



DYNACONS
SYSTEMS & SOLUTIONS LTD.
AN INTEGRATED IT SOLUTIONS PROVIDER

Concept to Commissioning *and beyond...*

ANNUAL REPORT
2009-2010

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

P. C. Ghadiali & Co.
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



Waverider
Authorized Business Partner



Lenovo
Lenovo Business Partners



Cyberoam
Business Partner

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the shareholders of Dynacons Systems & Solutions Limited will be held on Tuesday, September 28, 2010 at 12.00 Noon at Karl Residency, 36, 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, 2010 and Profit & Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mukesh 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.

Special Business:

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. Shirish M. Anjaria, as Chairman and Managing Director of the Company, for a period of 3 (Three) years with effect from February 1, 2010, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (herein referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED further that the Board be and is hereby authorized to take all such steps as maybe necessary, proper or expedient to give effect to this Resolution."

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. Parag J. Dalal, as Whole-time Director of the Company, designated as Executive Director of the Company, for a period of 3 (Three) years with effect from February 1, 2010, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (herein referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED further that the Board be and is hereby authorized to take all such steps as maybe necessary, proper or expedient to give effect to this Resolution."

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

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. Dharmesh S. Anjaria, as Whole-time Director of the Company, designated as Executive Director of the Company, for a period of 3 (Three) years with effect from February 1, 2010, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting, with liberty to the Board of Directors (herein referred to as "the Board" which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED further that the Board be and is hereby authorized to take all such steps as maybe necessary, proper or expedient to give effect to this Resolution."

By Order of the Board

For DYNACONS SYSTEMS & SOLUTIONS LTD

Shirish M. Anjaria

Chairman & Managing Director

Parag J. Dalal

Executive Director

Date: August 24, 2010

Registered Office

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

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 (the Act), in regard to the business as set out in Item no.4 to 6 above are annexed hereto.
2. 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.
3. 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.
4. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the Meeting.
5. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 22nd day of September, 2010 to Tuesday, the 28th day of September, 2010. (both days inclusive).
7. 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.
8. 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.
9. 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 & 4 to 6 above are annexed hereto.
10. 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.
11. 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.
12. Annual Listing fee for the year 2009-10 has been paid to all stock exchanges wherein shares of the company are listed.
13. 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.
14. 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 24, 2010

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) of the Companies Act, 1956 in respect of item nos. 4, 5 and 6 of the notice as set out herein before is annexed hereto.

Item No 4

The Board of Directors of the Company (the Board), at its meeting, held on January 23, 2010, has subject to the approval of members, re-appointed, Mr. Shirish M. Anjaria as Chairman and Managing Director for a further period of 3 years from the expiry date of his term, on the remuneration determined by the Remuneration Committee of the Board (the Remuneration Committee) at its meeting held on January 23, 2010.

A brief profile of Mr. Shirish M. Anjaria, nature of his expertise in specific functional areas and names of companies in which he holds Directorship and membership/chairmanship of Board Committee's as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are annexed hereto.

The broad particulars of the Remuneration payable to and the terms of re-appointment of Mr. Shirish M. Anjaria are as under:

1. Salary : Rs 2,50,000 per month (Rupees Two Lakhs Fifty Thousand Only)
2. Commission : 1% (One percent) of the Net Profit of the Company, subject to a ceiling of 50% (Fifty percent) of the salary.
3. Perquisites : In addition to the above, the Chairman and Managing Director shall be entitled to all the perquisites listed herein below:
 - a. Housing: The Company shall provide rent free furnished residential accommodation, with free gas, electricity and water as per Company policy. In case no accommodation is provided by the Company, the Chairman shall be entitled to such house rent allowance as may be decided by the Board of Directors from time to time subject however to a limit of 60% of his salary. The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.
 - b. Medical Reimbursement : Reimbursement of medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for self and family including hospitalization, surgical charges, nursing charges and domiciliary charges for self and for family.
 - c. Leave Travel Concession: For self and family every year incurred in accordance with the rules of the Company applicable to its senior managers.
 - d. Club Fees : Fees of clubs, subject to a maximum of three clubs.
 - e. Personal Accident Insurance / Group Like Insurance : Premium not to exceed Rs. 25,000 per annum.
 - f. Provident Fund / Pension : Contribution to Provident Fund and Pension Fund to the extent such contributions, either singly or put together are exempt under the Income Tax Act, 1961. Contribution to Pension Fund will be paid on basic salary and commission.
 - g. Gratuity: Gratuity payable shall be in accordance with the provisions of the Payment of Gratuity Act.
 - h. Use of Car with driver : The Company shall provide the Chairman a car with driver for business and personal use.
 - i. Telephone Facility at Residence : Telephone facility shall be provided at the Chairman's residence. All personal long distance calls shall be billed by the Company to the Chairman.

Other terms and conditions :

- a. In the event of absence or inadequacy of profits in any financial year during the tenure of the Chairman, salary and perquisites as determined by the Board of Directors, subject to the limits stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956, is payable.
- b. "Family" means the spouse and dependent children of the Chairman and Managing Director.
- c. Leave with full pay and allowances shall be allowed as per the Company's rules.
- d. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be allowed.
- e. No sitting fees shall be paid to the Chairman and Managing Director for attending the meetings of the Board of Directors or Committees thereof.

i. The Chairman shall not be liable to retire by rotation.

The Company will enter into separate agreement with Mr. Shirish Anjaria, which will contain inter alia, the above terms and conditions.

Mr. Shirish M. Anjaria and Mr. Dharmesh S. Anjaria, are concerned and interested in this resolution, as it relates to his / relative's re-appointment and payment of remuneration.

No other director is directly or indirectly concerned or interested.

The information below is in relation to the proposal contained in item No.4. of the Notice relating to re-appointment of Mr. Shirish M. Anjaria as Chairman & Managing Director of the Company.

I. General Information

(1) Nature of Industry:

The Company is in the business of Information Technology Solutions & Services.

(2) Date or expected date of commencement of commercial production:

The Company has been in business for the past 15 years.

(3) In case of new companies, expected date of commencement of activities:

Not applicable, as the company is an existing company.

(4) Financial performance based on given indicators:

(Rs. in Lacs)

	31.03.2010	31.03.2009	31.03.2008
Sales(Gross)	5895.43	3856.56	4314.21
Profit before Tax	100.32	52.23	50.56
Profit After tax	74.42	33.98	31.30
Shareholders fund	3547.95	3473.57	3441.63
Rate of dividend on equity shares(%)	-	-	-

(5) Export performance:

The Company's export earnings for the past three years: NIL

(6) Foreign investments or collaborators, if any: N. A.

