



**DYNACONS**  
***SYSTEMS & SOLUTIONS LTD.***  
***AN INTEGRATED IT SOLUTIONS PROVIDER***

Concept to Commissioning *and beyond...*

**ANNUAL REPORT**  
**2008-2009**

*Visit us at : [www.dynacons.com](http://www.dynacons.com)*

**DYNACONS SYSTEMS & SOLUTIONS LIMITED**  
**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

Shri. Shirish M. Anjaria ... ..	Chairman & Managing Director
Shri. Parag. J. Dalal ... ..	Executive Director
Shri. Dharmesh S. Anjaria ... ..	Executive Director
Shri. Mukesh P. Shah ... ..	Director
Shri. Dilip P. Palicha ... ..	Director (Nominee of Shareholders)
Shri. Viren Shah ... ..	Director

**COMPANY SECRETARY**

Mr. Ravishankar Singh

**REGD. OFFICE**

78, Ratnajyot Industrial Estate,  
Irla Lane, Vile Parle (W),  
Mumbai - 400 056.

**Registrar & Transfer Agents**

Bigshare Services Pvt. Ltd.,  
E-2, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (E), Mumbai - 400 072.

**PRINCIPAL BANKERS**

Dena Bank

**AUDITORS**

Soni Palan & Associates.  
Chartered Accountants  
Mumbai.

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## Our Tie-ups



**Cisco**  
CISCO Business Partner



**IBM**  
IBM Royal Blue Partners  
Authorised Service Providers



**HP**  
HP Business Partner



**Microsoft**  
Microsoft OEM System  
Builder Partner



**Intel**  
Intel Premier Provider (**IPP**)



**Samsung**  
Samsung Authorised  
System Integrator



**Acer**  
Business Partner



**APC**  
Business Partner



**Linksys**  
Authorized Sub-Distributor



**Novell**  
Authorized Business Partner



**Watchguard**  
Business partner



**Gajshield**  
Business Partner



**Tata Communications**  
Business Partner



**Waverider**  
Authorized Business Partner



**Lenovo**  
Lenovo Business Partners



**Cyberoam**  
Business Partner

**NOTICE**

**NOTICE** is hereby given that the Fourteenth Annual General Meeting of the shareholders of Dynacons Systems & Solutions Limited will be held on Wednesday, September 30<sup>th</sup>, 2009 at 12:00 noon at Karl Residency, Lallubhai Park Road, Andheri (West), Mumbai 400058, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt :
  - The Audited Balance Sheet as at March 31, 2009;
  - The Profit & Loss Account for the year ended on that date;
  - Directors' Report for the year 2008-09 and Corporate Governance Report;
  - The Auditors' Report, thereon.
2. To appoint a Director in place of Mr. Viren Shah, who retires from the office of Director by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

**By Order of the Board**

**For DYNACONS SYSTEMS & SOLUTIONS LTD.**

**Shirish M. Anjaria**  
*Chairman & Managing Director*

**Parag J. Dalal**  
*Executive Director*

Date : August 20, 2009

**Registered Office**

78, Ratnajyot Industrial Estate,  
Irla Lane, Vile Parle (W), Mumbai – 400 056.

## NOTES

1. A Member Entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member of the company.
2. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 25<sup>th</sup> day of September 2009 to Wednesday, the 30<sup>th</sup> day of September 2009. (both days inclusive).
5. Members desirous of seeking information relating to the Accounts and operations of the Company are requested to address their queries to the Company at least 7 days before the date of the meeting, so that the information required may be made available at the meeting.
6. Shareholders holding shares in physical form are requested to advise any change of address immediately to Company's Registrar and Share Transfer Agents, Bigshare Services Pvt Ltd. Shareholders holding shares in electronic form must advise their respective depository participants about change in address and not to the Company.
7. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges of persons seeking re-appointment as Directors under item no 2 above, are annexed hereto.
8. Members who hold shares in dematerialized form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.
9. The Equity Shares of the Company are mandated for trading in the compulsory demat mode. The ISIN Number allotted for the Company's shares is INE417B01024.
10. Annual Listing fee for the year 2008-09 has been paid to all stock exchanges wherein shares of the company are listed.
11. As per the provisions of Companies Act 1956, facility for making nominations is available to the shareholders in respect of the shares or deposits held by them. Nomination forms can be obtained from the Share Registrars of the Company.
12. As an austerity measure copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

### **By Order of the Board**

#### **For DYNACONS SYSTEMS & SOLUTIONS LTD.**

**Shirish M. Anjaria**  
*Chairman & Managing Director*

**Parag J. Dalal**  
*Executive Director*

Date: August 20, 2009

#### **Registered Office**

78, Ratnajyot Industrial Estate,  
Irla Lane, Vile Parle (W), Mumbai – 400 056.

**DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING REAPPOINTMENT**  
**(In Pursuance of Clause 49 of the Listing Agreement)**

Name of Director	Mr. Viren Shah
Age	42
Date of Appointment on the Board	March 20, 2001
Qualifications	Advance Post Graduate in Computer and Systems management. Certificate in Oracle / SQL & RDBMS Concepts.
Expertise	Wide experience across a variety of industries & expertise in Systems Analysis, Design & Administration.
Directorships held in other Public Companies (excluding Foreign and Private Companies)	-
Memberships/Chairmanships of Committees across public companies	-
No. Of other Directorships	-

**By Order of the Board**

**For DYNACONS SYSTEMS & SOLUTIONS LTD.**

**Shirish M. Anjaria**  
*Chairman & Managing Director*

**Parag J. Dalal**  
*Executive Director*

Date : August 20, 2009

**Registered Office**

78, Ratnajyot Industrial Estate,  
Irla Lane, Vile Parle (W), Mumbai – 400 056.

## DIRECTORS REPORT

Your Directors are pleased to present the Fourteenth Annual Report on the business and operations of the Company for the year ended March 31, 2009.

### 1. Financial Highlights

(Rs. In lacs)

	Particulars	Year ended 31/03/2009	Year ended 31/03/2008
1.	Total Inc	3859.37	4316.30
2.	Total Expenditure	3576.69	4053.87
3.	Interest	87.37	65.11
4.	Depreciation	143.09	146.77
5.	Profit before Tax	52.23	50.56
6.	Provision for Taxation - Current Tax	8.15	8.87
	- Def erred Tax	8.32	8.96
	- Fringe B enefit Tax	1.78	1.43
7.	Profit after tax	33.98	31.30

### 2. Management Analysis and Discussions

#### Company Performance

During the year your company earned total revenues of Rs.3859.37 lacs compared with Rs. 4316.30 lacs during the previous year. The profit before tax stood at Rs. 52.23 lacs as compared to Rs. 50.56 lacs in the previous year. The company has made a provision of tax totaling to Rs. 18.25 lacs and the profit after tax stood at Rs. 33.98 lacs for the current year.

Several initiatives have been launched to identify new growth areas and simultaneously restructure existing growth engines. This has helped your company to enrich its company profile and build value for customers. The process of improving profitability and productivity has taken the required shape leading to better Leadership Development, Corporate Governance, Risk Management and Human Resources.

#### Review of Operations

The year under review was marked by a global financial and economic downturn. As a natural consequence of downturn customers across all geographies and industry segments have curtailed their IT Budgets adversely affecting the prospects of the Indian IT industry. This has had a direct impact on the IT spending of organizations globally. The economic slowdown is accelerating enterprise transformation, which is manifested in cost savings, productivity enhancement, customer retention, and new IT engagement/delivery models. The focus of customers is shifting to better management of existing IT infrastructure by consolidating, optimizing and leveraging resources, from building new capacities.

During these dynamic times, it is important to stay attentive to the customers business needs and to stay focused on long term strategies. It is important to innovate and adapt so as to provide the customers a competitive advantage and open new markets for ourselves. These times call for prudent financial discipline, efficient cash flow and credit management. Customers are conservative in such times when it comes to evaluating a solution. The nature of IT outsourcing has evolved over the years and various IT Companies are looking at outsourcing their entire IT backend to free up time and resource to focus on their core operations.

Changing economic and business conditions, rapid technological innovation, proliferation of the internet and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. We feel the current situation is an opportunity to relook at our business priorities, approach and ways in

which we could expand our customer relationships to strengthen our expertise, to emerge stronger when the markets turn around.

During the year under review several initiatives of restructuring have been taken to create multiple avenues of growth. The company has decided to become selective in its business operations in order to improve profitability and productivity. There is an improvement in the business mix with an increased focus on the services and solutions business. This has resulted in an increase in the profitability despite a fall in the revenues.

