b>	<b>15,560,374</b>
<b>TOTAL ASSETS</b>		<b>34,501,830</b>	<b>-</b>	<b>34,501,830</b>	<b>-</b>	<b>34,501,830</b>

Particulars	Reference Note No.	As at March 31, 2017 (Previous GAAP)	Regrouped / reclassification as per Ind AS	Net Balance	IND AS Adjustments	As at March 31, 2017 (Ind AS)
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Equity Share Capital		49,685,000	-	49,685,000	-	49,685,000
(b) Other Equity		(16,067,756)	-	(16,067,756)	-	(16,067,756)
<b>Total Equity</b>		<b>33,617,244</b>	<b>-</b>	<b>33,617,244</b>	<b>-</b>	<b>33,617,244</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
(a) Financial Liabilities						
(i) Other Financial Liabilities		-	-	-	-	-
<b>Total Non - Current Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>						
(a) Financial Liabilities						
i) Trade payables		89,357	-	89,357	-	89,357
ii) Other financial liabilities		282,709	-	282,709	-	282,709
(b) Other current liabilities		512,520	-	512,520	-	512,520
<b>Total Current Liabilities</b>		<b>884,586</b>	<b>-</b>	<b>884,586</b>	<b>-</b>	<b>884,586</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>34,501,830</b>	<b>-</b>	<b>34,501,830</b>	<b>-</b>	<b>34,501,830</b>



## III) Reconciliation of Balance Sheet as at April 1, 2016

(Amount in Rs.)

Particulars	Ref. Note No.	As at April 1, 2016 (Previous GAAP)	Regrouped/ reclassification as per Ind AS	Net Balance	IND AS Adjustments	As at April 1, 2016 (Ind AS)
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, Plant and Equipment		1,619,771	-	1,619,771	-	1,619,771
Financial Assets						
i) Investments		-	-	-	-	-
ii) Others Financial Assets		-	-	-	-	-
Deferred Tax Assets		-	-	-	-	-
Other Non - current Asset		11,289,654				11,289,654
<b>Total Non - Current Assets</b>		<b>12,909,425</b>	<b>-</b>	<b>1,619,771</b>	<b>-</b>	<b>12,909,425</b>
<b>Current assets</b>						
Inventories		54,000	-	54,000		54,000
Financial Assets						
(i) Trade receivables		31,882	-	31,882		31,882
(ii) Cash and Cash Equivalents		380,008	-	380,008		380,008
(iii) Loan		-	1,000,000	1,000,000		1,000,000
(iv) Other Financial Assets		24,515	-	24,515		24,515
Income Tax Asstes (Net)		12,000	-	12,000		12,000
Other Current Assets		21,710,415	(1,000,000)	20,710,415		20,710,415
<b>Total Current Assets</b>		<b>22,212,820</b>	<b>-</b>	<b>22,212,820</b>	<b>-</b>	<b>22,212,820</b>
<b>TOTAL ASSETS</b>		<b>35,122,245</b>	<b>-</b>	<b>23,832,591</b>	<b>-</b>	<b>35,122,245</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
(a) Equity Share Capital		49,685,000	-	49,685,000		49,685,000
(b) Other Equity		(15,677,326)	-	(15,677,326)	-	(15,677,326)
<b>Total Equity</b>		<b>34,007,674</b>	<b>-</b>	<b>34,007,674</b>	<b>-</b>	<b>34,007,674</b>
<b>Liabilities</b>						
<b>Non-current liabilities</b>						
(a) Financial Liabilities						
(i) Other Financial Liabilities		-	-	-	-	-
<b>Total Non - Current Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>						
(a) Financial Liabilities						
(i) Trade Payables		165,167	-	165,167	-	165,167
(ii) Other Financial Liabilities		364,884	-	364,884	-	364,884
(b) Other current liabilities		584,520	-	584,520	-	584,520
<b>Total Current Liabilities</b>		<b>1,114,571</b>	<b>-</b>	<b>1,114,571</b>	<b>-</b>	<b>1,114,571</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>35,122,245</b>	<b>-</b>	<b>35,122,245</b>	<b>-</b>	<b>35,122,245</b>

## IV) Reconciliation of Statement of Profit and Loss for the year ended March 31, 2017

(Amount in Rs.)