II. Information about the appointee:

(i) Background details:

Mr. Shirish M. Anjaria is a Graduate in Science and Post Graduate in Law with more than 40 years of rich work experience. He has wide experience of Business Management, Corporate Affairs and Customer Relations. He started his career with India regarding Insurance and National Insurance Company Limited and then turned into an entrepreneur starting his own venture. He is the founder of Dynacons group of companies. He is also an Associate of Federation of Insurance Institutes.

(ii) Past Remuneration

For the financial year 2009-2010, Mr. Shirish M. Anjaria's total remuneration was Rs.990,000.

(iii) Recognition or awards/ Job profile and his suitability:

Mr. Shirish M. Anjaria has managed the company ably since inception. In the opinion of the Board, he is eminently suited for the position he holds.

(iv) Remuneration proposed

The remuneration of Mr. Shirish M. Anjaria is set out above.

(v) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.

The remuneration of Mr. Shirish M. Anjaria is not out of tune with the remuneration in similar sized companies in similar segment of business.

(vi) Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any.

Mr. Shirish M. Anjaria is the promoter of the Company and founder of the Dynacons Systems & Solutions Limited. He has equity holdings in the company and some of the Associate Companies. He has no other pecuniary relationship directly or indirectly with the company or any of its directors other than Mr. Dharmesh Anjaria, Whole-time director of the Company.

(III) Other Information

Reasons of inadequate profits:

On account of economic slowdown and intense competition there is a continued pressure on margins & profitability.

Steps taken or proposed to be taken for improvements:

The Company has taken various steps to improve efficiency and reduce costs including right sizing of manpower. The Company has undertaken several initiatives to identify new growth areas and simultaneously restructure existing growth engines. The marketing and sales functions have been revamped and the current order book reflects the results of the improved efforts put in by the company.

The agreement also sets out the duties and various obligations of Mr. Shirish M. Anjaria.

The re-appointment of Mr. Shirish M. Anjaria by way of a special resolution, as a Chairman & Managing Director and minimum remuneration payable to him are required to be approved by the members at this Annual General meeting.

Item No 5 & 6

The Board of Directors of the Company (the Board), at its meeting, held on January 23, 2010, has subject to the approval of members, re-appointed, the said Whole-time Directors as Executive Directors for a further period of 3 years from the expiry dates of their respective terms on the remuneration determined by the Remuneration Committee of the Board (the Remuneration Committee) at its meeting held on January 23, 2010.

A brief profile of Mr. Parag J. Dalal and Mr. Dharmesh S. Anjaria, nature of their expertise in specific functional areas and names of companies in which they hold Directorship and membership/chairmanship of Board Committee's as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are annexed hereto.

The broad particulars of the Remuneration payable to and the terms of the respective re-appointments of Mr. Parag J. Dalal and Mr. Dharmesh S. Anjaria are as under:

1. Salary : Rs 2,50,000 per month (Rupees Two Lakhs Fifty Thousand Only)
2. Commission : 1% (One percent) of the Net Profit of the Company, subject to a ceiling of 50% (Fifty percent) of the salary.
3. Perquisites : In addition to the above, the Chairman and Managing Director shall be entitled to all the perquisites listed herein below:
 - a. Housing: The Company shall provide rent free furnished residential accommodation, with free gas, electricity and water as per Company policy. In case no accommodation is provided by the Company, the Whole-time Directors shall be entitled to such house rent allowance as may be decided by the Board of Directors from time to time subject however to a limit of 60% of his salary. The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.
 - b. Medical Reimbursement: Reimbursement of medical expenses incurred, including premium paid on health insurance policies, whether in India or abroad, for self and family including hospitalization, surgical charges, nursing charges and domiciliary charges for self and for family.
 - c. Leave Travel Concession : For self and family every year incurred in accordance with the rules of the Company applicable to its senior managers.
 - d. Club Fees : Fees of clubs, subject to a maximum of three clubs.
 - e. Personal Accident Insurance / Group Like Insurance : Premium not to exceed Rs. 25,000 per annum.
 - f. Provident Fund / Pension : Contribution to Provident Fund and Pension Fund to the extent such contributions, either singly or put together are exempt under the Income Tax Act, 1961. Contribution to Pension Fund will be paid on basic salary and commission.
 - g. Gratuity: Gratuity payable shall be in accordance with the provisions of the Payment of Gratuity Act.
 - h. Use of Car with driver : The Company shall provide the Whole-time Directors a car with driver for business and personal use.

- i. Telephone Facility at Residence : Telephone facility shall be provided at the Chairman's residence. All personal long distance calls shall be billed by the Company to the Whole-time Directors.

Other terms and conditions :

- a. In the event of absence or inadequacy of profits in any financial year during the tenure of the Whole-time Directors, salary and perquisites subject to the limits stipulated under Schedule XIII read with Section 269 and 309 of the Companies Act, 1956, is payable.
- b. "Family" means the spouse and dependent children of Whole-time Directors.
- c. Leave with full pay and allowances shall be allowed as per the Company's rules.
- d. Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company shall be allowed.
- e. No sitting fees shall be paid to the Whole-time Directors for attending the meetings of the Board of Directors or Committees thereof.
- f. The Whole-time Directors shall not be liable to retire by rotation.

The Company will enter into separate agreement with Mr. Parag J. Dalal and Mr. Dharmesh S. Anjaria , which will contain inter alia, the above terms and conditions.

Mr. Parag J. Dalal, Mr. Dharmesh S. Anjaria and Mr. Shirish M. Anjaria are concerned and interested in this resolution, as it relates to their / relatives re-appointment and payment of remuneration.

No other director is directly or indirectly concerned or interested.

The information below is in relation to the proposal contained in item No.5 & 6 of the Notice relating to re-appointment of Mr. Parag J. Dalal & Mr. Dharmesh S. Anjaria as whole-time Directors of the Company.

I. General Information

(1) Nature of Industry:

The Company is in the business of Information Technology Solutions & Services.

(2) Date or expected date of commencement of commercial production:

The Company has been in business for the past 15 years.

(3) In case of new companies, expected date of commencement of activities:

Not applicable, as the company is an existing company.

(4) Financial performance based on given indicators:

(Rs. in Lacs)

	31.03.2010	31.03.2009	31.03.2008
Sales(Gross)	5895.43	3856.56	4314.21
Profit before Tax	100.32	52.23	50.56
Profit After tax	74.42	33.98	31.30
Shareholders fund	3547.95	3473.57	3441.63
Rate of dividend on equity shares(%)	-	-	-

(5) Export performance:

The Company's export earnings for the past three years: NIL

(6) Foreign investments or collaborators, if any: N. A.