We deliver value to our customers through a comprehensive portfolio of services and solutions that meets the entire lifecycle needs of a business. Dynacons' multi technology, multi product offering to customers ensures that they have the convenience and benefit of sourcing their IT products and solutions from a single source. While customers gain by having access to a scalable variable cost model with a best in class solution, the company benefits by building stronger, deeper and long lasting relationships with the customers.

Dynacons provides comprehensive, end-to-end technology-based solutions which enables the company to extend their network of relationships, improve interaction with key decision makers within each client, increase the points of sale for new clients and diversify our service-mix. Our suite of solutions encompasses consulting, system integration, networking solutions, Infrastructure management, software and security solutions. This integrated approach helps the company take advantage of growth opportunities available by becoming a vendor of choice for customers.

During the year under review, the key focus was on increasing the reach and market presence of the company and leveraging on our partnerships with global IT majors to increase the spectrum of offerings for customers. Taking a comprehensive view of business processes, applications, infrastructure, IT processes and tools, we helped our customers transform their IT Infrastructure to optimize their investments and achieve maximum return on investments. The role of technology has evolved from supporting corporations to transforming them. We have successfully demonstrated the ability to maintain advanced technology platforms and solutions to address business and client needs. The dedication, focus and commitment towards excellence has helped the company in building on existing customer relationships and to broaden the customer base.

The Company's System Integration capability, experience, quality processes, proven track record of selling and servicing high-end IT products and multi platform technical knowhow have helped it benefit from the enhanced traction in the market place. We have a team of specialists with experience in leveraging technology to help improve efficiency and security. The company provides dynamic technology solutions and has the capability to address the increased complexity, cost and risk associated with these technology platforms.

There is a continued focus on Infrastructure Services which enabled the company get into deeper engagement with existing customers and win large domestic deals in facility management, nationwide systems rollout and helpdesk services. The company has done several solution deployments that include turnkey project implementations, integration and set-up of centralized data centres and end-to-end security deployments. Our track record of delivering high quality solutions across the entire Information Technology life cycle and our strong domain expertise helps us to solidify these relationships and gain increased business from our existing clients.

Businesses today face a considerable challenge to effectively optimize their IT infrastructure and related operations and deliver ever-improving service levels to meet and exceed the expectations of their business-users without compromising on quality and security. Remote Infrastructure Management (RIM) is a mission-critical service requiring sophisticated tools and reflects high customer confidence and relationships. Your company has increased its RIM service capability and is moving towards becoming a fully integrated service provider. The company is in the process of setting up a Technology Centre for providing RIM services and security monitoring services.

Going forward, the company is looking for acquisitions of other companies providing Information Technology services and solutions. These will help in accelerating the company's growth through the new customers and geographical markets, improving the profitability through cost reduction, economies of scale and efficient utilization of resources.

### **Strengths**

The company undertakes all activities related to IT infrastructure including infrastructure architecture, design and consulting services, turnkey systems integration of large network and data centre infrastructures including supply of associated equipment and software; on-site and remote facilities management of multi- location infrastructure of domestic clients. Our key differentiators include an end-to-end services and solutions driven model with a strong focus on quality in every aspect of service and product delivery.

The company provides the entire spectrum of Information Technology services including Business Planning, Business Availability and Business Continuity Services. The company provides high quality, 24 hour, seven days a week support services by leveraging its expertise in managing IT Infrastructures for its customers. We undertake a systematic, aggressive and customer oriented approach to cater to this business segment.

We believe our strong brand, our robust quality process and our access to skilled talent base at lower costs of providing service S places us in a unique position to take advantage of the trend towards outsourcing IT services

### **Quality**

Dynacons has an enduring focus on processes for ensuring high quality delivery and high levels of customer satisfaction which are key elements for succeeding in the competitive global market. A strong emphasis is based on quality in every aspect of the company's activities. In line with this philosophy we have designed our quality management program and have defined several key parameters for measurement of quality levels to ensure improvement in the quality of the deliverables. Several initiatives have been taken to implement result oriented quality management models.

Review of key business processes like business planning, reporting and communication has been done to make them more effective in meeting business objectives. Moving forward, your company shall continue to further strengthen its processes by adopting best-in-class standards.

### **Outlook**

The current global economic turmoil has affected all nations and economies, India being no exception. However India is still expected to remain as one of the fastest growing economies in the world. Under current market conditions, the customer is more conscious about getting value on investment and this is an opportunity to present the effectiveness of the company's wide portfolio of services and solutions.

These factors have made companies look to make their business models more resilient, efficient and effective. Use of Technology promotes this resilience, efficiency and effectiveness. Corporations are focusing on their core competencies and are using outsourced technology service providers to help improve productivity, develop new products, conduct research and development activities, reduce business risk, and manage operations more effectively.

As a de-risking strategy, companies have moved over to multi-vendor IT outsourcing from sole sourcing, this has opened up opportunities for Indian IT companies to participate in larger contracts. Global companies are increasing their outsourcing activities to leverage the high quality, cost competitive IT services from India. We have expanded our reach, added an impressive list of valued customers and built a strong team. There is a continuous focus on building a business model that reinvents itself constantly and delivers business results consistently. The company is building a robust infrastructure that is secure and scalable for delivering Services remotely and onsite.

The customer requirements for dynamic information technology solutions are getting increasingly complex. This has created a growing need for specialists with experience in leveraging technology to help drive business strategy. Companies are increasingly turning to IT Infrastructure companies providing end-to-end solutions having domain expertise for design, integration, implementation and maintenance of systems.

The objective of the company is to widen its reach and market presence and work towards establishing new markets. The focus will be on the education, hospitality, government and healthcare customer segments. The other strategy is to enhance the services and solutions revenue streams and to work closely with customers. The company's focus will be on making strategic investments/acquisitions, investing in the right business solutions, leverage its expertise in providing IT infrastructure solutions to further enhance the spectrum of offerings and focus on services expansion and become a vendor of choice for organizations.

### **Risks and Concerns**

The company's objectives and expectations may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed. Important factors that could influence the company's operations include change in government regulations, tax laws, increased competition, economic and political developments. The competition from large international and Indian IT companies is increasing in the domestic market space. Scarcity of the right talent as well as the ability to retain them is one of the critical factors confronting all IT Companies.

### **3. Dividend**

With a view to plough back the profits of the Company and keeping in mind the expansion of Business Activities, the Board of Directors consider it prudent and recommend not declaring any dividend for the year ended March 31, 2009.

#### **4. Directors**

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. Viren Shah, Director of the company, retires by rotation in the ensuing Annual General Meeting and, being eligible, offers himself for reappointment.

None of the Directors of the Company is disqualified from being appointed as Director as specified in Section 274 of the Companies Act, 1956, as amended.

#### **5. Auditors**

M/s Soni Palan & Associates, Chartered Accountants who are the Statutory Auditors of the Company hold office, in accordance with the provisions of the Companies Act, 1956, upto the conclusion of the ensuing Annual General Meeting are eligible for reappointment.

#### **6. Corporate Governance**

The report on Corporate Governance, stipulated by Clause 49 of the Listing Agreement, is annexed hereto and forms part of this Annual Report. A Certificate from the Auditors of the Company regarding compliance with Corporate Governance norms stipulated in Clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

#### **7. Particulars of the Employees**

The information as required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is not applicable as none of the employees is in receipt of remuneration which exceeds the limits specified under the said rules.

#### **8. Human Resource Management**

Our People drive our Business. They determine our success, performance and profitability. We have built a high performance work culture and maintain a strong focus on the employee, and creating an organization that continually encourages entrepreneurship, new ideas, and embraces respect for the individual and equal opportunity to succeed. It observes a comprehensive HR policy that elaborates on each aspect of human resource management including recruitment, employee development & training, staff welfare, administration services & recreation events.

Processes like recruitment have been streamlined through comprehensive assessment techniques, while many training initiatives continue to encourage growth and development. The performance culture is further encouraged by the presence of a transparent, equitable reward and recognition mechanism. Employee engagement remains a key focus of HR initiatives that have been undertaken by the company. Along with recreational activities, get-togethers, celebrations, many programs have been organized to bring people and families together also enjoy quality time with family.

We encourage regular training and development. Continuous training is imparted in advanced technologies, managerial and soft skills for the employees to enhance their skill-sets in alignment with their respective roles. This promotes development of the technical staff in emerging technologies, system management and troubleshooting, network management, and network performance analysis. These practices are being constantly scaled up to address increase in business activity. Though cost cutting is the order of the day and inevitable in all areas, an exception to this rule is in the area of training and development considering the fact that cuts in training budget may significantly undermine employee engagement.

