



SPARC SYSTEMS LIMITED

ANNUAL REPORT 2008 - 2009

BOARD OF DIRECTORS

Mr. J. T. D'souza	Chairman & Managing Director
Mr. Anand Raj Jain	Director
Ms. Punit Neb	Wholetime Director
Mr. Santosh Shetty	Director
Mr. Amit Bothra	Director
Mr. Padmakar Chandrachood (Upto January 29, 2009)	Director
Mr. Bharat Jain (Appointed on March 30, 2009)	Director

BANKERS

Union Bank of India
Indian Overseas Bank

AUDITORS

M/s Sanklecha & Co.
Chartered Accountants, Mumbai

REGISTERED OFFICE & WORKS

Sparc Systems Limited
Plot No. 11
Survey No. 118/1 - 2
Village Pundhe
Taluka Shahapur
At Post Athgaon
District Thane - 421301
Phone 9820166973
Fax 27602481

CORPORATE OFFICE

Sparc Systems Limited
#16-17 Ground Floor
Lovely
Sector 2
Airoli
Navi Mumbai - 400708
Phone 27602473 / 27602478 / 27602481
Fax 27602481
Email sparc@bom3.vsnl.net.in
Email sparc@mtnl.net.in

REGISTRAR AND SHARE TRANSFER AGENTS

Mondkar Computers Pvt. Ltd.
21 Shakil Niwas
Mahakali Caves Road
Andheri (E) Mumbai - 400093
Phone 28207201 / 28207203-05
Fax 28207207
Email mcplrt@bom7.vsnl.net.in

NOTICE

NOTICE is hereby given that Annual General Meeting of the Members of Sparc Systems Limited will be held on Wednesday, September 30, 2009 at 10.00 am, at the Registered Office of the Company at Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Anand Raj Jain, who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint a Director in place of Mr. Amit Bothra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. Appointment of Mr. Bharat Jain as a Director

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

"RESOLVED THAT Mr. Bharat Jain who has been appointed as an Additional Director of the Company with effect from March 30, 2009 and who, in terms of Section 260 of the Companies Act, 1956, holds office of directorship upto the date of this Annual General Meeting and in respect of whom the Company has received Notice in writing from a member under section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Company".

For and on behalf of the Board

J. T. D'souza
Chairman & Managing Director
Mumbai, June 30, 2009

NOTES:

- i. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS PLACE AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- ii. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- iii. The Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2009 to 30.09.2009, inclusive of both days.
- iv. Members seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the Company to keep the information ready.
- v. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is attached hereto.

vi. Members are requested to:

- a. Notify immediately any change in their address to the Company's Share Transfer Agents;
- b. Bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.

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

viii. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business is annexed hereto.

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING:

(In pursuance of Clause 49(VI) (A) of the Listing agreement)

DIRECTOR SEEKING RE-APPOINTMENT

Mr. Anand Raj Jain, aged 47 years, is on the Board of the Company since October, 1994. Mr. Anand Raj Jain is a Chartered Accountant. Mr. Anand Raj Jain has ample experience and expertise in finalisation of Accounts. Mr. Anand Raj Jain is also director in Satta Securities Pvt. Ltd. and Sindhu Valley Technologies Ltd. Mr. Anand Raj Jain does not hold any Committee positions in any other company.

DIRECTOR SEEKING RE-APPOINTMENT

Mr. Amit Bothra, aged 29 years, is on the board of the Company since December 31, 2005. Mr. Bothra is a Chartered Accountant and Masters of Commerce. Mr. Bothra has several years of experience as Chartered Accountant. His areas of expertise encompass Accounting, Financial Planning and Indirect Taxation. Mr. Bothra holds Directorship and Committee positions in Texplast Industries Limited.

DIRECTOR SEEKING RE-APPOINTMENT

Mr. Bharat Jain, aged 37 years, is on the board of the Company since March 30, 2009. Mr. Jain has 17 years of experience as Accountant and Auditor. His areas of expertise encompass Accounting, Auditing and Financial Planning. Mr. Jain does not hold any Directorship and Committee positions in any other company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

The Board of Directors appointed Mr. Bharat Jain as an Additional Director of the Company with effect from March 30, 2009. Under Section 260 of the Companies Act, 1956, Mr. Bharat Jain holds the office of Director upto the date of this Annual General Meeting and the Company has received Notice from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of Director.

For and on behalf of the Board

J. T. D'souza
Chairman & Managing Director
Mumbai, June 30, 2009

DIRECTORS' REPORT

The Directors present the Annual Report together with the Audited Statement of Accounts of the Company for the year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

	Rs. In lacs	
	2008-2009	2007-2008
Profit before Depreciation	4.24	10.93
<u>Less:</u> Depreciation	(5.68)	(5.68)
Profit (Loss)after Depreciation	(1.43)	(5.25)
<u>Less:</u> Provision for Taxation	0.34	2.52
Add : Provision for earlier W/D	(1.51)	-
Less provision for Fringe Benefit Tax	0.17	0.23
<u>Add :</u> Deferred Tax assets / Liabilities	(0.92)	(1.49)
Profit after Tax	0.48	1.02
<u>Add:</u> Balance Profit brought forward from Previous Year	2.07	1.05
Surplus carried to Balance Sheet	2.55	2.06

OPERATIONS

During the year, income of the Company was Rs. 11.10 lacs as compared to Rs. 47.45 lacs during the previous year. Net profit after tax was at Rs. 0.48 lacs as compared to Rs. 1.01 lacs during the previous year.