IV. Information about the appointee:

(i) Background details:

Mr. Parag J. Dalal is a Intel Certified Solutions Consultant and Post Graduate in Computer Applications. He has wide experience over 15 years in Information Technology Services and Solutions and IT Industry.

Mr. Dharmesh S. Anjaria, by qualification is a B.Com., A.C.A., AICWA and is a Intel Certified Integration Specialist. He has a Vast experience in the field of System Integration, Finance, Taxation and Corporate Affairs for over 12 years.

(ii) Past Remuneration

Remuneration for the Financial Year 2009-10

Mr. Parag Dalal: Rs. 795,000/-

Mr. Dharmesh Anjaria: Rs. 795,000/-

(iii) Recognition or awards/ Job profile and his suitability:

Mr. Parag J. Dalal & Mr. Dharmesh S. Anjaria have managed the affairs of the Company ably since inception. In the opinion of the Board, they are eminently suited for the position they holds.

(iv) Remuneration proposed

The remuneration of Mr. Parag J. Dalal & Mr. Dharmesh S. Anjaria is set out above.

(v) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.

The remuneration of Mr. Parag J. Dalal & Mr. Dharmesh S. Anjaria is not out of tune with the remuneration in similar sized companies in similar segment of business.

(vi) Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any.

Mr. Parag J. Dalal & Mr. Dharmesh S. Anjaria are the promoters of the Company. They have equity holdings in the Company and some of the Associate Companies. Mr. Parag J. Dalal is not related to any other managerial personnel and Mr. Dharmesh S. Anjaria has no other pecuniary relationship directly or indirectly with the Company or any of its directors other than Mr. Shirish M. Anjaria, Chairman & Managing Director of the Company.

(III) Other Information

Reasons of inadequate profits:

On account of economic slowdown and intense competition there is a continued pressure on margins & profitability.

Steps taken or proposed to be taken for improvements:

The Company has taken various steps to improve efficiency and reduce costs including right sizing of manpower. The Company has undertaken several initiatives to identify new growth areas and simultaneously restructure existing growth engines. The marketing and sales functions have been revamped and the current order book reflects the results of the improved efforts put in by the Company.

The agreement also sets out the duties and various obligations of Mr. Shirish M. Anjaria.

The re-appointment of Mr. Shirish M. Anjaria by way of a special resolution, as a Chairman & Managing Director and minimum remuneration payable to him are required to be approved by the members at this Annual General meeting.

By Order of the Board

For DYNACONS SYSTEMS & SOLUTIONS LTD.

Shirish M. Anjaria

Chairman & Managing Director

Parag J. Dalal

Executive Director

Date : August 24, 2010

Registered Office

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

Details of Director Seeking Appointment / Re-Appointment at the Annual General Meeting**(In Pursuance of Clause 49 of the Listing Agreement)**

Name of Director	Mr. Shirish M. Anjaria	Mr. Parag J. Dalal
Age	65	42
Date of Appointment on the Board	Since Incorporation	Since Incorporation
Qualifications	Graduate in Science Post Graduate in Law. Associate of Federation of Insurance Institutes.	Intel Certified Solutions Consultant Digital Electronics Post Graduate In Computer Applications.
Expertise	Wide experience across a variety of industries, Business Management, Corporate affairs and customer relations.	Wide experience in Information Technology Services and Solutions
Directorships held in other Public Companies (excluding Foreign and Private Companies)	-	-
Memberships/Chairmanships of Committees across public companies	-	-

Name of Director	Mr. Dharmesh S. Anjaria	Mr. Mukesh P. Shah
Age	37	43
Date of Appointment on the Board	September 30, 1998	February 15, 2000
Qualifications	B.Com, A.C.A, Grad CWA, Intel Certified Integration Specialist	B.Com, FCA
Expertise	Vast experience in the field of System Integration, Finance, Taxation and Corporate Affairs	Vast experience and exposure in Finance, Legal and Taxation Matters
Directorships held in other Public Companies (excluding Foreign and Private Companies)	-	-
Memberships/Chairmanships of Committees across public companies	-	-

By Order of the Board
For DYNACONS SYSTEMS & SOLUTIONS LTD.

Shirish M. Anjaria
Chairman & Managing Director

Parag J. Dalal
Executive Director

Date : August 24, 2010

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

Directors' Report

Your Directors are pleased to present the Fifteenth Annual Report on the business and operations of the Company for the year ended March 31, 2010.

1. Financial Highlights

	Particulars	Year ended 31/03/2010	Year ended 31/03/2009
1.	Total Income	5897.34	3859.37
2.	Total Expenditure	5538.75	3576.69
3.	Interest	92.99	87.37
4.	Depreciation	165.28	143.09
5.	Profit before Tax	100.32	52.23
6.	Provision for Taxation - Current Tax	18.70	8.15
	- Deferred Tax	7.20	8.32
	- Fringe Benefit Tax	-	1.78
7.	Profit after tax	74.42	33.98

2. Management Analysis and Discussions

Company Performance

During the year, your company earned total revenues of Rs. 5897.34 lacs compared with Rs. 3859.37 lacs during the previous year, reflecting a growth of 53% over the previous year. The profit before tax stood at Rs. 100.31 lacs as compared to Rs. 52.23 lacs in the previous year, a growth of 92% over the previous year. The company has made a provision of tax totaling to Rs. 18.70 lacs and the profit after tax stood at Rs. 74.42 lacs for the current year.

The initiatives taken in the last few years have yielded good results. The company has posted a strong performance during the previous year inspite of the downturn in the economy. Your company has successfully demonstrated the ability to design, develop, implement, and maintain advanced technology platforms and solutions to address business and customer needs.

Review of Operations

During the year under review, the business environment has considerably stabilized. India's economic performance in FY 2009-2010 depicts that the recovery from the slowdown during the global financial crisis is underway. Even globally, the future projections are reflecting optimism and the global economy seems to be back on track. The future outlook in terms of investment in IT Solutions and IT Infrastructure sector is strong.

The domestic market continues to have a strong services and solutions driven component. System Integration and Infrastructure Management are dominant and significant contributors within the domestic IT services market and will continue to be prime drivers in the domestic IT space. The focus of customers is shifting to better management of existing IT infrastructure by consolidating, optimizing and leveraging resources, from building new capacities. It is important to innovate and adapt to provide the customers a competitive advantage and open new markets for ourselves.