We have created a favorable work environment that encourages innovation and meritocracy. We have also set up a scalable recruitment and human resources management process. Employee relations during the year were cordial. The directors appreciate the contributions and initiatives taken by the employees at all levels for the Company's improved performance year after year. The Company offers a growth environment along with monetary benefits in line with industry standards.

#### **9. Fixed Deposits**

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet.

## 10. Directors Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 the Directors based on the information and representations received from the operating management confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with no 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 at the end of the financial year and of the profit of the Company for that period.
- iii) The Directors had taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

## 11. Conservation of Energy, Technology Absorption, Research & Development and Foreign Exchange Earnings and Outgo

**Conservation of Energy** : The Company's operations involve low energy consumption. However efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

**Technology Absorption** : The Technology available and utilized is continuously being upgr aded to improve overall performance and productivity.

**Research & Development** : Your Company believes that research & development is a continuous process for sustained corporate excellence. Our research & development activities help us in product and service improvement, effective time management and are focused to provide unique benefits to our customers. Such methods do not involve any specific cost burden to the company.

<b>Foreign Exchange Earnings</b>	: Rs. Nil (previous year Nil)
<b>Foreign Exchange Outgo</b>	: Rs. 1.17 lacs (previous year 1.23 lacs)

## 12. Acknowledgements

Your Directors thank the Company's Investors, Clients, Vendors, Bankers, Business and various governmental as well as regulatory agencies for their valuable support for the Company's growth.

Your Directors place on record their appreciation of the contribution made by employees at all levels. Your company's consistent growth was made possible by their hard work, solidarity, cooperation and support.

**For and on behalf of the Board of Directors**

**Shirish Anjaria**  
Chairman &  
Managing Director

**Parag Dalal**  
Executive Director

Mumbai: August 20, 2009

## CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges.)

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Dynacons firmly believes and has consistently endeavored to practice good corporate governance. The Company's philosophy on corporate governance envisages the attainment of the highest levels of fairness, transparency, accountability and equity in all facets of its operations, and in all interactions with its stakeholders, including the shareholders, employees, customers, vendors and the society at large. During the year under review, the Board of Directors continued its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies, prudent business plans, monitoring of the major risks of the company's business and ensuring that the company pursues policies and procedures to satisfy its legal and ethical responsibilities.

Dynacons believes that all its operations and actions must serve the underlying goal of long term value creation for its shareholders and its investors.

### 2. BOARD OF DIRECTORS

#### Composition and category

The present strength of Board of Directors is **SIX**. The Board of Directors of your Company presently comprise of an Executive Chairman and Managing Director, two Executive Directors and Three Non Executive Directors. All the Three Non Executive Directors are Independent Directors. The Non Executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment in the deliberations and decisions of the Board.

The Company has an executive Chairman and the number of Independent Directors is one-half of the total number of Directors. The Company, therefore, meets with the requirements of clause 49(1) (A) of the Listing Agreement with the stock exchanges.

The composition of the Board of Directors and also the number of other Board of Directors of which he is a member/ Chairperson are as under:

Name of Director	Category of Directorship	Attendance at last AGM	No. of Board Meetings Attended	No. of other Directorship	No. of Membership of other Board Committee
Mr. Shirish M. Anjaria	Chairman and Managing Director	Yes	9	-	-
Mr. Parag J. Dalal	Executive Director	Yes	9	-	-
Mr. Dharmesh S. Anjaria	Executive Director	Yes	9	-	-
Mr. Mukesh P. Shah	Independent Non Executive	Yes	5	-	-
Mr. Dilip P. Palicha	Independent Non Executive	Yes	6	-	-
Mr. Viren Shah	Independent Non Executive	No	6	-	-

The Number of Directorships and the positions held on Board Committees by the Directors are in conformity with the limits on the number of Directorships and Board committee positions as laid down in the Companies Act, 1956 and the Listing Agreement.

Nine Board Meetings were held during the year 2008-09. The dates on which the Board Meetings were held are as follows:

April 26, 2008, June 30, 2008, July 29, 2008, July 31, 2008, September 02, 2008, October 25, 2008, January 28, 2009, February 03, 2009 and March 05, 2009

The Board Meetings are held at the Registered Office of the Company. The agenda along with the explanatory notes are sent in advance to the directors. Additional meetings of the Board are held when deemed necessary by the Board.

Brief Resume of the Director who is being appointed or re-appointed at the ensuing Annual General Meeting, nature of his expertise in specific functional areas and names of the companies in which he holds Directorship and Membership/ Chairmanship of the Board Committees are provided below

Name of Director	Mr. Viren Shah
Age	42
Date of Appointment on the Board	March 20,2001
Qualifications	Advance Post Graduate in Computer and Systems management. Certificate in Oracle/ SQL & RDBMS Concepts.
Expertise	Wide experience across a variety of industries & expertise in Systems Analysis, Design & Administration.
Directorships held in other Public Companies (excluding Foreign and Private Companies)	-
Memberships/Chairmanships of Committees	-

### 3. AUDIT COMMITTEE

The Company complies with the provisions of Section 292A of the Companies Act, 1956, as well as the listing agreement pertaining to the Audit Committee and its functioning. The members of the Audit Committee and their attendance at committee meetings is as under,

Name of The Director	Category	No. of Meetings attended
Mr. Mukesh Shah	Non-Executive & Independent Director	4
Mr. Dilip Palicha	Non-Executive & Independent Director	3
Mr. Viren Shah	Non-Executive & Independent Director	3

The committee is chaired by Mr. Mukesh Shah, Chartered Accountant. All the members of the committee are Non-Executive Directors having knowledge of finance, accounts and Company law. Company Secretary of the company acted as the Secretary to the Audit Committee.

The Audit Committee met four times during the financial year 2008-09 on the following dates: June 30, 2008, July 29, 2008, October 25, 2008, January 28, 2009.

The terms of reference of the Audit Committee includes:-

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the quarterly / annual financial statements before submission to the Board focusing primarily on the following:
  - § Matters required to be included in the Director's Responsibility Statement.
  - § Any change in accounting policies and practices.
  - § Major accounting entries based on exercise of judgment by management.
  - § Significant adjustment arising out of audit.
  - § Compliance with accounting standards.
  - § Compliance with listing and other legal requirements relating to financial statements.
  - § Qualification in draft audit report.

- Any related party transaction, i.e., transaction of the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of Company at large.
- Reviewing with the management, statutory and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the finding of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity of a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.

#### **4. REMUNERATION COMMITTEE**

##### **Brief description of terms of reference**

- To approve the annual Remuneration of the Directors and Employees of the Company.
- To review the performance of the Chairman and Managing Director and the Wholetime Directors after considering the company's performance.
- To review, assess and recommend the remuneration of the Chairman and Managing Director and the Wholetime Directors

The Remuneration Committee consists of Non Executive Directors with the Chairman being an Independent Director. The members of the Remuneration Committee are Mr. Mukesh Shah, Mr. Viren Shah and Mr. Dilip Palicha. The committee is chaired by Mr. Viren Shah. The Remuneration committee met twice during the year. Company Secretary of the Company acted as the Secretary to the Remuneration Committee.

##### **Remuneration Policy**

Remuneration of employees largely consists of basic remuneration and performance incentives. The Company while deciding the remuneration package takes into consideration the employment scenario, remuneration package of the industry and the remuneration package of other Industries. The annual variable pay of Senior Managers is linked to the performance of the Company and their individual performance for the relevant year measured against specific Key Result Areas, which are aligned to the Company's objectives.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organization and record merit. The Remuneration of the Executive Directors is decided by the Remuneration Committee based on criteria such as industry benchmarks, the company's performance vis-à-vis the industry performance, track record of the Executive Directors.

##### **Details of Remuneration to all the Directors for the year ended March 31, 2009**

<b>Name of Director</b>	<b>Position</b>	<b>Salary</b>
Mr. Shirish Anjaria	Chairman & Managing Director	Rs. 9,60,000/-
Mr. Parag Dalal	Wholetime Director	Rs. 7,80,000/-
Mr. Dharmesh S. Anjaria	Wholetime Director	Rs. 7,80,000/-

The Company has not issued any Stock options to the Executive Directors. The Non-Executive Directors of the Company have disclosed that they do not hold any Equity Shares of the Company. There has been no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company during the year under review.