Particulars	Note	Year ended March 31, 2017 (Previous GAAP)	IND AS Adjustments	Year ended March 31, 2017 (IND AS)
<b>Income</b>				
Revenue from Operations		659,150	-	659,150
Other Income		203,730	-	203,730
<b>Total Income</b>		<b>862,880</b>	-	<b>862,880</b>
<b>Expenses:</b>				
Cost of Material Consumed		70,762	-	70,762
Purchases of stock-in-trade		-	-	-
Changes in inventories of finished goods, Stock - in -Trade and work - in - progress		-	-	-
Employee Benefit Expenses		338,511	-	338,511
Finance Costs		-	-	-
Depreciation and amortisation expenses		128,684	-	128,684
Other Expenses		715,353	-	715,353
<b>Total Expenses</b>		<b>1,253,310</b>	-	<b>1,253,310</b>
<b>Profit before tax</b>		<b>(390,430)</b>	-	<b>(390,430)</b>
<b>Tax Expenses</b>				
(1) Current tax		-	-	-
(2) Deferred tax		-	-	-
<b>Profit after tax</b>		-	-	-
Other Comprehensive Income (net of tax)		-	-	-
A. Items that will not be reclassified to Statement of Profit or loss		-	-	-
B. Items that will be reclassified to Profit or loss		-	-	-
<b>A +B</b>		-	-	-
<b>Total Comprehensive Income for the year</b>		<b>(390,430)</b>	-	<b>(390,430)</b>

V) On account of transition to Ind AS, there is no material adjustment to the Statement of Cash Flows for the year ended March 31, 2016

VI) Reconciliation of Equity as on March 31, 2017 &amp; April 1, 2016

(Amount in Rs.)

Particulars	As at 31-Mar-17	As at 1-Apr-16
<b>Total Equity (Shareholder's funds) as per previous GAAP</b>	<b>33,617,244</b>	<b>34,007,674</b>
Fair value measurement of Investment	-	-
Fair Valuation of deposits given	-	-
Fair Valuation of deposits taken	-	-
Deferred Tax on above	-	-
<b>Total Impact</b>	-	-
<b>Total Equity as per Ind AS</b>	<b>33,617,244</b>	<b>34,007,674</b>

## VII) Reconciliation of Profit or Loss for the year ended March 31, 2017

(Amount in Rs.)

Particulars	Year ended 31-Mar-17
<b>Profit and Loss as per Previous GAAP</b>	<b>(390,430)</b>
Remeasurements on defined benefit liability	-
Fair value of Investments	-
Others	-
Deferred Tax impact on above adjustments	-
<b>Net Profit (as per Ind AS)</b>	<b>(390,430)</b>

## NOTE 25 - FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

## A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(Amount in Rs.)

31st March 2018	Carrying amount				Fair value			
	Mandatorily at FVTPL	FVTOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Other Financial Assets	-	-	24,515	24,515	-	-	-	-
Trade receivables	-	-	28,763	28,763	-	-	-	-
Cash and cash equivalents	-	-	397,391	397,391	-	-	-	-
	-	-	<b>450,669</b>	<b>450,669</b>	-	-	-	-
<b>Financial liabilities</b>								
Trade Payables	-	-	38,403	38,403	-	-	-	-
Other Financial Liabilities	-	-	412,004	412,004	-	-	-	-
	-	-	<b>450,407</b>	<b>450,407</b>	-	-	-	-

31st March 2017	Carrying amount				Fair value			
	Mandatorily at FVTPL	FVTOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Other Financial Assets	-	-	24,515	24,515	-	-	-	-
Trade receivables	-	-	38,556	38,556	-	-	-	-
Cash and cash equivalents	-	-	939,500	939,500	-	-	-	-
	-	-	<b>1,002,571</b>	<b>1,002,571</b>	-	-	-	-
<b>Financial liabilities</b>								
Trade Payables	-	-	89,357	89,357	-	-	-	-
Other Financial Liabilities	-	-	282,709	282,709	-	-	-	-
	-	-	<b>372,066</b>	<b>372,066</b>	-	-	-	-