The Management intends to continue to pursue Software and Hardware Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances. Last year, the Company had launched it's range of Telematics Systems targeted at the automobile sector. The market response for these products is positive. The Telematic range of products have been expanded and the Company has launched Server Room Monitoring Equipment. The Company continues to add several new clients covering different industry segments which are expected to generate revenues. The Company's Vehicle Asset Tracking and Delivery Systems have been well received. Sales of the same are expected to pick-up in synchronisation with the recovery in the gems & jewellery segment. The Company's Biometric Security products are being pushed hard in the market. The Company's existing systems and components like Video Conference, Security Systems, Firewalls, Access Control Systems etc are spreading into the market. However important segments of it's client base are facing pressure due to exposure to the US markets and have resulted in several projects being postponed. This has adversely affected revenue of the Company.

DIVIDEND

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

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

STATUTORY INFORMATION

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

DIRECTORS

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

Mr. Padmakar Chandrachood, Non Executive Director of the Company has resigned from the Company with effect from January 29, 2009. The Board placed on record its appreciation for the valuable services rendered by him during his tenure as Director of the Company

Mr. Bharat Jain was appointed as an Additional Director on March 30, 2009. He holds office upto the conclusion of this Annual General Meeting and the Company has received Notice from a Member under Section 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for the office of Director.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts, the applicable Accounting Standards have been followed with proper explanation relating to material departures;
- ii. Appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company as at March 31, 2009 and of the profit of the Company for the year;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company & for preventing & detecting fraud & other irregularities;
- iv. The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE REPORT

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

LISTING AND DEMATERIALIZATION OF SHARES

The Equity Capital of the Company is listed on Bombay Stock Exchange Ltd., Ahmedabad Stock Exchange, and Bangalore Stock Exchange. The Company has paid the listing fees for the year 2009-2010 to Bombay Stock Exchange Ltd.

AUDITORS' REMARKS

The observations made by the Auditors with reference to Notes to the Accounts for the year under report are self-explanatory and need no further comments from the Directors.

AUDITORS

M/s Sanklecha & Co., Chartered Accountants, the Auditors of the Company, retire at the conclusion of this Annual Meeting and are eligible for re-appointment. Members are requested to appoint Auditors and fix their remuneration.

SUSPENSION IN TRADING OF EQUITY SHARES

Trading of the Equity Shares was suspended by Bombay Stock Exchange Ltd., due to non compliance of Clause 49 of the Listing Agreement with effect from December 21, 2004. The Company has submitted required application along with all the necessary documents as required by Bombay Stock Exchange Ltd. for revocation of suspension of trading of Equity Shares. However Bombay Stock Exchange Ltd. has rejected the same. The Company has reapplied for revocation of suspension of trading of Equity Shares to Bombay Stock Exchange Ltd. The Company expects trading of Equity Shares will commence in the year 2009-2010.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

J. T. D'souza
Chairman & Managing Director
Mumbai, June 30, 2009

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

A. CONSERVATION OF ENERGY

The Electronic Industry is a low power consumption industry; therefore the cost of electricity purchased and generated through genset is very low in comparison to other industries. Although the consumption of energy is low, efforts are being made at all levels to minimise the use of energy. In view of the multi-product and multi-stage nature of production, it is not possible to furnish data relating to consumption per unit of production.

B. TECHNOLOGY ABSORPTION

Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	Rs. in lacs	
	2008-2009	2007-2008
Foreign Exchange Earning	NIL	NIL
Foreign exchange used - Raw material purchase	0.29	0.82

ANNEXURE 'B' TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

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

1. BOARD OF DIRECTORS

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

Name	Category Position	Last AGM Attended	No. of Board Meetings attended during the year ended March 31, 2009
J. T. D'souza	Chairman & Managing Director	Yes	5
Punit Neb	Wholetime Director	Yes	6
Anand Raj Jain	Non-Executive Director	Yes	4
Santosh Shetty	Non-Executive Director / Independent	Yes	4
* Padmakar Chandrachood	Non-Executive Director / Independent	Yes	3
Amit Bothra	Non-Executive Director / Independent	Yes	5
** Bharat Jain	Non-Executive Director / Independent	NA	NA

* Upto January 29, 2009

** Appointed as Additional Director w.e.f. March 30, 2009

2. NUMBER OF BOARD MEETINGS HELD AND DATES THEREOF

During the year, six Board Meetings were held. The meetings were held on April 19, 2008, June 28 2008, July 30, 2008, October 31, 2008, January 29, 2009 and March 30, 2009.

3. CODE OF CONDUCT

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

4. AUDIT COMMITTEE

The Audit Committee of the Company has Mr. Santosh Shetty, Mr. Anand Raj Jain and Mr. Amit Bothra as members of the Committee. All Committee Members are Non Executive Directors, out of which Mr. Santosh Shetty & Mr. Amit Bothra are Independent Directors. The Audit Committee constitution meets with the requirements under Section 292A of the Companies Act, 1956. During the year, the Committee met 5 times. The terms of reference of the Audit Committee are as contained in the Clause 49 of the Listing Agreement. Mr. Amit Bothra, Independent Director is the Chairman of this Committee.

During the year ended March 31, 2009, 5 meetings of the Audit Committee were held on June 28 2008, July 30, 2008, October 31, 2008, January 29, 2009 and March 30, 2009.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors have constituted a Shareholders' / Investors' Grievance Committee. The Committee has been constituted, inter-alia to consider rematerialisation of Equity Shares, transposition of names, consolidation of shares, issue of duplicate equity shares and redressal of shareholders' complaints. Mr. Santosh Shetty, Mr. Amit Bothra and Ms. Punit Neb are Members of this Committee. Ms. Punit Neb is the Chairman of this Committee.