## 5. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

### Functions

The Shareholders Committee is chaired by Mr. Dilip Palicha. The Company Secretary of the Company is the Compliance Officer of the Company. The composition of the committee and details of the meetings attended by the Directors are given below :

Name of the Director	Category	No. of Meetings attended
Mr. Dilip Palicha	Non-Executive & Independent Director	4
Mr. Viren Shah	Non-Executive & Independent Director	4
Mr. Mukesh Shah	Non-Executive & Independent Director	2

The committee meets at frequent intervals, to approve inter-alia, transfer/ transmission of Equity shares, issue of duplicate share certificate and reviews the status of investors' grievances and redressed mechanism and recommend measures to improve the level of investor services. Details of share transfer / transmission approved by the committee are placed at the Board meetings from time to time. Company Secretary of the Company acted as the Secretary to the Shareholders / Investor Grievance Committee.

During the year under review, 7 complaints were received from shareholders/investors which were replied/resolved to the satisfaction of the investors. Of the above, the complaints outstanding as on March 31, 2009 were Nil. The number of pending share transfers as on March 31, 2009, were Nil.

## 6. REPORT ON CORPORATE GOVERNANCE

The quarterly compliance report has been submitted to the Stock Exchanges where the Companies equity shares are listed in the requisite format duly signed by the Compliance Officer.

## 7. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as under :-

- .. **13<sup>th</sup> AGM** : September 30, 2008 at 12.00 noon at Karl Residency, 36/38, Lallubhai Park Road, Andheri (W), Mumbai -400058.  
Number of Special Resolutions passed : None
- .. **12<sup>th</sup> AGM** : September 27, 2007 at 12.00 noon at Karl Residency, 36/38, Lallubhai Park Road, Andheri (W), Mumbai -400058.  
Number of Special Resolutions passed : None
- .. **11<sup>th</sup> AGM** : September 27, 2006 at 12.00 noon at Karl Residency, 36/38, Lallubhai Park Road, Andheri (W), Mumbai -400058.  
Number of Special Resolutions passed: None

## 8. CODE OF CONDUCT

The Board of Directors has laid down Code of conduct for all Board Members and Senior Management of the Company. The copies of Code of Conduct as applicable to the Executive Director (including Senior Management of the Company) and Non Executive Directors are uploaded on the website of the Company – [www.dynacons.com](http://www.dynacons.com)

## 9. DISCLOSURES

- a) Materially significant related party transactions i.e. transactions of the company of material nature with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large : **None**
- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : **NIL**
- c) A qualified Practicing Company Secretary carried out a Secretarial Audit reconcile , the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) and the 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 and CDSL.
- d) The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically as per guidelines of SEBI / Stock Exchange.
- e) The Company has established a mechanism called "Whistle Blower Policy" for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. No person has been denied access to the Audit Committee.
- g) During the financial year 2008-09, the Company did not raise any proceeds through Public Issue, Right Issue and/or Preferential Issue.

## 10. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are widely published in Leading newspapers and local language newspapers. After adoptions by the Board of Directors in their Board Meeting the financial results, presentations and official news releases are posted on the company's website: [www.dynacons.com](http://www.dynacons.com). The Management Discussion and Analysis Report is a part of the Annual Report for the year.

## 11. GENERAL SHAREHOLDER INFORMATION

### 11.1 Annual General Meeting :-

- Date and Time	September 30, 2009 at 12:00 noon
- Venue	Hotel Karl Residency, 36, Lallubhai Park Road, Andheri (West), Mumbai 400058.

### 11.2 Financial Calendar: -

**April'08- March'09**

Financial Reporting for quarter ending: -

- June 30	End July
- September 30	End October
- December 31	End January
- March 31	End April
- Annual Results	End August

**11.3 Book Closure Date** September 25, 2009 to September 30, 2009. (Both days inclusive)

**11.4 Dividend Payment Date** N.A.

**11.5** (a) Listing of Equity Shares on Stock Exchanges at :

Name	Code Nos.
The Bombay Stock Exchange Ltd., Mumbai	532365
The National Stock Exchange of India Ltd.	DYNACONS

(b) Listing of Global Depository Receipts N. A.

(c) Demat ISIN numbers in NSDL & CDSL INE417B01024

(d) Annual listing fees for the year 2008-09 have been duly paid to all the above Stock Exchanges.

11.6 Stock Market Data	Bombay Stock Exchange (BSE) (in Rs.)		National Stock Exchange (NSE) (in Rs.)	
	Month's high price	Month's low price	Month's high price	Month's low price
April 2008	1.20	0.98	1.25	0.95
May 2008	1.22	0.87	1.25	0.85
June 2008	1.00	0.71	1.00	0.65
July 2008	0.81	0.62	0.85	0.60
Aug. 2008	0.87	0.68	0.85	0.70
Sep. 2008	0.85	0.56	0.85	0.60
Oct. 2008	0.66	0.40	0.65	0.40
Nov. 2008	0.51	0.40	0.55	0.40
Dec. 2008	0.52	0.37	0.55	0.40
Jan. 2009	0.52	0.34	0.55	0.35
Feb. 2009	0.61	0.36	0.70	0.35

**11.7 Registrar and transfer Agents :**

**Bigshare Services Pvt. Ltd.**  
SEBI Regn. No. INR 00001385  
E-2, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka,  
Andheri (E), Mumbai- 400 072  
Tel : 28470652/3  
Fax: 28475207

**11.8 Share Transfer System**

The Company's shares are traded on the Stock Exchanges compulsorily in Demat mode. Shares in physical mode which are lodged for transfer at Share Transfer Agent are processed and subject to exercise of option under compulsory transfer-cum-demat procedures. Share Certificates are either dematted or returned within the time prescribed by the authorities. The Share related information is available on-line.

**11.9 Distribution of Shareholding as on March 31, 2009**

No of Equity Shares	No of Folios	%	Total Holding in Rs.	%
1-5000	10535	60.10	21907128	7.40
5001-10000	3443	19.64	29515282	9.97
10001-20000	1919	10.95	33637562	11.35
20001-30000	482	2.75	12534072	4.23
30001-40000	371	2.11	14149200	4.78
40001-50000	180	1.03	8560532	2.89
50001-100000	335	1.91	24375956	8.23
100001 & above	265	1.51	151474268	51.15
<b>Total</b>	<b>17530</b>		<b>296154000</b>	

**11.10**

**Shareholding of Directors**

Sr.No.	Name of Directors	No. of Shares	Percentage (%)
1	Mr. Shirish Anjaria	8788000	5.93
2	Mr. Dharmesh Anjaria	8779500	5.93
3	Mr. Parag Dalal	8680000	5.86

**11.11 Dematerialization of Shares as on March 31,2009**

Total No. of shares	Shares in physical form	Percentage %	Shares in demat form	Percentage %
148077000	30266400	20.44	1178010600	79.56

**11.12 Shareholding Pattern as on March 31, 2009**

Category	No of Shares held	Percentage of Shareholding
Indian Promoters	39794500	26.87%
Private Corporate Bodies	16722969	11.29%
Indian Public	89667031	60.56%
NRIs/OCBs	1630644	1.10%
Trust	40000	0.03%
Transit	221856	0.15%
<b>Total</b>	<b>148077000</b>	<b>100.00%</b>

**11.13 Outstanding GDRs / ADRs** : **N .A**

**11.14 Compliance Officer** : **Mr. Ravishankar Singh**

**11.15 Address for Investor Correspondence** : 78, Ratnajyot Ind. Estate,  
Irla Lane, Vile Parle (west),  
Mumbai – 400 056

**11.16 Corporate Ethics:**

The consistent endeavor of Dynacons Systems & Solutions Ltd is to enhance the reputation of the Company and irrespective of the goals to be achieved, the means are as important as the end. The Company has adopted "the Code of Conduct for prevention of Insider Trading", which contains policies prohibiting insider trading. As per SEBI / Stock Exchanges Guidelines, the Company has also promulgated Code of Conduct to be followed by Directors and Management.

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL  
WITH THE COMPANY'S CODE OF CONDUCT**

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the Company – [www.dynacons.com](http://www.dynacons.com)

Further certified that the Members of the Board of Director and Senior Management personnel have affirmed having complied with the Code applicable to them during the year ended March 31, 2009

**Shirish Anjaria**  
Chairman & Managing Director

Mumbai, August 20, 2009

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**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

The Board of Directors  
**Dynacons Systems & Solutions Ltd.**  
Mumbai.

We have examined the compliance of the conditions of Corporate Governance by Dynacons Systems & Solutions Limited for the year ended 31<sup>st</sup> March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. 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 & according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **SONI PALAN & ASSOCIATES**  
**Chartered Accountants**

**C. K. Palan**  
Partner  
Membership No. : 100741

Place : Mumbai  
Dated : August 20, 2009.

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# DYNACONS

SYSTEMS & SOLUTIONS LTD.