The Company undertakes all activities related to IT infrastructure including infrastructure 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.

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.

The continued focus on the government sector has yielded spectacular results. Your Company has bagged the prestigious order from the Municipal Corporation of Greater Mumbai towards supply, setup and managing the IT Infrastructure and Network. The successfully deployment and completion of the order demonstrates the System Integration expertise of the company to undertake such large deployments.

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.

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. 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.

During the year under review, the focus was on enhancing the services and solutions revenue streams which has enabled the company to improve profitability. Remote Infrastructure Management (RIM) is a mission-critical service requiring sophisticated tools and reflects high customer confidence and relationships. Your company has successfully demonstrated its RIM service capability and is moving towards becoming a fully integrated service provider. The company is in the process of expanding its facilities for providing RIM services and security monitoring services.

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.

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.

Several initiatives are being taken up for automation and creation of shared service platforms which will enable for a profitable growth in revenue without a proportionate increase in the number of people. There is a strong focus on driving operational efficiencies.

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.

Strengths

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.

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.

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

Quality

Your Company continues to strive towards operational and delivery excellence with a renewed focus on the path of business excellence. Customer satisfaction and excellence in quality 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.

The company has an adequate system of internal controls implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof. The system comprises well defined organization structure, pre-identified authority levels and documented policy guidelines and manuals for delegation of authority.

Outlook

The recovery and growth of economy as well as significant technology changes are presenting several opportunities to your company. The economic growth in the country has led to an increase in IT spends on infrastructure and services. Customers are increasingly demanding improved products and services with accelerated delivery times and at lower prices. To address these needs adequately, 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. These factors have made companies look to make their business models more resilient, efficient and effective. The company's focus industry segments - Government and Education verticals including Banking sector are also emerging as major IT spenders in the country.

Your Company is gearing up to build infrastructure for offering Cloud Computing Services and Solutions for organisations. Cloud Computing is Internet-based computing, whereby shared resources, software and information are provided on demand, like a public utility. Cloud computing will enable enterprises to transform their IT infrastructure and applications in order to improve efficiencies and costs. Cloud computing will enable organisations to effectively manage costs without compromising on performance and offers reliability and flexibility in managing and scaling of IT infrastructure. Your company is in the process of setting up a Data Centre to offer Cloud Computing, Business Continuity, Disaster Recovery, and Managed Infrastructure services.

Another key technological change is the domination of smart phones/net books over traditional desktops and laptops. These devices are fast becoming the preferred way to access the net and are opening up several opportunities. There is enhanced awareness about global warming and environment and all organisations are looking to contribute to this without compromising on business growth and potential. Your company is gearing up with solutions and services in the area of Green IT in order to address this opportunity.

We have built a strong foundation and with IT spending on a rebound, the outlook for the future is robust. We believe that with our diverse portfolio of solutions and services, domain expertise and increasing value-add to customers, we are best suited to be a strategic partner to our customers.

Risks and Concerns

The company's objectives and expectations may be forward looking within the meaning of applicable laws and regulations. The competition from large international and Indian IT companies is increasing in the domestic market space. 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 growth in the economy and IT industry is expected to lead to increase in attrition next year. This coupled with the fast changing technology landscape will necessitate increased investment in manpower and innovative approaches to retain and develop the right talent

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, 2010.

4. Subsidiary

During the year under review, the Company has invested in 15,000,000 Equity shares of Rs.1 each of DYNACONS TECHNOLOGIES LIMITED (DTL) and as a result, DTL has become wholly-owned subsidiary of the Company. The Annual Accounts of the Subsidiary Company form part of this Annual Report.

5. Consolidated Financial Statements

Consolidated Financial Statements, prepared in accordance with Accounting Standard AS-21, issued by the Institute of Chartered Accountants of India, and as required by the Listing Agreement are attached and forms part of the Annual Report and Accounts.

6. Directors

The Board at its meeting held on January 23, 2010 re-appointed, subject to the approval of the members at the ensuing Annual General Meeting, Mr. Shirish M. Anjaria as Chairman and Managing Director and Mr. Parag J. Dalal and Mr. Dharmesh S. Anjaria as Wholetime Directors designated as Executive Directors of the Company, for a further period of 3 years from February 1, 2010. The resolutions on re-appointment and remuneration have been put up for consideration and approval of the Members.

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. Mukesh 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.

7. Auditors

M/s. Soni Palan & Associates were appointed as a Statutory Auditors of the Company in the previous Annual General Meeting. During the year, Statutory Auditor's firm dissolved due to their merger with the firm of Chartered Accountants - M/s. P.C. Ghadiali & Co.

Subsequently, the board at its meeting appointed M/s. P.C. Ghadiali & Co. to hold office as Statutory Auditors of the company.

M/s P.C. Ghadiali & Co., 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 re-appointment.

8. 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.

9. Credit Rating

ICRA Limited has carried out a credit rating assessment of the Company both for the short term and long term exposures, in compliance with the BASEL II norms implemented by Reserve Bank of India for all banking facilities. ICRA has assigned LBBB- rating to the Rs 37.5 million long term sanctioned bank limits of Dynacons Systems & Solutions Limited. ICRA has also assigned A3 rating to the Rs 50 million short term sanctioned bank limits. This will enable the Company to access banking services at low cost and help in improvement of margins, working capital management and cash flows of the Company.

10. Scheme of Arrangement:

A Scheme of Arrangement has been presented under Section 391 to 394 of the Act for transfer and vesting of Marketing & Distribution Business and Manufacturing Business of Dynacons Systems & Solutions Limited into Dynacons Technologies Limited. The approval of the shareholders of both the companies has been obtained and the petition for the same has been admitted to the High Court for approval. The effect of the scheme shall be given in the accounts on sanctioning of the scheme by the High Court.

11. 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.

12. Human Resource Management

The success, performance and profitability of our company is built on a strong foundation of talented and committed people. We have built a high performance work culture and maintain a strong focus on the employee, and creation of an organization that continually encourages entrepreneurship, new ideas, and embraces respect for the individual and equal opportunity to succeed..

Your Company has 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.

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. The major thrust continues in the effort to bring about measurable change in training coverage and effectiveness, increasing the Leadership and Development opportunities for every staff member. We will continue to invest even more in strengthening our ability to attract develop and retain talent.

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.

13. 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.

14. 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.

15. 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 upgraded 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.