1st April 2016	Carrying amount				Fair value			
	Mandatorily at FVTPL	FVTOCI - designated as such	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Other Financial Assets	-	-	24,515	24,515	-	-	-	-
Trade receivables	-	-	31,882	31,882	-	-	-	-
Cash and cash equivalents	-	-	380,008	380,008	-	-	-	-
	-	-	<b>436,405</b>	<b>436,405</b>	-	-	-	-
<b>Financial liabilities</b>								
Trade Payables	-	-	165,167	165,167	-	-	-	-
Other Financial Liabilities	-	-	364,884	364,884	-	-	-	-
	-	-	<b>530,051</b>	<b>530,051</b>	-	-	-	-

**B. Measurement of fair values**

Valuation techniques and significant unobservable inputs

The Fair Value of the Financial Assets & Liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

**Financial instruments measured at fair value**

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Mutual Funds	The fair values of investments in Mutual fund units is based on the net asset value ("NAV") as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors	Not applicable	Not applicable
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable

**C. Financial Risk Management****CI. Risk management framework**

A wide range of risks may affect the Company's business and operational / financial performance. The risks that could have significant influence on the Company are market risk, credit risk and liquidity risk. The Company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the company's operational and financial performance.

**CII. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables, cash and cash equivalents and other bank balances. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. The maximum exposure to credit risk in case of all the financial instruments covered below is restricted to their respective carrying amount.

**(a) Trade and other receivables from customers**

Credit risk in respect of trade and other receivables is managed through credit approvals, establishing credit limits and monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in the credit risk on an on-going basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on assets as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business
- ii) Actual or expected significant changes in the operating results of the counterparty
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparties ability to meet its obligation
- iv) Significant changes in the value of the collateral supporting the obligation or in the quality of third party guarantees or credit enhancements

Financial assets are written off when there is a no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. When loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due, When recoverable are made, these are recognised as income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision considered.

**Ageing of Accounts receivables:**

Particulars	Amount in Rs.		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
0 - 6 months	28,763	38,556	11,007
Beyond 6 months			20,875
<b>Total</b>	<b>28,763</b>	<b>38,556</b>	<b>31,882</b>

Financial Assets are considered to be of good quality and there is no significant increase in credit risk

**(b) Cash and cash equivalents and Other Bank Balances**

The Company held cash and cash equivalents and other bank balances of Rs. 3,97,391 at 31st March 2018 (31st March 2017: Rs. 9,39,500 1st April 2016 : Rs. 3,80,008). The cash and cash equivalents are held with bank with good credit ratings and financial institution counterparties with good market standing. Also, Company invests its short term surplus funds in bank fixed deposit, which carry no / low mark to market risks for short duration therefore does not expose the Company to credit risk.

**CIII. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Company through effective fund management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and other borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**CIV. Market risk**

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

**a. Currency risk**

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. Our exposure are mainly denominated in U.S. dollars. The USD exchange rate has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company's business model incorporates assumptions on currency risks and ensures any exposure is covered through the normal business operations. This intent has been achieved in all years presented. The Company has put in place a Financial Risk Management Policy to Identify the most effective and efficient ways of managing the currency risks.

**b. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. The Company manages its interest rate risk by monitoring the movements in the market interest rates closely.

**NOTE 26 - DISCLOSURE REGARDING RELATED PARTY**

Disclosures on Related party transactions

**i) Nature and Relationship of Related Parties**a) **Associates / Enterprises over which directors and / Or their relatives has significant influence – NIL****b) Directors, Key Management Personnel & Relatives of KMP**

Managing Director	J. T. D'Souza
Whole Time Director	Punit Neb
Director	Anand Raj Jain (Resigned w.e.f. August 30, 2017)

**ii) Transactions with Related Parties during the year**

Particulars	Nature of Transaction	March 31, 2018	March 31, 2017
<b>b) Directors and Key Management Personnel</b>			
J. T. D'Souza	Remuneration	180,000	80,000
Punit Neb	Remuneration	90,000	65,000

**iii) Closing Outstanding Balances of Related Parties**

Particulars	Nature	March 31, 2018	March 31, 2017
J. T. D'Souza	Remuneration payable	68,031	80,000
Punit Neb	Remuneration payable	7,500	65,000