During the year under review, the Registrar and Share Transfer Agents of the Company has received one complaint from members directly and no complaints through the Stock Exchanges. The same has been redressed.

6. REMUNERATION COMMITTEE

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

Remuneration paid to Mr. J. T. D'souza, Managing Director is Rs. 75,000/- as salary.
Remuneration paid to Ms. Punit Neb, Whole-time Director is Rs. 75,000/- as salary.
There was one meeting of the Remuneration Committee during the financial year 2008-2009.
Details of Equity Shares held by Directors is as below

Name	No. of Equity Shares held
Mr. J. T. D'souza	51200
Ms. Punit Neb	27300
Mr. Anand Raj Jain	1000
Mr. Santosh Shetty	Nil
Mr. Padmakar Chandrachood	Nil
Mr. Amit Bothra	Nil
Mr. Bharat Jain	Nil

7. OTHER DIRECTORSHIPS AND MEMBERSHIP OF COMMITTEES (AS OF DATE)

Mr. J. T. D'souza	--
Ms. Punit Neb	--
Mr. Anand Raj Jain	Satta Securities Pvt. Ltd. , Sindhu Valley Technologies Ltd.
Mr. Santosh Shetty	--
Mr. Padmakar Chandrachood	--
Mr. Amit Bothra	Texplast Industries Limited
Mr. Bharat Jain	--

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

8. SUBSIDIARY COMPANIES

The Company does not have any subsidiary companies.

9. NOTES ON DIRECTOR'S APPOINTMENT AND RE-APPOINTMENT

Relevant details form part of the Directors' Report.

10. DISCLOSURES ON NON COMPLIANCES, RELATED PARTY TRANSACTIONS, IF ANY

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

Related party transactions have been disclosed in Note No. 10 of the " Notes to Accounts."

11. The Management Discussion and Analysis Report is appended as Annexure 'C' forming part of this Report.

12. 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.

13. GENERAL SHAREHOLDERS INFORMATION

a. Annual General Meeting

A.	Date, Time	September 30, 2009 at 10.00 am
B.	Venue of AGM	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane - 421301
C.	Dates of Book Closures	September 24, 2009 to September 30, 2009 (Inclusive of both days)
D.	Special Resolutions	No Special Resolution was passed at last AGM
E.	Financial Calendar	1 st April to 31 st March

During last three years, no special resolutions were passed in the General Meeting of the Company

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

b. Financial Reporting for 2009 - 2010

	Event	Period
1.	Unaudited Financial Results for quarter ending June 30, 2009	End of July 2009
2.	Unaudited Financial Results for quarter ending September 30, 2009	End of October 2009
3.	Unaudited Financial Results for quarter ending December 31, 2009	End of January 2010
4.	Audited Financial Results for the Year ending March 31, 2010	End of June 2010
5.	Annual General Meeting for the Year ended March 31, 2010	End of September 2010

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

Financial Year	Date of Book Closure		AGM Date & Time	Venue
	From	To		
2005-2006	Sep 26, 2006	Sep 30, 2006	Sep 30, 2006 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane 421301
2006-2007	Sep 26, 2007	Sep 29, 2007	Sep 29, 2007 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane 421301
2007-2008	Sep 24, 2008	Sep 30, 2008	Sep 30, 2008 10.00 am	Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur, At Post Athgaon, District Thane 421301

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

No Extra-ordinary General Meeting was held in the last three years.

e. Dematerialization of Shares and Liquidity

All Shares of the Company are under compulsory dematerialisation for delivery on transfer. As at March 31, 2009, the number of shares of the Company in dematerialised form stood at 2226200 out of the total 4889000 shares issued by the Company.

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

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

Stock Scrip Code

531370

International Securities Identification Number (ISIN)

INE960B01015

The Company has paid listing fees for the year 2009-2010 to Bombay Stock Exchange Ltd.

g. Registrars and Share Transfer Agents

Mondkar Computers Pvt. Ltd.

h. Share Transfer System

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

i. Market Price Data

The Company's Shares were not traded during the year. Hence Market Price Data has not been provided.

j. Outstanding GDRs /ADRs or any convertible instruments, conversion date and likely impact on equity: Not Applicable**k. Distribution of Shareholding as of March 31, 2009**

Number of Shares	Shareholders		Share holdings		Share Amount	
	Number	%	Holdings	%	Rs.	%
Up to 500	1377	56.27	422250	8.637	4222500.00	8.637
501- 1000	719	29.516	657399	13.446	6573990.00	13.446
1001-2000	178	7.307	287969	5.890	2879690.00	5.890
2001-3000	48	1.970	126174	2.581	1261740.00	2.581
3001-4000	22	0.903	78832	1.612	788320.00	1.612
4001-5000	27	1.108	126875	2.595	1268750.00	2.595
5001-10000	29	1.190	231276	4.731	2312760.00	4.731
10001 & above	36	1.477	2958225	60.508	29582250.00	60.508
Total	2436	100.000	4889000	100.00	48890000.00	100.00