Foreign Exchange Earnings	: Rs. Nil (previous year Nil)
Foreign Exchange Outgo	: Rs. 0.77 lacs (previous year 1.17 lacs)

16. 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 24, 2010

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	6	1	-
Mr. Parag J. Dalal	Executive Director	Yes	6	1	-
Mr. Dharmesh S. Anjaria	Executive Director	Yes	6	1	-
Mr. Mukesh P. Shah	Independent Non Executive	Yes	5	-	-
Mr. Dilip P. Palicha	Independent Non Executive	Yes	4	-	-
Mr. Viren C. Shah	Independent Non Executive	No	5	-	-

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.

Six Board Meetings were held during the year 2009-2010. The dates on which the Board Meetings were held are as follows:

April 7, 2009, July 31, 2009, August 20, 2009, October 29, 2009, January 23, 2010 and March 10, 2010.

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.

Particulars of Directors seeking appointment / re-appointment at the Annual General Meeting have been given in the annexure to the Notice & Explanatory Statement.

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	4

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 2009-2010 on the following dates: July 30, 2009, August 19, 2009, October 27, 2009 and January 20, 2010.

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 judgement 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, 2010

Name of Director	Position	Salary
Mr. Shirish Anjaria	Chairman & Managing Director	Rs. 9,90,000/-
Mr. Parag Dalal	Wholetime Director	Rs. 7,95,000/-
Mr. Dharmesh S. Anjaria	Wholetime Director	Rs. 7,95,000/-

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	3

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, 8 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, 2010 were Nil. The numbers of pending share transfers as on March 31, 2010 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 :-

14th AGM : September 30, 2009 at 12.00 noon at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058.
Number of Special Resolutions passed : None

13th AGM : September 30, 2008 at 12.00 noon at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058.
Number of Special Resolutions passed : None

12th AGM : September 27, 2007 at 12.00 noon at Karl Residency, 36, 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

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.
- f) During the financial year 2009-2010, 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. 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 28, 2010 at 12:00 noon
- Venue	Hotel Karl Residency, 36, Lallubhai Park Road, Andheri (West), Mumbai 400058.

11.2 Financial Calendar: -

April'09 – March'10

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 22, 2010 to September 28, 2010. (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 2009-2010 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 2009	0.50	0.40	0.50	0.40
May 2009	0.61	0.40	0.75	0.40
June 2009	0.82	0.60	0.95	0.55
July 2009	0.79	0.57	0.80	0.60
Aug. 2009	0.76	0.60	0.75	0.60
Sep. 2009	1.35	0.65	1.50	0.65
Oct. 2009	0.98	0.71	0.95	0.70
Nov. 2009	0.82	0.68	0.80	0.65
Dec. 2009	0.97	0.69	1.00	0.70
Jan. 2010	0.95	0.73	0.95	0.70
Feb. 2010	0.83	0.71	0.85	0.70
Mar. 2010	1.11	0.70	1.00	0.75

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, 2010

No of Equity Shares	No of Folios	%	Total Holding in Rs.	%
1-5000	10356	60.61	20,918,872	7.06
5001-10000	3311	19.38	28,341,970	9.57
10001-20000	1820	10.65	31,786,750	10.73
20001-30000	478	2.80	12,497,172	4.22
30001-40000	346	2.03	13,233,522	4.47
40001-50000	172	1.01	81,94,686	2.77
50001-100000	334	1.95	24,401,716	8.24
100001 & above	269	1.57	156,779,312	52.94
Total	17086	100.00	296,154,000	100.00

11.10 Shareholding of Directors

Sr.No.	Name of Directors	No. of Shares	Percentage (%)
1	Mr. Shirish Anjaria	9023709	6.09
2	Mr. Dharmesh Anjaria	8905500	6.01
3	Mr. Parag Dalal	8680000	5.86

11.11 Dematerialization of Shares as on March 31, 2010

Total No. of shares	Shares in physical form	Percentage %	Shares in demat form	Percentage %
148077000	30259440	20.43	117817600	79.57

11.12 Shareholding Pattern as on March 31, 2010

Category	No of Shares held	Percentage of Shareholding
Indian Promoters	40764208	27.52%
Private Corporate Bodies	16069141	10.85%
Indian Public	89311839	60.32%
NRIs/OCBs	1560619	1.06%
Trust	40000	0.03%
Transit	331193	0.22%
Total	148077000	100.00%

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

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, 2010.

Shirish Anjaria

Chairman & Managing Director

Mumbai, August 24, 2010

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 31st March, 2010 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 as 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 **P. C. GHADIALI & CO.**
Firm Regn. No. : 103132W
Chartered Accountants

C. K. PALAN
Partner
Membership No: 100741

Place : Mumbai
Dated : August 24, 2010

August 24, 2010

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

As required under Clause 49 (V) of the Listing Agreement with Indian Stock Exchanges, we hereby state that:

- a) We have reviewed the financial statements and the cash flow statement for the year 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) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee the following:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any and
 - iii) There have been no instances of fraud of which we have become aware.

For **Dynacons Systems & Solutions Ltd**

Shirish Anjaria
Chairman &
Managing Director

Dharmesh Anjaria
Chief Financial Officer &
Executive Director

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 31st March, 2010, 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. We invite the attention of the members to point no II/14 of Schedule 15 Notes to Accounts forming part of the Balance Sheet concerning the Scheme of Arrangement between Dynacons Systems and Solutions Limited and Dynacons Technologies Limited.
4. 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010, 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, 2010;
 - 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 **P. C. GHADIALI & CO.**
 Firm Regn. No. : 103132W
Chartered Accountants

C. K. PALAN
 Partner
 Membership No: 100741

Place : Mumbai
 Dated : August 24, 2010

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF

DYNACONS SYSTEMS & SOLUTIONS LIMITED
ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

(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 (a), (b), (c), and (d) 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 :
 - a. 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.
 - b. 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 2010 for a period of more than six months from the date they became payable.
 - c. The particulars of income tax as at March 31, 2010 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)	342,123
Income Tax	2002-03	Income Tax Appellate Tribunal	313,128
Income Tax	2002-03	Commissioner of Income Tax (Appeals)	31,240

10. 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.
11. 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.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society.
14. 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.
15. 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.
16. 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.
17. 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.
18. The Company has not made any preferential allotment of shares during the year.
19. During the year covered by our audit report the Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. 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 **P. C. GHADIALI & CO.**
Firm Regn. No. : 103132W
Chartered Accountants