**Note 1: Related Parties as disclosed by Management and relied upon by auditors.****NOTE 27 - CAPITAL MANAGEMENT**

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. Management monitors the return on capital as well as the debt equity ratio and make necessary adjustments in the capital structure for the development of the business. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day - to - day needs. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

**Gearing Ratio-** There is no debts in the Company as on 31.03.2018 and 31.03.2017. Thus, Gearing Ratio is Nil as on 31.03.2018 and 31.03.2017

**NOTE 28 - Contingent Liability- NIL****NOTE 29 -**

There is no availability of information about the amount dues to small/micro undertaking, we are unable to comment that the interest if any is due to such undertaking or not.

**NOTE 30 -**

As certified by the Management there is no obligation in respect of gratuity and leave encashment during the year

**NOTE 31 -**

Balances are relied upon as per books of accounts wherever the confirmations from debtors /creditors /Loans /Advances are not available

**NOTE 32 -**

Previous year figures have been regrouped and rearranged wherever necessary to confirm with the current year presentation.

**In terms of our report of even date**

**For R Soni & Co.**  
Chartered Accountants  
FRN 130349W

**For and on behalf of the Board**

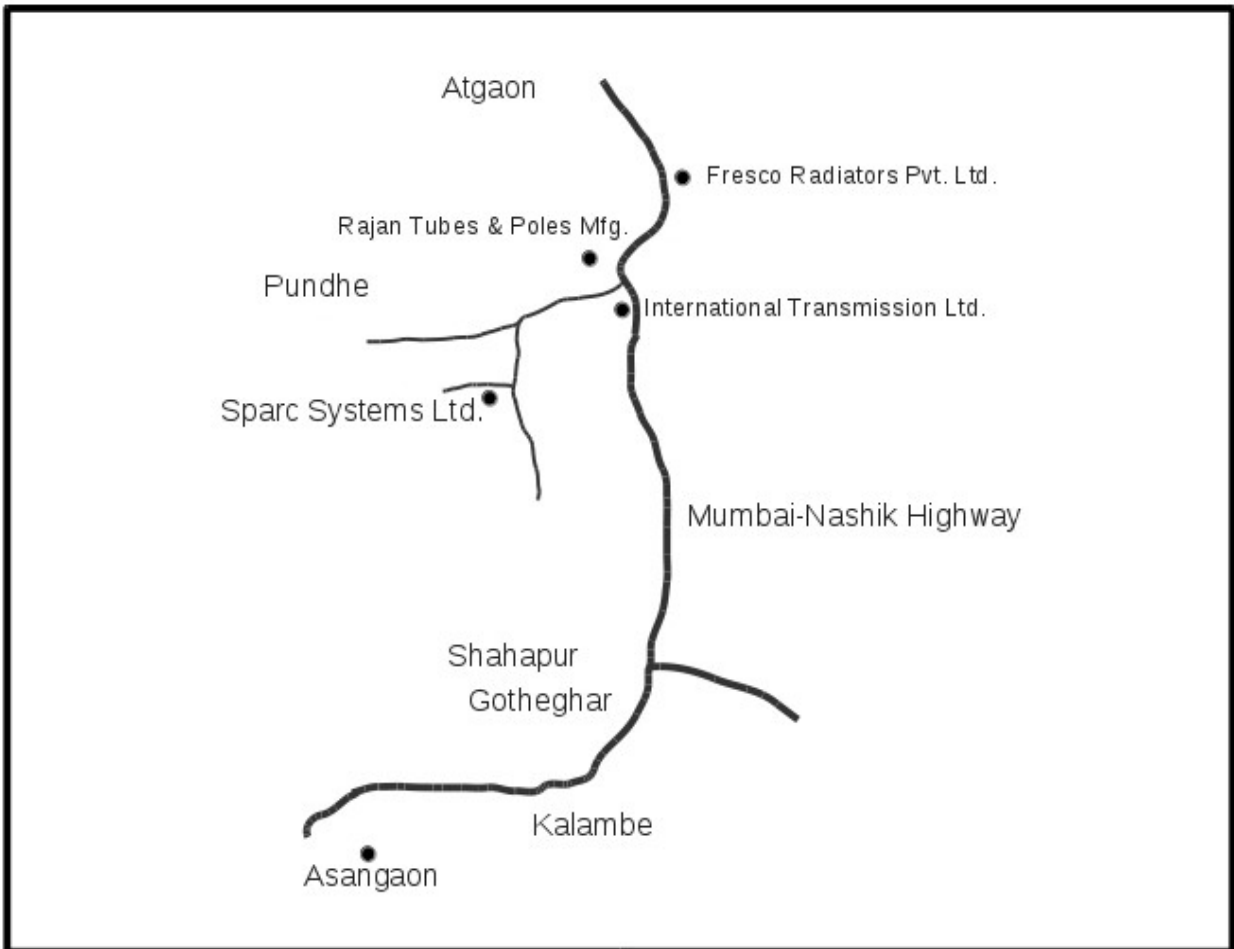
**Rajesh Soni**  
Partner  
M No 133240  
Mumbai May 29, 2018