I. Shareholding Pattern as on March 31, 2009

	Category	No. of Shares held	% of holding
A.	Promoter's Holding		
1	Promoters		
	- Indian Promoters	1366100	27.94
	- Foreign Promoters	0	0.00
2	Persons acting in concert #	0	0.00
	Sub-Total	1366100	27.94
B.	Non-Promoters Holding		
3.	Institutional Investors		
a.	Mutual Funds and UTI	41000	0.84
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non Govt. Inst.)	0	0.00
c.	FIs	0	0.00
	Sub-Total	41000	0.84
4.	Others		
a.	Private Corporate Bodies	790709	16.17
b.	Indian Public	2356398	48.20
c.	NRIs/OCBs	333,000	6.81
d.	Any other (please specify)	1793	0.04
	Sub-Total	3481900	71.22
	GRAND TOTAL	4889000	100.00

Total foreign shareholding : **333,000** **6.81**

m. Investors Correspondence

Corporate Office: #16-17 Ground Floor, Lovely, Sector 2, Airoli West, Navi Mumbai - 400708
Phone: 2760 2473 / 2760 2478 / 2760 2481
Fax: 2760 2481
Email: sparc@bom3.vsnl.net.in sparc@mtnl.net.in

Registered Office: Plot No. 11, Survey No. 118-1 & 2, Village Pundhe, Taluka Shahapur,
At Post Athgaon, District Thane 421301
Phone: 9820166973
Fax: 27602481

Share Transfer Agent: Mondkar Computers Pvt. Ltd.
21 Shakil Niwas, Mahakali Caves Road, Andheri (E), Mumbai – 400093
Phone: 28207201 / 28207203-05
Fax: 28207207
Email mcplrt@bom7.vsnl.net.in

For and on behalf of the Board

J. T. D'souza
Chairman & Managing Director
Mumbai June 30, 2009

CERTIFICATE PURSUANT TO CLAUSE 49 (V) OF THE LISTING AGREEMENT

We, J. T. D'souza, Managing Director and Anand Raj Jain, Chief Financial Officer of the Company hereby certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31" March, 2009 and that to the best of our 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.
- b. To the best of our knowledge and belief, no transactions have been entered into by the company during the year 2008-2009 which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies of which we are aware in the design or operation of internal control systems and have. taken the required steps to rectify the deficiency.
- d. We have informed the Auditors and the Audit Committee:
 - i. about significant changes in internal control over financial reporting during the year;
 - ii. that there have been no significant changes in accounting policies during the year;
 - iii. that there have been no instances of significant fraud of which we have become aware and the involvement therein 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
Mumbai June 30, 2009

Anand Raj Jain
Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE COMPLIANCE

To
The Members
Sparc Systems Limited

We have examined the compliance of conditions of Corporate Governance by Sparc Systems Ltd., for the year ended March 31, 2009, as stipulated in clause 49 of the listing Agreement of the Company with stock exchange(s).

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

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

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

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

For Sanklecha & Co.
Chartered Accountants

Vipin Sanklecha
Partner
M No 101710
Mumbai June 30, 2009

ANNEXURE 'C' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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

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

The Company had entered into the automobile market with the launch of telematic products. Telematic Systems integrate embedded systems and communications technology. Together they provide a platform for data collection and system control. The Company has added mobility technology to provide unique automotive solutions. These products have received encouraging response from the market. They are expected to generate revenues this year as market penetration increases. The Company's state of the art secure Vehicle Asset Tracking Systems, Video Surveillance, Video Security Systems, Access Control Systems etc., are already in the market.

OUTLOOK ON OPPORTUNITIES

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

The Company has also launched a telematic initiative targeted at the automotive industry. These products have been received well in the market. Telematic Systems also find use in other segments like manufacturing, retail and data centers. The Company intends to target these markets. Further the home / small user segment which the Company pioneered in 1995 has once again revived. This has presented renewed opportunity. The Company has also launched Server Room Monitoring Equipment

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

OUTLOOK ON THREATS, RISK, 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 due to exposure to the US markets, resulting in several projects being postponed. This has adversely affected revenue of the Company and is a cause for concern if this segment does not revive.

SEGMENT-WISE PERFORMANCE

The Company operates from a single segment which comprises of Software and Hardware Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances. During the year, revenue amounted Rs. 11.10 lacs.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

FINANCIAL PERFORMANCE

The sales of the Company for the financial year 2008-2009 was Rs. 11.10 lacs as compared to Rs. 47.45 lacs for the previous year. The Profit after tax for the year was Rs. 0.48 lacs as compared to a profit after tax of Rs. 10.50 lacs for the previous year. The lower sales are expected to continue due to increased exposure of its client base to the US markets.

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 calibre and experience.

AUDITORS' REPORT

To
The Members
SPARC SYSTEMS LTD.

We have audited the attached Balance Sheet of SPARC SYSTEMS LTD. as at March 31, 2009 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of section 227 of Companies Act, 1956, we give in the Annexure, a Statement on the matter specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, the Company has kept proper books of accounts as required by law so far as appears from our examination of those books.
 - iii. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account and returns.
 - iv. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956.
 - v. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in term of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, **subject to note no 12 in respect of interest payable to MSFC**, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - a. In the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2009 and
 - b. In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
 - c. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Sanklecha & Co.
Chartered Accountants

Vipin Sanklecha
Partner
M No 101710
Mumbai, June 30, 2009

ANNEXURE TO THE AUDITORS REPORT

Referred to in paragraph 3 of our report of even date on the Accounts for the year ended March 31, 2009 of SPARC SYSTEMS LTD.