August 20, 2009

The Board of Directors  
Dynacons Systems & Sv

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**AUDITOR'S REPORT  
TO THE MEMBERS OF DYNACONS SYSTEMS & SOLUTIONS LIMITED**

We have audited the attached Balance Sheet of **DYNACONS SYSTEMS & SOLUTIONS LIMITED** as at 31<sup>st</sup> March, 2009, the related Profit and Loss Account and the Cash Flow statement 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.

1. 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 statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as considered appropriate and according to the information and explanations given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that :
  - a) We have 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 appears from our examination of those books.
  - c) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report are prepared in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - d) The Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of account.
  - e) On the basis of written representations received from the directors of the company, as on March 31, 2009, 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 terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 and
  - f) In our opinion and to the best of our information and according to the explanations given to us, 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:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
    - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **SONI PALAN & ASSOCIATES**  
**Chartered Accountants**

**C. K. PALAN**  
Partner  
Membership No: 100741

Place : Mumbai  
Dated : August 20, 2009

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF  
DYNACONS SYSTEMS & SOLUTIONS LIMITED  
ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009**  
(Referred to in paragraph (2) of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The company has a regular programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the company and the nature of its fixed assets. In accordance with such programme, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification.  
  
(c) The Company has not disposed of any substantial part of its fixed assets so as to affect the going concern assumption.
2. (a) As explained to us, the stocks of equipment and components/spares for maintenance and resale have been verified by the management during the year at reasonable intervals. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable.  
  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
  
(c) In our opinion, the Company has maintained proper inventory records. The discrepancies noticed between the physical stocks and book records were not material and the same have been properly dealt with in the books of account.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of sub-clauses (b), (c), (d), (e), (f) and (g) of clause 4(iii) of the order are not applicable to the Company.
4. 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 for the purchase of inventory, fixed assets and for the sale of goods and services.
5. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956, have been so entered.  
  
(b) On the basis of our examination of the books of account, the Company has not entered into any transactions exceeding Rs. 5 Lacs in respect of any party during the financial year that needs to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Section 58A and 58AA of the Companies Act, 1956, and the rules framed there under are not applicable.
7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.

9. According to the information and explanations given to us and records of the Company examined by us in our opinion :
- The Company is generally regular in depositing the undisputed statutory dues including provident fund, income tax, sales tax as applicable with the appropriate authorities during the year.
  - There are no undisputed dues payable in respect of income tax, wealth tax, sales tax and customs duty and cess which have remained outstanding as at 31 March 2009 for a period of more than six months from the date they became payable.
  - The particulars of income tax as at March 31, 2009 which have not been deposited on account of a dispute pending are as under :

Particulars	Fin.Year	Forum where dispute is pending	Amount (Rs.)
Income Tax	2003-04	Commissioner of Income Tax (Appeals)	3,42,123
Income Tax	2002-03	Income Tax Appellate Tribunal	3,13,128
Income Tax	2002-03	Commissioner of Income Tax (Appeals)	31,240

- The Company does not have any accumulated losses and has not incurred any cash losses during the current financial year and the immediately preceding financial year.
- Based on the examination of the books of account and related records and according to the information and explanations provided to us, the Company has not defaulted in repayment of dues to the banks and financial Institutions.
- The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The Company is not a chit fund, nidhi, mutual benefit fund or a society.
- In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003, are not applicable to the Company.
- According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or Financial Institutions.
- According to the information and explanations given to us, the working capital term loans raised during the year were used for the purpose for which they were raised.
- Based on the examination of the books of account and related records and according to the information and explanations provided to us, the Company has not utilized funds raised on short-term basis for long term investment and vice versa.
- The Company has not made any preferential allotment of shares during the year.
- During the year covered by our audit report the Company has not issued any debentures.
- The Company has not raised any money by public issues during the year.
- According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **SONI PALAN & ASSOCIATES**  
Chartered Accountants

**C. K. PALAN**  
Partner  
Membership No: 100741

Place : Mumbai  
Dated : August 20, 2009

**Balance Sheet As On March 31, 2009**

	SCHEDULE	As on March 31, 2009 Rs.	As on March 31, 2008 Rs.
<b>I. SOURCES OF FUNDS:</b>			
<b>1. SHAREHOLDER'S FUNDS:</b>			
a) Capital	1	296,923,500	296,923,500
b) Reserves and Surplus	2	50,433,767	47,239,603
<b>2. LOAN FUNDS:</b>			
a) Secured Loans	3	85,371,881	9,417,895
b) Unsecured Loans	4	-	29,825,305
<b>3. DEFERRED TAX LIABILITY (Net)</b>		13,540,890	12,708,653
Total (Rs)		<u>446,270,038</u>	<u>396,114,956</u>
<b>II. APPLICATION OF FUNDS:</b>			
<b>1. FIXED ASSETS</b>			
	5		
a) Gross Block		160,215,740	135,617,055
b) Depreciation		38,575,414	29,079,251
c) Net Block		<u>121,640,326</u>	<u>106,537,804</u>
d) Capital Work-in-progress and Advances		90,200,000	102,250,000
<b>2. INVESTMENTS</b>	6	50,811,250	50,111,250
<b>3. CURRENT ASSETS, LOANS AND ADVANCES:</b>			
a) Inventories	7	59,565,456	30,055,425
b) Sundry Debtors	8	102,367,238	95,400,561
c) Cash and Bank Balances	9	19,368,960	1,497,271
d) Loans and Advances	10	21,251,815	23,069,264
		<u>202,553,470</u>	<u>150,022,520</u>
<b>Less: CURRENT LIABILITIES AND PROVISIONS:</b>	11		
a) Current Liabilities		18,587,039	12,492,980
b) Provisions		347,969	313,638
		<u>18,935,008</u>	<u>12,806,618</u>
Net Current Assets		183,618,462	137,215,902
Total (Rs)		<u>446,270,038</u>	<u>396,114,956</u>
Notes forming part of Accounts	16		

As per our report of even date

For and on behalf of the Board

For **Soni Palan & Associates**  
Chartered Accountants

**Shirish Anjaria**  
Chairman and Managing Director

**C. K. Palan**  
Partner  
Membership No: 100741

**Parag Dalal**  
Executive Director

**Dharmesh Anjaria**  
Executive Director

Dated : August 20, 2009

### Profit and Loss Account for the period ended March 31, 2009

	SCHEDULE	2009 Rs.	2008 Rs.
<b>INCOME:</b>			
Sales of Hardware, Software, Development & Services		385,656,395	431,420,931
Other Income	12	281,000	209,228
	T otal (Rs)	385,937,395	431,630,159
<b>EXPENDITURE:</b>			
Cost of Sales & Development	13	333,565,285	385,555,634
Operating & Establishment Expenses	14	24,103,656	19,830,722
Interest	15	8,736,605	6,510,695
Depreciation		14,308,864	14,677,348
	T otal (Rs)	380,714,410	426,574,399
<b>PROFIT BEFORE TAXATION</b>		5,222,985	5,055,760
Provision for Taxation			
a) Curr ent Tax		815,000	887,400
b) Def erred Tax		832,236	895,890
c) Fringe B enefit Tax		177,697	142,604
<b>PROFIT FOR THE YEAR</b>		3,398,052	3,129,865
Add : Balance of earlier year		44,545,271	41,415,405
Profit available for Appropriation		47,943,322	44,545,271
Less : Short Provision for Taxation for earlier years		203,888	-
<b>BALANCE CARRIED TO BALANCE SHEET</b>		47,739,435	44,545,271
Earning Per Share ( Face Value Rs 2)		0.02	0.02
Notes forming part of Accounts	16		

As per our report of even date

For and on behalf of the Board

For **Soni Palan & Associates**  
Chartered Accountants

**Shirish Anjaria**  
Chairman and Managing Director

**C. K. Palan**  
Partner  
Membership No: 100741

**Parag Dalal**  
Executive Director

**Dharmesh Anjaria**  
Executive Director

Mumbai : August 20, 2009

**Schedules forming part of Balance Sheet as on March 31,2009**

	<b>2009 Rs.</b>	<b>2008 Rs.</b>
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
150,000,000 Equity shares of Rs. 2/- each	<u>300,000,000</u>	<u>300,000,000</u>
<b>Issued, Subscribed and paid up:</b>		
148,077,000 Equity shares of Rs. 2/- each.	296,154,000	296,154,000
Share Forfeiture Account (Amount originally paid up)	769,500	769,500
Total (Rs)	<u>296,923,500</u>	<u>296,923,500</u>
Notes :		
<i>Of the above shares, 74,038,500 shares are allotted as fully paid up by way of bonus shares from share premium account</i>		
<i>Of the above, 4,337,500 Equity Shares of Rs 2 each fully paid have been allotted pursuant to a contract without payment being received in cash</i>		
<b>SCHEDULE 2: RESERVES AND SURPLUS</b>		
1. Share Premium	2,694,332	2,694,332
2. Profit & Loss Account	47,739,435	44,545,271
Total (Rs)	<u>50,433,767</u>	<u>47,239,603</u>
<b>SCHEDULE 3 : SECURED LOANS</b>		
Working Capital facilities with Banks	64,254,785	7,397,029
Bill Discounting facilities with Banks (Secured against hypothecation of inventories, book debts & deposits and personal guarantees of some of the Directors)	19,940,712	-
Vehicle Loans (Secured against hypothecation of Motor Vehicles)	1,176,385	2,020,865
Total (Rs)	<u>85,371,881</u>	<u>9,417,895</u>
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
Short Term Loan From Banks (Guaranteed by Personal Guarantees of Directors)	-	29,825,305
Total (Rs)	<u>-</u>	<u>29,825,305</u>