C. K. PALAN
Partner
Membership No: 100741

Place : Mumbai
Dated : August 24, 2010

Balance Sheet As On March 31, 2010

	SCHEDULE	As on March 31, 2010 Rs.	As on March 31, 2009 Rs.
I. SOURCES OF FUNDS:			
1. SHAREHOLDER'S FUNDS:			
a) Capital	1	296,923,500	296,923,500
b) Reserves and Surplus	2	57,871,563	50,433,767
2. LOAN FUNDS:			
a) Secured Loans	3	99,361,221	85,371,881
3. DEFERRED TAX LIABILITY (Net)		14,260,994	13,540,890
Total (Rs)		<u>468,417,278</u>	<u>446,270,038</u>
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS	4		
a) Gross Block		169,332,274	160,215,740
b) Depreciation		35,793,681	38,575,414
c) Net Block		<u>133,538,593</u>	<u>121,640,326</u>
d) Capital Work-in-progress and Advances		99,200,000	90,200,000
2. INVESTMENTS	5	65,111,250	50,811,250
3. CURRENT ASSETS, LOANS AND ADVANCES:			
a) Inventories	6	60,626,377	59,565,456
b) Sundry Debtors	7	145,124,346	102,367,238
c) Cash and Bank Balances	8	17,730,752	19,368,960
d) Loans and Advances	9	4,409,009	21,251,815
		<u>227,890,484</u>	<u>202,553,470</u>
Less: CURRENT LIABILITIES AND PROVISIONS:	10		
a) Current Liabilities		56,820,537	18,587,039
b) Provisions		<u>502,511</u>	<u>347,969</u>
		<u>57,323,048</u>	<u>18,935,008</u>
Net Current Assets		170,567,436	183,618,462
Total (Rs)		<u>468,417,278</u>	<u>446,270,038</u>
Notes forming part of Accounts	15		

As per our report of even date attached

For **P. C. Ghadiali & Co.**
Firm Regn No: 103132W
Chartered Accountants

C. K. Palan

Partner

Membership No: 100741

Mumbai : August 24, 2010

For and on behalf of the Board

Shirish Anjaria

Chairman & Managing Director

Parag Dalal

Executive Director

Dharmesh Anjaria

Executive Director

Ravishankar Singh

Company Secretary

Profit and Loss Account for the period ended March 31, 2010

	SCHEDULE	2010 Rs.	2009 Rs.
INCOME:			
Sales of Hardware, Software, Development & Services		589,542,583	385,656,395
Other Income	11	191,766	281,000
Total (Rs)		589,734,349	385,937,395
EXPENDITURE:			
Cost of Sales & Development	12	525,527,041	333,565,285
Operating & Establishment Expenses	13	28,347,985	24,103,656
Interest	14	9,299,252	8,736,605
Depreciation		16,528,304	14,308,864
Total (Rs)		579,702,583	380,714,410
PROFIT BEFORE TAXATION		10,031,766	5,222,985
Provision for Taxation			
a) Current Tax		1,870,000	815,000
b) Deferred Tax		720,104	832,236
c) Fringe Benefit Tax		-	177,697
PROFIT FOR THE YEAR		7,441,662	3,398,052
Add : Balance of earlier year		47,739,435	44,545,271
Profit available for Appropriation		55,181,097	47,943,322
Less : Short Provision for Taxation for earlier years		3,866	203,888
BALANCE CARRIED TO BALANCE SHEET		55,177,231	47,739,435
Earning Per Share (Face Value Rs 2)		0.05	0.02
Notes forming part of Accounts	15		

As per our report of even date attached**For and on behalf of the Board**

For **P.C. Ghadiali & Co**
Firm Regn. No. : 103132W
Chartered Accountants

C. K. Palan
Partner
Membership No: 100741
Mumbai : August 24, 2010

Shirish Anjaria
Chairman & Managing Director

Dharmesh Anjaria
Executive Director

Parag Dalal
Executive Director

Ravishankar Singh
Company Secretary

Cash Flow Statement for the Year Ended March 31, 2010

Particulars	2010 Rs.	2009 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and extraordinary items	10,031,766	5,222,985
Add: Depreciation	16,528,304	14,308,864
(Profit)/Loss on sale of Fixed Assets	998,883	1,315,574
Interest paid	9,299,252	8,736,605
Dividend received	(5,000)	(5000)
	<u>26,821,439</u>	<u>24,356,043</u>
Operating profit before working Capital	36,853,205	29,579,028
Changes in current assets and liabilities		
(Increase)/Decrease in Inventories	(1,060,921)	(29,510,031)
(Increase)/Decrease in Trade & Other Receivable	(24,548,466)	(3,777,770)
Increase/(Decrease) in Current Liabilities & Provision	36,514,174	4,931,806
	<u>10,904,787</u>	<u>(28,355,996)</u>
Cash Generated from Operations	47,757,993	1,223,032
Taxes paid	(1,365,836)	(1,371,459)
Net Cash Flow from operating activities	<u>46,392,157</u>	<u>(148,427)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(34,301,789)	(30,774,310)
Capital Work-in-Progress and Advances	(9,000,000)	12,050,000
Dividend Received	5,000	5000
Investments	(14,300,000)	(700,000)
Sale of Fixed Assets	4,876,335	47,350
Net Cash Used for Investing Activities	<u>(52,720,454)</u>	<u>(19,371,960)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) In Secured/Unsecured Loans	13,989,340	46,128,681
Interest Paid	(9,299,252)	(8,736,605)
Net cash From Financing Activities	<u>4,690,088</u>	<u>37,392,076</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	(1,638,208)	17,871,690
Cash and Cash Equivalents (Opening Balance)	19,368,959	1,497,270
Cash and Cash Equivalents (Closing Balance)	<u>17,730,751</u>	<u>19,368,959</u>
	<u>1,638,208</u>	<u>(17,871,690)</u>

For **P. C. Ghadiali & Co.**
Firm Regn. No. : 103132W
Chartered Accountants

C. K. Palan
Partner
Membership No: 100741

Place : Mumbai
Date : August 24, 2010

For and on behalf of the Board

Shirish Anjaria
Chairman & Managing Director

Parag Dalal
Executive Director

Dharmesh Anjaria
Executive Director

Ravishankar Singh
Company Secretary

Schedules forming part of Balance Sheet as on March 31,2010

	2010 Rs.	2009 Rs.
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED		
150,000,000 Equity shares of Rs. 2/- each	<u>300,000,000</u>	<u>300,000,000</u>
Issued, Subscribed and paid up:		
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>		
SCHEDULE 2: RESERVES AND SURPLUS		
1. Share Premium	2,694,332	2,694,332
2. Profit & Loss Account	55,177,231	47,739,435
Total (Rs)	<u>57,871,563</u>	<u>50,433,767</u>
SCHEDULE 3 : SECURED LOANS		
Working Capital facilities with Banks	72,728,926	64,254,785
Bill Discounting facilities with Banks	24,435,000	19,940,712
<i>(Secured against hypothecation of inventories, book debts & deposits and personal guarantees of some of the Directors)</i>		
Vehicle Loans	2,197,295	1,176,385
<i>(Secured against hypothecation of Motor Vehicles)</i>		
Total (Rs)	<u>99,361,221</u>	<u>85,371,881</u>