- i.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. All the assets have been physically verified by the Management during the year. No material discrepancies were noticed on such verification.
 - c. During the year, fixed assets of the Company having the effect on going concern have not been disposed off.
- ii.
 - a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physically verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

- iii. a. As informed to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the companies Act, 1956. Therefore, requirements of clauses (iii-b), (iii-d) of paragraph 4 of the Order are not applicable.
- b. As informed to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. Therefore, requirements of clauses (iii-f) and (iii-g) of paragraph 4 of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit we have not observed any continuing failure to correct major weakness in internal controls.
- v. In our opinion and according to the information and explanations given to us, there are no contracts or arrangement referred to in section 301 of the Companies Act, 1956 that need to be entered in the Register required to be maintained under that section. Hence, clause (v-b) of paragraph 4 of the Order is not applicable.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted the deposits from the public.
- vii. The Company has adequate internal check and audit procedures implemented in the Course of the day-to-day functioning. However, no internal audit as such has been conducted.
- viii. The Company is not covered under section 209(1)(d) of the Companies Act, 1956 in respect of maintenance of cost records.
- ix. a. The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it,
- b. According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31.3.2009 for a period of more than six months from the date they became payable.
- x. In our opinion & according to the explanation given to us, the Company is not a sick company within the meaning of section 3(1)(o) of the Sick Industrial Companies (Special Provision) Act, 1985. The Company has earned cash profit during the financial year covered by our audit and cash profit immediately preceding financial year.
- xi. ***In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of dues to Maharashtra State Financial Corp. Term loan amounting Rs. 16,38,000/- & interest of Rs. 2607972/-.***
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures & other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi. In our opinion and according to the information and explanations given to us, the Company has not raised term loans during the year under audit.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- xviii. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- xix. According to the information and explanations given to us, during the period covered by our audit report, the Company had not issued any debentures.
- xx. The Company has not raised any money from a public issue, during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of the audit.

For Sanklecha & Co.
Chartered Accountants

Vipin Sanklecha
Partner
M No 101710
Mumbai, June 30, 2009

BALANCE SHEET AS AT March 31, 2009

PARTICULARS	SCHEDULE	AS AT 31/03/2009 Rs.	AS AT 31/03/2008 Rs.
I SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
a) SHARE CAPITAL	A	48,890,000	48,890,000
b) Reserve & Surplus			
Balance in Profit & Loss		255,089	206,878
Capital reserve (Forfeited Shares)		795,000	795,000
c) LOAN FUNDS			
Secured Loans	B	4,245,972	4,245,972
Deferred Tax Liability		60,504	152,554
TOTAL		54,246,565	54,290,404
II APPLICATION OF FUNDS			
FIXED ASSETS (GROSS BLOCK)	C	30,342,320	31,342,320
Less Depreciation		8,934,695	8,366,929
Net Block		21,407,625	22,975,391
INVESTMENTS	D	4,424,000	5,614,000
CURRENTS ASSETS, LOANS AND ADVANCES			
a. Inventories	E	201,000	401,500
b. Sundry Debtors	F	571,507	466,823
c. Cash and Bank Balances	G	326,865	1,836,733
d. Loans, Advances and Deposits	H	28,715,751	24,864,235
		29,815,123	27,569,291
Less: CURRENTS LIABILITIES & PROVISIONS			
Current Liabilities & Provisions	I	14,000,183	1,868,278
NET CURRENT ASSETS		28,414,940	25,701,013
TOTAL		54,246,565	54,290,404
Significant Accounting Policies and Notes to Accounts	O		

As per our attached report of even date

For Sanklecha & Co.
Chartered Accountants

For and on behalf of the Board

Vipin Sanklecha
Partner
M No 101710
Mumbai June 30, 2009

J T D'souza
Chairman & Managing Director

Anand Raj Jain
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED March 31, 2009

PARTICULARS	SCHEDULE	YEAR ENDED ON 31/3/2009 Rs.	YEAR ENDED ON 31/3/2008 Rs.
INCOME			
SALES	J	1,110,013	2,255,169
Other Income		-	2,490,050
(A)		<u>1,110,013</u>	<u>4,745,219</u>
EXPENDITURE			
MATERIALS & MANUFACTURING EXPENSES	K	541,744	2,064,229
EMPLOYEES COST	L	1,146,947	1,723,325
SELLING, DISTRIBUTION & ADMINISTRATIVE EXPENSES	M	589,341	981,258
FINANCE COST	N	-1,592,389	-1,116,750
DEPRECIATION		567,766	567,766
(B)		<u>1,253,409</u>	<u>4,219,828</u>
PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION (A-B)		-143,396	525,391
Less: Provision for Income Tax		33,949	252,027
Add: Excess Provision made earlier returned back		150,918	-
Less: Provision for Fringe Benefit Tax		17,412	23,171
Add :- Deferred Tax assets/ Liability		-92,050	-148,507
PROFIT FOR THE YEAR AFTER TAXATION		48,211	101,686
Balance Brought forward from previous year		206,878	105,192
Balance carried to Balance Sheet		<u>255,089</u>	<u>206,878</u>
EPS Basic & Diluted		0.01	0.02

Significant Accounting Policies and Notes to Accounts

O

As per our attached report of even date

For Sanklecha & Co.