## Schedules forming part of Balance Sheet as on March 31, 2009

	2009				2008					
	Rs.				Rs.					
Particulars	Gross Block			Depreciation				Net Block		
	As on 1-Apr-08	Additions	Deductions	As on 31-Mar-09	Up to 31-Mar-08	For the Year	Deductions	Up to 31-Mar-09	As on 31-Mar-09	As on 31-Mar-08
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>TANGIBLES</b>										
Premises	46,200,000	13,850,000	-	60,050,000	-	-	-	-	60,050,000	46,200,000
Computers	75,817,598	16,877,200	6,175,625	86,519,173	26,014,018	13,040,063	4,812,701	34,241,380	52,277,793	49,803,580
Office Equipment	683,135	25,030	-	708,165	159,182	32,644	-	191,826	516,338	523,953
Furniture & Fixtures	1,070,759	22,080	-	1,092,839	577,240	68,554	-	645,794	447,045	493,519
Motor Car	3,390,563	-	-	3,390,563	637,811	322,103	-	959,914	2,430,649	2,752,752
<b>INTANGIBLES</b>										
Software Dev.Exp.	8,455,000	-	-	8,455,000	1,691,000	845,500	-	2,536,500	5,918,500	6,764,000
Total Rs.	135,617,055	30,774,310	6,175,625	160,215,740	29,079,251	14,308,864	4,812,701	38,575,414	121,640,326	106,537,804
Previous Year	165,812,131	19,692,624	49,887,700	135,617,055	32,653,368	14,677,348	18,251,465	29,079,251	106,537,804	133,158,763

## SCHEDULE 6: INVESTMENTS

## LONG TERM (AT COST)

## TRADE (UNQUOTED)

Kapol Co-op Bank Ltd

5,000 Equity Shares of Rs. 10 each

51,250

51,250

Ganpati Intradex Pvt Ltd

50,00,000 Equity Shares of Rs. 10 each

50,000,000

50,000,000

Noon Infosolutions Pvt Ltd

70,000 Equity Shares of Rs. 10 each

700,000

-

50,751,25050,051,250

## NON-TRADE (QUOTED)

Dena Bank

2,000 ( PY. 2,000 ) Equity Shares of Rs. 10 each

60,000

60,000

*(Aggregate Market Value of Quoted Investments Rs 64,800)**(Previous Year Rs. 101,700)*60,00060,000

Total (Rs)

50,811,25050,111,250

## SCHEDULE 7: INVENTORIES

*(As taken, valued and certified by the Management at lower of cost or net realisable value)*

Finished Goods

59,565,456

30,055,425

Total (Rs)

59,565,45630,055,425

**Schedules forming part of Balance Sheet as on March 31, 2009**

	2009 Rs	2008 Rs
<b>SCHEDULE 8 : SUNDRY DEBTORS</b>		
<i>(Unsecured ,Considered good)</i>		
Outstanding for a period exceeding six months	10,832,158	8,217,382
Others	91,535,080	87,183,178
Total (Rs)	<u>102,367,238</u>	<u>95,400,561</u>
<b>SCHEDULE 9: CASH AND BANK BALANCES</b>		
Cash on hand	1,359,145	1,126,722
Balance with Banks in Current Account:		
- with Scheduled Banks	107,455	86,202
Balance with Banks in Fixed Deposits		
- with Scheduled Banks	17,902,360	284,347
Total (Rs)	<u>19,368,960</u>	<u>1,497,271</u>
<b>SCHEDULE 10: LOANS AND ADVANCES</b>		
<i>(Unsecured, Considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	20,247,461	21,446,366
Advance Income tax and tex deducted at source <i>(Net of Provision for tax Rs. 4,627,150 (Previous year Rs. 3,976,150) and Fringe Benefit tax Rs.33,923 (Previous year Rs. 33,421)</i>	1,004,354	1,622,898
Total (Rs)	<u>21,251,815</u>	<u>23,069,264</u>
<b>SCHEDULE 11: CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
- Micro and Small Enterprises (see note No. II/8)	-	-
- Others	12,579,525	8,071,026
Outstanding Expenses	6,007,514	4,421,954
Total (Rs)	<u>18,587,039</u>	<u>12,492,980</u>
<b>PROVISIONS</b>		
Provision for employee benefits	347,969	313,638
Total (Rs)	<u>347,969</u>	<u>313,638</u>
<b>SCHEDULE 12: OTHER INCOME</b>		
Dividend Received from Trade Investments	5000	-
Miscellaneous Income	276,000	209,228
Total (Rs)	<u>281,000</u>	<u>209,228</u>

### Schedules forming part of Balance Sheet as on March 31,2009

	2009 Rs.	2008 Rs.
<b>SCHEDULE 13: COST OF SALES &amp; DEVELOPMENT</b>		
Opening Stock	30,055,425	25,837 ,495
Add : Purchases & Development Costs	363,075,316	389,773,564
	<u>393,130,741</u>	<u>415,611,059</u>
Less :Closing Stock	59,565,456	30,055,425
Total (Rs)	<u><u>333,565,285</u></u>	<u><u>38,555,634</u></u>
<b>SCHEDULE 14: OPERATING &amp; ESTABLISHMENT EXPENSES</b>		
Salaries	11,924,947	9,969,191
Contribution to Staff Providend Fund	135,568	175,684
Staff Welfare Expenses	548,439	314,590
Directors Remuneration	2,520,000	1,890,000
Conveyance and Travelling Expenses	909,070	784,876
Motor Car Expenses	336,888	337,598
Printing and Stationary Expenses	219,002	195,260
Legal and Professional charges	1,148,722	891,251
Communication Expenses	820,733	685,754
Auditors Remuneration	240,000	150,000
Rent	198,580	163,300
Rates & Taxes	44,454	101,400
Repairs & Maintenance - Building	75,000	108,240
- Others	176,563	197,674
Sales Promotion Expenses	365,543	180,837
Miscellaneous Expenses	324,942	936,161
Loss on sale/write-off of Assets	1,315,574	35,235
Discount Allowed	22,204	186,839
Bank charges	1,342,152	791,554
Transportation Expenses	802,697	1,022,413
Electricity Expenses	500,868	542,267
Membership and Subscriptions	59,541	32,176
Insurance Charges	72,170	138,421
Total (Rs)	<u><u>24,103,656</u></u>	<u><u>19,830,722</u></u>
<b>SCHEDULE 15: INTEREST</b>		
<b>Interest expenses</b>		
On Fixed Loans	191,808	262,980
On Others	8,599,385	6,284,057
	<u>8,791,193</u>	<u>6,547,037</u>
<b>Less : Interest earned</b>		
Interest Received (Gross)	54,588	36,342
(Tax deducted at Source Rs. 8,804- (P.Y. Rs.19655/-))		
Total (Rs)	<u><u>8,736,605</u></u>	<u><u>6,510,695</u></u>

**Schedules forming part of Balance Sheet as on March 31, 2009**

**Schedule 16 : NOTES TO ACCOUNTS**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

**Company Overview**

Dynacons Systems & Solutions Ltd. is an IT solutions company with global perspectives and is engaged in providing a comprehensive range of end-to-end solutions to customers. Dynacons has the technical expertise and the service delivery infrastructure to serve Customers at a level of quality consistent with their expectations. Dynacons helps in the selection of the right technology and application that will yield the greatest return and build a business case for implementation based on lower Total cost of ownership and higher performance.

**I. SIGNIFICANT ACCOUNTING POLICIES :**

**1. Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles, provisions of the Companies Act, 1956 and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules 2006, as adopted consistently by the company.