**J. T. D'souza**  
Managing Director  
DIN 00958844

**Punit Neb**  
Whole Time Director  
DIN 01026300

### Route Map of AGM Venue

Sparc Systems Limited  
Plot No. 11, Survey No. 118 - 1 & 2, Village Pundhe,  
Taluka Shahapur, At Post Athgaon, District Thane – 421601



**SPARC SYSTEMS LIMITED**

**ATTENDANCE SLIP**

**Reg. Off:** Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane 421601  
www.sparcsys.com sparc@mtnl.net.in CIN L72100MH1989PLC053467

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

<b>NAME &amp; ADDRESS OF THE REGISTERED SHARE HOLDERS / PROXY HOLDER</b>

I certify that I am a registered Shareholder / Proxy for the registered Shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company to be held on Saturday, September 29, 2018 at the Registered Office of the Company at Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane – 421601.

Member's / Proxy's name in Block Letters

SIGNATURE

**Note:** Shareholder / Proxy holder wishing to attend the meeting must bring duly completed & signed Attendance Slip to the meeting and handover at the entrance

**SPARC SYSTEMS LIMITED**

**Reg Off.:** Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane – 421601  
www.sparcsys.com sparc@mtnl.net.in CIN L72100MH1989PLC053467

**FORM NO. MGT-11  
PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**29th ANNUAL GENERAL MEETING - Saturday, September 29, 2018 AT 10.00 AM**

<b>Name of the member(s)</b>		<b>E-mail Id</b>	
<b>Registered address</b>		<b>Folio No / Client Id</b>	
		<b>DP Id</b>	
<b>Joint Holder(s)</b>		<b>No. of Shares held</b>	

I / We..... being Member(s) of \_\_\_\_\_ shares of above named company hereby appoint

- Name ..... Address .....  
Email-Id ..... Signature .....or failing him / her
- Name ..... Address .....  
Email-Id ..... Signature .....or failing him / her
- Name ..... Address .....  
Email-Id ..... Signature .....or failing him / her

as my / our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the Annual General Meeting of the Company, to be held on Saturday, September 29, 2018 at 10.00 am. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below.

No.	Resolution	For	Against
<b>Ordinary Business:</b>			
1	To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2018 including the Audited Balance Sheet as at March 31, 2018 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 Ms. Punit Neb (DIN 01026300), who retires by rotation and being eligible, offers herself for re-appointment.		
<b>Special Business:</b>			
3	To re-appoint Mr. Jude Terrence D'souza (DIN 00958844) as Managing Director.		
4	To re-appoint Ms. Punit Neb (DIN 01026300) as Whole Time Director.		

Signature of Shareholder ..... Signed this ..... day of ..... 2018

Signature of Proxy holder(s) .....

Note:

- This form of proxy in order to be effective, should be signed and deposited at Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- A proxy need not be a member of the Company.
- A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN TEN PERCENT (10%) OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

Affix  
Revenue  
Stamp of  
Rs. 1/-

***If undelivered please return to***  
**Sparc Systems Limited**  
**#16 Ground Floor**  
**Lovely**  
**Sector 2**  
**Airoli (West)**  
**Navi Mumbai – 400 708**