For and on behalf of the Board

Chartered Accountants

Vipin Sanklecha

J T D'souza

Anand Raj Jain

Partner
M No 101710

Chairman & Managing Director

Director

Mumbai June 30, 2009

CASH FLOW FOR THE YEAR ENDED March 31, 2009

	Rs in lacs	
	Year ended 31.3.2009	Year ended 31.3.2008
A. Cash Flow From Operating Activities		
Net Profit after Tax as per P & L Account	0.48	1.02
Interest	-15.92	-11.17
Depreciation	5.68	5.68
Miscellaneous Expenses written off	0.00	0.00
Deferred tax Assets net of MAT	-0.92	1.49
Operating profit before working capital		
<u>Change Adjusted for</u>	-10.69	-2.99
Trade & other receivable	-39.56	-16.36
Inventories	2.01	6.04
Trade Payable	-4.68	3.17
Cash Generated from operation	-42.24	-7.15
Net Cash from operating activities	-52.92	-10.14
B. Fund Flow from Investing activities		
Purchase of Fixed Assets including work in progress	10.00	0.45
Interest Received	15.92	11.43
Proceeds from sales of Investment	11.90	0.00
Net cash used in investing activities	37.82	11.88
C. Funds from financing activities		
Investment in Shares	0.00	0.00
Interest Paid	0.00	-0.27
Net Proceeds from borrowing	0.00	0
Net cash used in financing activities	0.00	-0.27
Net increasing cash & cash equivalents(A+B+C)	-15.10	1.48
Opening Balance of cash & cash equivalents	18.37	16.89
Closing Balance of cash & cash equivalents	3.27	18.37
Net increase/(Decrease) as disclose above	-15.10	1.48

As per our attached report of even date

For Sanklecha & Co.

For and on behalf of the Board

Chartered Accountants

Vipin Sanklecha

J T D'souza

Anand Raj Jain

Partner
M No 101710

Chairman & Managing Director

Director

Mumbai June 30, 2009

SCHEDULE ANNEXED AND FORMING PART OF THE BALANCE SHEET AS AT March 31, 2009

AS AT	AS AT
31/03/2009	31/03/2008
Rs.	Rs.

SCHEDULE A - SHARE CAPITAL

Authorised

6000000 (6000000) Equity Shares of Rs. 10/-each

60,000,000	60,000,000
-------------------	-------------------

Issued & Subscribed

5040000 (5040000) Equity Shares of Rs. 10/- each

50,400,000	50,400,000
-------------------	-------------------

TOTAL

50,400,000	50,400,000
-------------------	-------------------

Paid-up

4889000 (4889000) Equity Shares of Rs. 10/- each

48,890,000	48,890,000
-------------------	-------------------

48,890,000	48,890,000
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SCHEDULE B - SECURED LOANS

Term Loan

1,638,000	1,638,000
------------------	------------------

Interest overdue

2,607,972	2,607,972
------------------	------------------

TOTAL

4,245,972	4,245,972
------------------	------------------

Secured loans represents term loan from the Maharashtra State Financial Corporation (MSFC) secured against fixed assets both present and future of the Company in addition to the personal guarantee of the Directors

SCHEDULE C - FIXED ASSETS

Name of the Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 01/04/2008 Rs.	ADD / DED Rs.	AS AT 31/03/2009 Rs.	UP TO 31.3.2008 Rs.	FOR THE YEAR Rs.	UP TO 31.03.2009 Rs.	AS AT 31.03.2009 Rs.	AS AT 31.03.2008 Rs.
Land	50,850	0	50,850	0	0	0	50,850	50,850
Buildings	3,883,654	0	3,883,654	1,624,364	129,714	1,754,078	2,129,576	2,259,290
Plant & Machinery	6,731,071	0	6,731,071	4,235,469	362,132	4,597,601	2,133,470	2,495,602
Furniture & Fixtures	394,575	0	394,575	240,800	20,088	260,888	133,687	153,775
Dies and Molds	967,558	0	967,558	650,043	52,055	702,098	265,460	317,515
Office Equipments	1,626,906	0	1,626,906	1,616,254	3,777	1,620,031	6,875	10,652
Capital Work in Progress							16,687,706	17,687,706
Total	13,654,614	0	13,654,614	8,366,930	567,766	8,934,696	21,407,624	22,975,390
Previous Period	13,654,614	0	13,654,614	7,799,163	567,766	8,366,929	22,975,390	-

SCHEDULE D - INVESTMENT IN SHARES Unquoted (at cost)

Equity Shares in B. I. Textiles Ltd.

3,320,000	3,320,000
------------------	------------------

Equity Shares in B. Indermal Textile Mills Ltd.

1,104,000	2,294,000
------------------	------------------

TOTAL

4,424,000	5,614,000
------------------	------------------

SCHEDULE E - INVENTORIES

(Inventories as certified and valued by Management)

Raw materials and consumable items

32,500	54,500
---------------	---------------

Finished Goods

168,500	347,000
----------------	----------------

TOTAL

201,000	401,500
----------------	----------------

AS AT 31/03/2009 Rs.	AS AT 31/03/2008 Rs.
----------------------------	----------------------------

SCHEDULE F - SUNDRY DEBTORS

(Unsecured, considered good)

Debts exceeding six months	430,213	
Other debts	141,294	466,823
TOTAL	571,507	466,823

SCHEDULE G - CASH AND BANK BALANCES

Cash in hand	53,763	265,408
Bank balances With Scheduled Banks on current account	273,102	1,571,325
TOTAL	326,865	1,836,733

SCHEDULE H - LOANS, ADVANCES & DEPOSITS (Unsecured, Considered good)