**2. Use of Estimates**

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provision for doubtful debts, provision for income tax, accounting for contract costs expected to be incurred to complete software development and the useful lives of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from such estimates.

**3. Revenue Recognition**

Revenue relating to equipment supplied is recognized on delivery to the customers and acknowledgement thereof, in accordance with the terms of the individual contracts. Revenue from software development on time-and-material basis is recognised based on software developed and billed to clients as per the terms of specific contracts. In the case of fixed-price contracts, revenue is recognised based on the completion method. Revenue from the sale of software products is recognised when the sale has been completed and the title has been passed to the client. Revenue from Annual Maintenance Contracts and consultancy services are accounted for on actual billing.

**4. Expenditure Recognition**

Expenses are accounted on the accrual basis and provisions for all known losses and liabilities are made. Provisions are made for future unforeseeable factors, which may affect the ultimate profit on fixed price software development contracts. Expenses on software development on time-and-material basis are accounted for in the year in which it is expended. Expenses incurred for future software projects are carried forward and will be adjusted against revenue, based on the completion method. In case of new products, which are clearly defined and the costs are attributable to the products, such costs are deferred and amortized equally over a period of three to five years based on Management's evaluation of expected sales volumes and duration of the product life cycle.

**5. Research & Development Expenditure**

Revenue expenditure incurred on research is charged to revenue in the year it is incurred. Assets used for research are included in Fixed Assets. Development Expenditure are capitalized only if future economic benefits are expected to flow.

**6. Fixed Assets & Intangible Assets**

Fixed Assets are stated at their cost less accumulated depreciation. Fixed assets are capitalised at the cost of acquisition including all expenses directly attributable to bringing the asset to its working condition for intended use. Capital Work-in-Progress includes advances paid to acquire fixed assets and no depreciation has been calculated on the same. Fixed Assets which are not in active use and scrapped, due to technological obsolescence or otherwise, are written off. Intangible Assets are recorded at the consideration paid for their acquisition. Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use.

**7. Depreciation**

Depreciation on Fixed Assets is provided using the straight-line method at the rates provided and in the manners specified in Schedule XIV of the Companies Act, 1956. Depreciation on assets purchased/sold during the year has been provided on pro rata basis. Individual assets costing less than Rs. 5,000/- are depreciated in full in the year of purchase. Intangible assets are amortized on a straight-line basis over their respective individual estimated useful lives, generally not exceeding ten years.

**8. Inventories**

Inventories are valued at the lower of the historic cost and the net realizable value. A periodic review is made of slow-moving stock and appropriate provisions are made for anticipated losses, if any. Cost is determined using the first-in first-out method.

**9. Investments**

Trade investments are the investments made to enhance the company's business interests. Investments being long term in nature are carried at cost, and provision is made to recognise any decline, other than temporary, in the value of such investment. Earnings from investments are accounted for on an accrual basis.

**10. Foreign Currency transactions**

Sales and Expenditure in foreign currency are accounted at the exchange rate prevalent as of the date of the respective transactions. The exchange differences, if any, arising on foreign currency transactions are recognized as income or expense in the year in which they arise. Current Assets and Current Liabilities denominated in foreign currency are translated at the exchange rate prevalent as at the date of the Balance Sheet. The resulting difference is also recorded in the Profit and Loss Account.

**11. Retirement Benefits to employees****i. Post-employment benefit plans****Defined contribution plan**

Payment to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**Defined Benefit plan**

For defined benefit schemes, the cost of providing benefits is determined using Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the profit & loss account for the period in which they occur. Past service cost is recognized to the extent the benefits are already vested, and otherwise is amortized on a Straight-Line method over the average period until the benefits become vested. The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligations as adjusted for unrecognized past service cost.

**ii. Short-term employee benefits**

The undiscounted amount of short term employee benefits expected to be paid in exchange of services rendered by employees is recognized during the period when the employee renders the service. These benefits include performance incentives, paid annual leave, medical allowance, etc.

## 12. Income Tax

The tax expense for the year comprises of Current Tax and Deferred Tax. Current Taxes are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, subject to the consideration of prudence. Deferred tax assets and liabilities are measured using the tax rates enacted or substantively enacted by the balance sheet date.

Consequent to the introduction of Fringe Benefits Tax ('FBT') effective 1 April, 2005 in accordance with the guidance note on accounting for FBT issued by the Institute of Chartered Accountants of India, the Company has made a provision of FBT

## 13. Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## 14. Impairment

At each Balance Sheet date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and the value in use. In assessing the value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to the present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognized immediately as income in the profit and loss account.

## 15. Leases

### Operating Lease

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease charges are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

### Finance Lease

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. The lower of fair value of asset and present value of minimum lease rentals is capitalized as fixed assets with corresponding amount shown as lease liability. The principle component in the lease rentals is adjusted against the lease liability and interest component is charged to profit and loss account.

## 16. Earnings per share

The earnings considered in ascertaining the Company's EPS comprises the Net Profit after Tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

## II. NOTES TO ACCOUNTS :

### 1. Contingent Liabilities

- a) Claims against the Company not acknowledged as debts:  
Income Tax demands Rs. 686,491/- (previous year Rs 686,491/-). Against this, the Company has deposited a sum of Rs 60,000 under protest. No provision is necessary since the Company expects favourable decisions.
- b) Guarantees given by the company's bankers Rs. 34,74,285/- (previous year Rs 868,041/-)

### 2. Managerial Remuneration

Managerial Remuneration paid to Managing Director and Whole-time Directors is in accordance with the limits prescribed under Section 198 and Section 309 of the Companies Act, 1956

	2009	2008
Salary	Rs.2,520,000	Rs. 1,890,000

**3. Expenditure in Foreign Currency**

	2009	2008
Travelling Expenses	Rs. 117,835	Rs. 123,956

**4. Auditors Remuneration**

	2009	2008
Audit Fees & Consultancy	Rs. 240,000	Rs. 140,000
Tax Audit Fees	Rs. 10,000	Rs. 10,000

**5. Quantitative Details of Computer Systems, Peripherals and Software Products**

	2009		2008	
	Nos.	Amount(Rs.)	Nos.	Amount(Rs.)
Opening Stock	10376	30,055,425	6754	25,837,495
Purchases	20368	363,075,316	34480	388,764,336
Closing Stock	12232	59,565,456	10376	30,055,425

**6. Disclosures as per Micro, Medium and Small Enterprises Development Act, 2006 (MSMED)**

Particulars	2009 Amount (Rs.)	2008 Amount (Rs.)
a. Amounts payable to suppliers under MSMED (suppliers) as on March 31, 2009		
- Principal	NIL	NIL
- Interest due thereon	NIL	NIL
b. Payments made to suppliers beyond the appointed day during the year		
- Principal	NIL	NIL
- Interest due thereon	NIL	NIL
c. Amount of interest due and payable for delay in payment (which have been paid but beyond the appointed day during the year) but without adding the interest under MSMED	NIL	NIL
d. Amount of interest accrued and remaining unpaid as on 31 March, 2009	NIL	NIL
e. Amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	NIL	NIL

Note: The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises as per MSMED on the basis of information available with the Company.

**7. Segment Information**

The company operates in the single segment of System Integration and Services.

**8. Related Party Disclosures**

a. The names of related parties and the nature of relationship are as under:

S. P. Corporation	Firm in which Wholetime Directors have substantial interest.
Shirish M. Anjaria	Chairman and Managing Director
Parag J. Dalal	Wholetime Director
Dharmesh S. Anjaria	Wholetime Director.
Trigem Infosolutions Limited	Company in which Wholetime Directors have substantial interest

b. The transactions with the related parties are as under:

Party	Nature of Payment	2009	2008
M/s S.P. Corporation	Rent for Premises	Rs. 120,000	Rs. 120,000
M/s S.P. Corporation	Reimbursement of Expenses	Rs. 75,000	Rs. 108,240
Mr. Shirish M. Anjaria	Remuneration	Rs. 960,000	Rs. 750,000
Mr. Parag J. Dalal	Remuneration	Rs. 780,000	Rs. 570,000
Mr. Dharmesh S. Anjaria	Remuneration	Rs. 780,000	Rs. 570,000

**9. Earnings per Share (Basic and Diluted)**

	March 31, 2009	March 31, 2008
Profit after Tax	3,398,052	3,129,865
No of Equity Shares	148,077,000	148,077,000
Earnings Per Share (of paid up Value of Rs 2 each)	0.02	0.02

**10. Deferred Taxation**

The company has made provision for Deferred Taxation as per the requirements of Accounting Standard 22 – Accounting for Taxes on Income.