SCHEDULE 4: FIXED ASSETS

	Gross Block				Depreciation				Net Block	
Particulars	As on 1-Apr-09	Additions	Deductions	As on 31-Mar-10	Up to 31-Mar-09	For the Year	Deductions	Up to 31-Mar-10	As on 31-Mar-10	As on 31-Mar-09
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TANGIBLES										
Premises	60,050,000	-	-	60,050,000	-	-	-	-	60,050,000	60,050,000
Computers	86,519,173	31,802,100	23,976,650	94,344,623	34,241,380	15,215,859	18,816,484	30,640,755	63,703,868	52,277,793
Office Equipment	708,165	65,550	-	773,715	191,826	34,605	-	226,431	547,283	516,338
Furniture & Fixtures	1,092,839	-	-	1,092,839	645,794	69,177	-	714,971	377,868	447,045
Motor Car	3,390,563	2,434,139	1,208,605	4,616,097	959,914	363,163	493,553	829,524	3,786,573	2,430,649
INTANGIBLES										
Software Dev.Exp.	8,455,000	-	-	8,455,000	2,536,500	845,500	-	3,382,000	5,073,000	5,918,500
Total Rs.	160,215,740	34,301,789	25,185,255	169,332,274	38,575,414	16,528,304	19,310,037	35,793,681	133,538,593	121,640,326
Previous Year	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

SCHEDULE 5: INVESTMENTS

LONG TERM (AT COST)

TRADE (UNQUOTED)

Kapol Co-op Bank Ltd

5,000 Equity Shares of Rs. 10 each

Ganpati Intradex Pvt Ltd

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

Noon Infosolutions Pvt Ltd

70,000 Equity Shares of Rs. 10 each

Dynacons Technologies Limited

(15,000,000 (Previous year Nil) Equity Shares of Rs.1 each, fully paid up, a wholly owned subsidiary)

NON-TRADE (QUOTED)

Dena Bank

2,000 Equity Shares of Rs.10 each

	51,250	51,250
	50,000,000	50,000,000
	-	700,000
	15,000,000	
	65,051,250	50,751,250
	60,000	60,000
	60,000	60,000
Total (Rs)	65,111,250	50,811,250

SCHEDULE 6: INVENTORIES

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

Finished Goods

	60,626,377	59,565,456
Total (Rs)	60,626,377	59,565,456

SCHEDULE 7 : SUNDRY DEBTORS*(Unsecured ,Considered good)*

a.Outstanding for a period exceeding six months

b.Others

	8,245,452	10,832,158
	136,878,893	91,535,080
Total (Rs)	145,124,346	102,367,238

SCHEDULE 8: CASH AND BANK BALANCES

Cash on hand

Balance with Banks in Current Account:

- with Scheduled Banks

Balance with Banks in Fixed Deposits

- with Scheduled Banks

	1,023,896	1,359,145
	584,496	107,455
	16,122,360	17,902,360
Total (Rs)	17,730,752	19,368,960

SCHEDULE 9: LOANS AND ADVANCES*(Unsecured, Considered good)*

Advances recoverable in cash or in kind

or for value to be received

Advance Income tax and tex deducted at source

*(Net of Provision for tax Rs. 64,97,150/- (Previous year Rs.4,627,150)**and Fringe Benefit tax Rs. NIL (Previous year Rs. 33,923)*

	2,486,730	20,247,461
	1,922,280	1,004,354
Total (Rs)	4,409,009	21,251,815

SCHEDULE 10: CURRENT LIABILITIES & PROVISIONS**CURRENT LIABILITIES**

Sundry Creditors

- Micro and Small Enterprises (see note No. II/8)

- Others

Outstanding Expenses

	-	-
	48,944,640	12,579,525
	7,875,897	6,007,514
Total (Rs)	56,820,537	18,587,039

PROVISIONS

Provision for employee benefits

	502,511	347,969
Total (Rs)	502,511	347,969

SCHEDULE 11: OTHER INCOME

Dividend Received from Trade Investments

Miscellaneous Income

	5,000	5,000
	186,766	276,000
Total (Rs)	191,766	281,000

SCHEDULE 12: COST OF SALES & DEVELOPMENT

Opening Stock	59,565,456	30,055,425
Add : Purchases & Development Costs	526,587,962	363,075,316
	586,153,418	393,130,741
Less :Closing Stock	60,626,377	59,565,456
Total (Rs)	525,527,041	333,565,285

SCHEDULE 13: OPERATING & ESTABLISHMENT EXPENSES

Salaries	13,825,757	11,924,947
Contribution to Staff Providend Fund	131,386	135,568
Staff Welfare Expenses	326,452	548,439
Directors Remuneration	2,580,000	2,520,000
Conveyance and Travelling Expenses	575,318	909,070
Motor Car Expenses	445,120	336,888
Printing and Stationary Expenses	1,178,643	219,002
Legal and Professional charges	1,763,896	1,148,722
Communication Expenses	719,357	820,733
Auditors Remuneration	260,000	240,000
Rent	348,299	198,580
Rates & Taxes	4,000	44,454
Repairs & Maintenance - Building	96,567	75,000
- Others	118,546	176,563
Sales Promotion Expenses	334,542	365,543
Miscellaneous Expenses	432,410	324,942
Loss on sale/write-off of Assets	998,883	1,315,574
Discount Allowed	41,849	22,204
Bank charges	1,610,427	1,342,152
Transportation Expenses	1,726,708	802,697
Electricity Expenses	447,712	500,868
Membership and Subscriptions	67,101	59,541
Insurance Charges	315,014	72,170
Total (Rs)	28,347,985	24,103,656

SCHEDULE 14: INTEREST

Interest expenses

On Fixed Loans	398,937	191,808
On Others	9,389,074	8,599,385
	9,788,012	8,791,193

Less : Interest earned

Interest Received (Gross)	488,760	54,588
(Tax deducted at Source Rs. 48,876- (P.Y. Rs. 8,804/-)		
Total (Rs)	9,299,252	8,736,605

Schedules forming part of Balance Sheet as on March 31, 2010.**Schedule 15 : 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 services is recognized over the life of the contracts.