Advances receivable in cash or in kind or for value to be received	7,473,000	10,726,041
Tax deducted at source	113,965	172,288
MSFC OTS	571,000	571,000
Loan to others	20,515,383	13,352,503
Deposits	42,403	42,403
TOTAL	28,715,751	24,864,235

SCHEDULE I - CURRENT LIABILITIES

Advances from customer	900,168	888,004
Sundry Creditors for goods	135,493	159,220
Other Creditors	345,466	539,089
Provision for taxation	19,056	281,965
TOTAL	1,400,183	1,868,278

SCHEDULE J - SALES

SALE OF GOODS	552,320	1,975,535
SERVICES CHARGES	557,693	279,634
TOTAL	1,110,013	2,255,169

SCHEDULE K - MATERIALS AND MANUFACTURING EXPENSES

Materials Consumed/Sold	206,941	1,476,206
Decrease/increase in finished and Semi finished goods	178,500	432,894
	385,441	1,909,100
Manufacturing expenses		
Power and Fuel Charges	20,410	24,560
Octroi & Freight Charges	7,250	6,114
Insurance	5,088	5,344
Factory Expenses	61,120	59,675
Processing Charges	62,435	59,436
TOTAL	541,744	2,064,229

	AS AT 31/03/2009 Rs.	AS AT 31/03/2008 Rs.
SCHEDULE L - EMPLOYEES COST		
Salaries, Wages and Benefits	1,111,222	1,676,389
Staff welfare	35,725	46,936
TOTAL	1,146,947	1,723,325

SCHEDULE M - SELLING, DISTRIBUTION AND ADMINISTRATION EXPENSES

Advertising expenses	13,029	20,856
Auditors Remuneration	16,854	20,225
Accounting Charges	10,000	18,000
Bank Charges	4,473	3,330
Business Promotion Expenses	11,575	50,340
Conveyance and travelling expenses	34,512	38,099
Demat A/c Charges	13,400	20,100
Director Sitting Fees	-	5,000
Electricity	17,500	32,070
Internet & Website Charges	2,100	6,200
Legal and professional charges	18,000	-
Listing Fees	20,145	18,950
Membership & Subscription	-	2,500
Office & Other Expenses	85,133	84,942
Telephone Expenses	96,943	114,057
Printing and Stationery	11,770	40,700
Rent Rates and Taxes	-	162,000
Repairs & Maintenance	12,469	62,125
ROC Fees	3,500	3,500
Vehicle Expenses	58,500	63,995
Postage & Courier Charges	20,506	23,167
Books & Periodicals	18,450	17,488
Discount	6,750	28,402
Transportation Charges	30,188	28,979
Travelling Expenses	57,887	8,793
Security Charges	-	23,800
Commission	-	70,790
General Exp	25,656	12,850
TOTAL	589,340	981,258

SCHEDULE N - INTEREST (NET)

Interest on term loan	-	-
Less: Interest Received	-1,592,389	-1,143,467
Less: Interest Paid	-	26,717
TOTAL	-1,592,389	-1,116,750

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT March 31, 2009

SCHEDULE O - NOTES ON ACCOUNT

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis & Method of Accounting

The Company maintains accounts on historical cost convention. The accrual system of accounting is followed.

b. Fixed Assets

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

c. Depreciation

Depreciation is provided under the Straight Line Method at the rates provided by the Schedule XIV to the companies Act, 1956. Depreciation on additions and capitalization of assets has been provided on pro-rata basis from the month of additions and capitalization as the case may be.

d. Revenue recognition

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

e. Inventories

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

f. Research and Development Expenses

Expenditure relating to capital items is debited to fixed assets and depreciated at applicable rates. Revenue expenses are charged to profit & loss account of the year.

g. Retirement Benefits

No Provisions has been made for payment of gratuity since it is not yet applicable. Leave encashment benefits have been charged to profit & loss account.

h. Taxation

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

i. Investment

Investments being long term are stated at cost.

j. Other Accounting policies

These are consistent with generally accepted accounting practices.

2. MANAGERIAL REMUNERATION

	2008-2009	2007-2008
Managing Director		
Salaries and Allowances	75,000	75,000
Whole-time Director		
Salaries and Allowances	75,000	75,000

3. AUDITORS' REMUNERATION:

	2008-2009	2007-2008
Statutory Audit Fees	15,000	18,000
Service Tax of current year	1,545	2,225
Out of pocket expenses	309	-

4. DETAILS OF STOCK PURCHASE AND SALES OF GOODS

DETAILS OF STOCK PURCHASE AND SALES OF GOODS MANUFACTURED/TRADED

		OPENING	PURCHASE	SALES	CLOSING
SECURITY SYSTEMS & ACCESSORIES	RS.	401,500	184,940	552,320	201,000
	NOS.	(#)	(#)	(#)	(#)
		(999,926)	(150,027)	(1,094,522)	(401,500)
COMPUTER & PERIPHERALS	RS.	0	0	0	0
	NOS.	(#)	(#)	(#)	(#)
		(5,378)	(1,155,269)	(881,013)	(0)
TOTAL		401,500	184,940	552,320	201,000

Note:-

Due to the nature of components/accessories involved, quantities are not practically determinable.

5. Details of Imported Raw Material

	Rs. in lacs	
	2008-2009	2007-2008
Raw Material imported	0.29	0.82

6. Capital work in progress includes capital & product launch advances.

7. Earnings per Share

(As per Accounting Standard-20 "Earning Per Share issued by the council of "The Institute of Chartered Accountants of India.")