The break-up of Deferred Tax Assets and Liabilities and the effect on the profit are as under:

Particulars	April 1,2008	Charge/Credit for the current year	March 31,2009
Deferred Tax Liabilities			
- Depreciation	12,708,653	832,237	13,540,890
Total	12,708,653	832,237	13,540,890

**11. Lease Commitments**

**Operating Lease**

The company has taken office premises on lease under cancelable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental payments under such leases are Rs. 198,580 (Previous year Rs. 163,300).

## 12. Retirement Benefit Plans

### Defined Contribution Plan

The Company makes contributions towards provident fund and pension to the Employee's Provident Fund Organisation (Statutory Provident Fund set up by an Act of Parliament). Under the scheme, the Company is required to contribute a specified percentage of salary of the employees to fund the benefit. Contribution made to the Fund during the year, charged to profit and loss are as under:

Particulars	2009	2008
Employer's Contribution to Provident Fund	Rs. 135,568	Rs. 175,684

### Defined benefit plan

#### Gratuity Plan

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method with actuarial valuations being carried out at the balance sheet date.

The following tables set out the status of the gratuity plan and amounts recognized in the Company's financial statements as at March 31, 2009:

Particulars	2009 Amount (Rs.)	2008 Amount (Rs.)
<b>I Assumptions :</b>		
Discount Rate	7.75%	8.00%
Salary escalation rate	4.00%	4.00%
<b>II Table Showing Change in Benefit Obligation :</b>		
Liability at the beginning of the year	231,048	NIL
Interest Cost	NIL	NIL
Current Service Cost	39,693	231,048
Past Service Cost (Non Vested Benefit)	NIL	NIL
Past Service Cost (Vested Benefit)	NIL	NIL
Benefit Paid	NIL	NIL
Balance	270,741	231,048
Actuarial (gain)/loss on obligations	NIL	NIL
Liability at the end of the year	270,741	231,048
<b>III Tables of Fair value of Plan Assets :</b>		
Fair Value of Plan Assets at the beginning of the year	NIL	NIL
Expected Return on Plan Assets	NIL	NIL
Contributions	NIL	NIL
Benefit Paid	NIL	NIL
Balance	NIL	NIL
Actuarial (gain)/loss on Plan Assets	NIL	NIL
Fair Value of Plan Assets at the end of the year	NIL	NIL
Total Actuarial Gain/(Loss) To Be Recognized	NIL	231,048
<b>IV Actual Return on Plan Assets :</b>		
Expected Return on Plan Assets	NIL	NIL
Actuarial (gain)/loss on Plan Assets	NIL	NIL
Actual Return on Plan Assets	NIL	NIL

<b>V</b>	<b>Amount Recognized in the Balance Sheet</b>		
	Liability at the end of the year	270,741	231,048
	Fair Value of Plan Assets at the end of the year	NIL	NIL
	Difference	270,741	231,048
	Unrecognized Past Service Cost	NIL	NIL
	Amount Recognized in the Balance Sheet	270,741	231,048
<b>VI</b>	<b>Expenses Recognized in the Income Statement :</b>		
	Current Service Cost	39,693	231,048
	Interest Cost	NIL	NIL
	Expected Return on Plan Assets	NIL	NIL
	Net Actuarial Gain/(Loss) To Be Recognized	NIL	231,048
	Past Service Cost (Non Vested Benefit) Recognized	NIL	NIL
	Past Service Cost (Vested Benefit) Recognized	NIL	NIL
	Expense Recognized in P& L	39,693	231,048

### 13. Foreign Exchange Exposure:

The company has not entered in any forward contract for hedging or otherwise in respect of foreign currencies during the year, and there are no such contracts outstanding at the end of the year.

As of the Balance Sheet date, the Company has net foreign currency exposure that are not hedged by a derivative instrument or otherwise, amounting to Rs 1,747,226/-.

### 14. Other Notes

- In the opinion of the Board of Directors, Current Assets, Loans and Advance have the value at which these are stated in the Balance Sheet, if realised in the ordinary course of business and the provisions for all known liabilities is adequate and not in excess of or less than the amount reasonably necessary.
- Previous year's figures have been regrouped or rearranged or reclassified wherever necessary.

### SIGNATURES TO THE SCHEDULES 1-15 AND NOTES TO ACCOUNTS 16

As per our report of even date

For **Soni Palan & Associates**  
Chartered Accountants

**C. K. Palan**  
Partner  
Membership No : 100741

For and on behalf of the Board of Directors

**Shirish Anjaria**  
Chairman &  
Managing Director

**Parag Dalal**  
Executive Director

Place : Mumbai  
Date : August 20, 2009

**Dharmesh S. Anjaria**  
Executive director

### Cash Flow Statement for the Year Ended March 31, 2009

Particulars	2009 Rs.	2008 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before Tax and extraordinary items</b>	5,222,985	5,055,760
Add: Depreciation	14,308,864	14,677,348
(Profit)/Loss on sale of Fixed Assets	1,315,574	35,235
Interest paid	8,736,605	6,510,695
Dividend received	(5,000)	-
	<u>24,356,043</u>	<u>21,223,278</u>
<b>Operating profit before working Capital</b>	29,579,028	26,279,037
Changes in current assets and liabilities		
(Increase)/Decrease in Inventories	(29,510,031)	(4,217,930)
(Increase)/Decrease in Trade & Other Receivable	(3,777,770)	5,156,350
Increase/(Decrease) in Current Liabilities & Provision	4,931,806	2,732,184
	<u>(28,355,996)</u>	<u>3,670,603</u>
<b>Cash Generated from Operations</b>	1,223,032	29,949,641
Taxes paid	(1,371,459)	(1,338,075)
<b>Net Cash Flow from operating activities</b>	<u>(148,427)</u>	<u>28,611,566</u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(30,774,310)	(19,692,624)
Capital Work-in-Progress and Advances	12,050,000	(28,700,000)
Dividend Received	5,000	-
Inter Corporate Deposits placed	-	-
Investments	(700,000)	-
Sale of Fixed Assets	47,350	31,601,000
<b>Net Cash Used for Investing Activities</b>	<u>(19,371,960)</u>	<u>(16,791,624)</u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) In Secured/Unsecured Loans	46,128,681	(7,432,193)
Interest Paid	(8,736,605)	(6,510,695)
<b>Net cash From Financing Activities</b>	<u>37,392,076</u>	<u>(13,942,888)</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	17,871,690	(2,122,946)
Cash and Cash Equivalents (Opening Balance)	1,497,270	3,620,216
Cash and Cash Equivalents (Closing Balance)	19,368,959	1,497,270
	<u>(17,871,690)</u>	<u>2,122,946</u>

**For and on behalf of the Board Of Directors**

For **SONI PALAN & ASSOCIATES**  
Chartered Accountants

**Shirish Anjaria**  
Chairman and Managing Director

**C. K. Palan**  
Partner  
Membership No: 100741

**Parag Dalal**  
Executive Director

**Dharmesh Anjaria**  
Executive Director

Mumbai : August 20, 2009

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I Registration Details**

Registration No.	:	L72200MH1995PLC093130
State Code	:	11
Balance Sheet Date	:	March 31, 2009

**II Capital Raised during the year** (*Amount in Rs. Thousands*)

Public Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL

**III Position of Mobilisation and Deployment of Funds** (*Amount in Rs. Thousands*)

Total Liabilities	:	446,270	Total Assets	:	446,270
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**Sources of Funds**

Paid-up Capital	:	296,924
Reserves & Surplus	:	50,434
Secured Loans	:	85,372
Unsecured Loans	:	-
Deferred Tax Liability	:	13,541

**Application of Funds**

Net Fixed Assets	:	211,840
Investments	:	50,811
Net Current Assets	:	183,618
Misc. Expenditure	:	NIL
Accumulated Losses	:	NIL

**IV Performance of Company** (*Amount in Rs. Thousands*)

Turnover	:	385,937
Total Expenditure	:	380,714
Profit/ Loss Before Tax	:	5,223
Profit/ Loss After Tax	:	3,398
Earning Per Share in Rs.	:	0.02
Dividend Rate %	:	NA

**V Generic Names of Three Principal Products/Services of Company** (*as per monetary terms*)

Item Code (ITC Code)	:	847100
Product Description	:	Computer Systems
Item Code No.	:	852400
Product Description	:	Computer Software
Item Code No.	:	847300
Product Description	:	Computer Peripherals

**For and on behalf of the Board**

**Shirish Anjaria**  
*Chairman & Managing Director*

**Parag Dalal**  
*Executive Director*

Mumbai : August 20, 2009

**Dharmesh S. Anjaria**  
*Executive Director*



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