	31.03.2009	31.03.2008
	Rs.	Rs.
Net Profit/(Loss) after tax	48211	101686
Net Profit/(Loss) after tax available for Equity shareholders	48211	101686
No. of Equity Shares	4889000	4889000
Basic & Diluted earnings per Share	0.01	0.02

8. Deferred Taxation

During the year, the Company has accounted for Deferred Tax in accordance with the Accounting Standard AS-22 "Accounting for Taxes on Income" issued by the Council of the Institute of Chartered Accountants of India. Deferred Tax for the Current year amounting to Rs. 92050 has been effected to Profit & Loss account.

Deferred tax liability is recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be adjusted.

The Deferred Tax Liability/(Asset) comprises of Tax effect of timing differences on account of:

Deferred Tax Liability	31.3.2009 Rs.	31.3.2008 Rs.
Fixed Assets excess net block over written Down value as per the provisions of the Income Tax Act, 1961	950593	1144682
	950593	950593
Deferred Tax Assets		
43B	798039	798039
Unabsorbed Depreciation & Loss MAT		
	798039	7989039
Deferred Tax Liability (Net)	60504	152554
Effected to P&L	92050	-

9. Segment Reporting:

The Company is engaged in Software and Hardware Solutions for Office Automation, Electronic Security Systems, Embedded and Internet Appliances and services thereof. Being a single segment, disclosure as per requirements of Accounting Standard AS-17 issued by the Institute of Chartered Accountants of India is not applicable.

Secondary Segment

The assets and customers are based in India only, hence reporting requirement based on Geographical Segment is not reportable.

10. Disclosure in respect of related parties pursuant to Accounting Standard AS-18:

a. The following are related parties

Name of related parry	Nature of Relationship
1. J. T. D'souza	Director
2. Punit Neb	Director

b. During the year under review following transactions were carried out with the related parties in the ordinary course of business

	Rs. in Lacs	
	Directors	O/s.
Remuneration	1.5	NIL
	(1.5)	NIL

11. During the year, the Company has not made provision for interest payable to MSFC since 2006 as negotiation for OTS with MSFC are in progress.
12. Contingent Liabilities: - NIL
13. There is no impairment of assets.
14. In the opinion of the Board, the Current Assets, Loans and Advances have a value on realization in the ordinary course of business at least equal to the amount which they are stated and adequate provision of all known liabilities of the Company has been made. Further balances are subject to confirmation.
15. Previous year figures have been regrouped and reclassified wherever necessary.
16. Figures have been rounded off to nearest rupee.

As per our attached report of even date

For Sanklecha & Co.

For and on behalf of the Board

Chartered Accountants

Vipin Sanklecha

J T D'souza

Anand Raj Jain

Partner

Chairman & Managing Director

Director

M No 101710

Mumbai June 30, 2009

AUDITORS' CERTIFICATE

To

The Board of Directors
Sparc Systems Ltd., Mumbai

We have examined the above cash flow statement of Sparc Systems Ltd. for the year ended March 31, 2009. The statement has been prepared by the Company and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by report of even date to the Members of the Company.

For Sanklecha & Co.

Vipin Sanklecha

Partner

M No 101710

Mumbai June 30, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS:

Registration No.	53467
State Code	11
Balance Sheet Date	31/03/2009

II CAPITAL RAISED DURING THE YEAR (Rs. Thousand)

Public Issue	Nil
Bonus Issue	Nil
Right Issue	Nil
Private Placement	Nil

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. Thousand)

Total Liabilities	54246.56
Total Assets	54246.56

A) Sources of Funds:

Paid Up Capital	48890.00
Deferred Tax Liability	60.50
Reserves & Surplus	1050.09
Secured Loan	4245.97

B) Application of Funds:

Net Fixed Assets	21407.62
Investments	4424
Net Current Assets	28414.94
Misc. Expenditure	0.00
Profit & Loss A/c.	0.00

PERFORMANCE OF COMPANY:

Turnover / Income	1110.01
Total Expenditure	1253.41
Profit before Tax	-143.40
Profit after Tax	48.21
Earnings per Share in Rs.	0.01
Dividend	Nil

IV GENERIC NAMES OF THREE PRINCIPAL PRODUCTS & SERVICES OF COMPANY

Item code no (ITC code)	8525
Product description	TRANSMISSION APPARATUS
Item code no (ITC code)	8531
Product description	ELECTRIC SOUND OR VISUAL APPARATUS
Item code no (ITC code)	NA
Product description	SOFTWARE

ATTENDANCE SLIP**SPARC SYSTEMS LIMITED**

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

ANNUAL GENERAL MEETING - September 30, 2009 AT 10.00 AM

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

NAME & ADDRESS OF THE REGISTERED SHARE HOLDERS

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

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company at Plot No.11, Survey No.118/1 & 118/2, Village Pundhe, Taluka Shahapur, District Thane, At Post Athgaon on Tuesday, September 30, 2009.

SIGNATURE

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

PROXY FORM**SPARC SYSTEMS LIMITED**

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

ANNUAL GENERAL MEETING - September 30, 2009 AT 10.00 AM

I/We

of being a member / members of Sparc Systems Ltd.

hereby appoint of

Or failing him of

Or failing him of

as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on Tuesday, September 30, 2009 and at any adjournment thereof.

Signed this day of 2009.

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

Signature

Affix a 15
paise Revenue
Stamp

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

BOOK POST

If undelivered please return to
Sparc Systems Ltd.
#16-17 Ground Floor
Lovely
Sector 2
Airoli (West)
Navi Mumbai – 400 708