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 comprises the costs of fixed assets that are not ready for the intended use at the Balance Sheet date and includes advances paid to acquire fixed assets. 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 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.

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 Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 'Earnings per share'. Basic earnings per equity share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year by the weighted average number of equity shares during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti dilutive.

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. 38,86,462/- (previous year Rs 34,74,285/-)

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

	2010	2009
Salary	Rs. 2,580,000	Rs. 2,520,000

3. Expenditure in Foreign Currency

	2010	2009
Travelling Expenses	Rs. 77,530	Rs. 117,835

4. Auditors Remuneration

	2010	2009
Audit Fees & Consultancy	Rs. 240,000	Rs. 240,000
Tax Audit Fees	Rs. 20,000	Rs. 10,000

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

	2010		2009	
	Nos.	Amount(Rs.)	Nos.	Amount(Rs.)
Opening Stock	12232	59,565,456	10376	30,055,425
Purchases	28755	526,587,962	20368	363,075,316
Closing Stock	7111	60,626,377	12232	59,565,456

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

Particulars	2010 Amount (Rs.)	2009 Amount (Rs.)
a. Amounts payable to suppliers under MSMED (suppliers) as on March 31, 2010		
- 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, 2010	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
Dynacons Technologies Limited	Subsidiary

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

Party	Nature of Payment	2010	2009
M/s S.P. Corporation	Rent for Premises	Rs. 120,000	Rs. 120,000
M/s S.P. Corporation	Reimbursement of Expenses	Rs. 96,567	Rs. 75,000
Mr. Shirish M. Anjaria	Remuneration	Rs. 990,000	Rs. 960,000
Mr. Parag J. Dalal	Remuneration	Rs. 795,000	Rs. 780,000
Mr. Dharmesh S. Anjaria	Remuneration	Rs. 795,000	Rs. 780,000
Dynacons Technologies Limited	Investment in Share Capital	Rs. 15,000,000	NIL

9. Earnings per Share (Basic and Diluted)

	March 31, 2010	March 31, 2009
Profit after Tax	7,441,662	3,398,052
No of Equity Shares	148,077,000	148,077,000
Earnings Per Share (of paid up Value of Rs 2 each)	0.05	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 1,2009	Charge/Credit for the current year	March 31,2010
Deferred Tax Liabilities			
- Depreciation	13,540,890	814,826	14,355,716
Deferred Tax Assets			
- Gratuity	NIL	94,722	94,722
Total	13,540,890	720,104	14,260,994

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. 348,299/- (Previous year Rs. 198,580/-).

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	2010	2009
Employer's Contribution to Provident Fund	Rs. 131,386	Rs. 135,568

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, 2010:

	Particulars	2010 Amount (Rs.)	2009 Amount (Rs.)
I	Assumptions :		
	Discount Rate	8.00%	7.75%
	Salary escalation rate	4.00%	4.00%
II	Table Showing Change in Benefit Obligation :		
	Liability at the beginning of the year	270,741	231,048
	Interest Cost	NIL	NIL
	Current Service Cost	45,000	39,693
	Past Service Cost (Non Vested Benefit)	NIL	NIL
	Past Service Cost (Vested Benefit)	NIL	NIL
	Benefit Paid	NIL	NIL
	Balance	315,741	270,741
	Actuarial (gain)/loss on obligations	NIL	NIL
	Liability at the end of the year	315,741	270,741
III	Tables of Fair value of Plan Assets :		
	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	NIL
IV	Actual Return on Plan Assets :		
	Expected Return on Plan Assets	NIL	NIL
	Actuarial (gain)/loss on Plan Assets	NIL	NIL
	Actual Return on Plan Assets	NIL	NIL
V	Amount Recognized in the Balance Sheet		
	Liability at the end of the year	315,741	270,741
	Fair Value of Plan Assets at the end of the year	NIL	NIL
	Difference	315,741	270,741
	Unrecognized Past Service Cost	NIL	NIL
	Amount Recognized in the Balance Sheet	315,741	270,741
VI	Expenses Recognized in the Income Statement :		
	Current Service Cost	45,000	39,693
	Interest Cost	NIL	NIL
	Expected Return on Plan Assets	NIL	NIL
	Net Actuarial Gain/(Loss) To Be Recognized	NIL	NIL
	Past Service Cost (Non Vested Benefit) Recognized	NIL	NIL
	Past Service Cost (Vested Benefit) Recognized	NIL	NIL
	Expense Recognized in P& L	45,000	39,693

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.1,905,062/-(Previous year Rs. 1,747,226/-).

14. Scheme of Arrangement:

A scheme of Arrangement has been presented under Section 391 to 394 of the Act for transfer and vesting of Marketing & Distribution Business and Manufacturing Business of Dynacons Systems & Solutions Limited into Dynacons Technologies Limited. The approval of the shareholders of both the companies has been obtained and the petition for the same has been admitted to the High Court for approval. The effect of the scheme shall be given in the accounts on sanctioning of the scheme by the High Court.

15. Other Notes

- a) 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.
- b) Previous year's figures have been regrouped or rearranged or reclassified wherever necessary.

SIGNATURES TO THE SCHEDULES 1-14 AND NOTES TO ACCOUNTS 15

As per our report of even date

For **P. C. Ghadiali & Co.**
Firm Regn. No. : 103132W
Chartered Accountants

C. K. Palan
Partner
Membership No: 100741

Place : Mumbai
Date : August 24, 2010

For and on behalf of the Board

Shirish Anjaria
Chairman & Managing Director

Dharmesh Anjaria
Executive Director

Parag Dalal
Executive Director

Ravishankar Singh
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	:	L72200MH1995PLC093130
State Code	:	11
Balance Sheet Date	:	March 31, 2010

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	:	468,417	Total Assets	:	468,417
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Sources of Funds

Paid-up Capital	:	296,924
Reserves & Surplus	:	57,872
Secured Loans	:	99,361
Unsecured Loans	:	-
Deferred Tax Liability	:	14,261

Application of Funds

Net Fixed Assets	:	232,739
Investments	:	65,111
Net Current Assets	:	170,567
Misc. Expenditure	:	NIL
Accumulated Losses	:	NIL

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

Turnover	:	589,734
Total Expenditure	:	579,703
Profit/ Loss Before Tax	:	10,032
Profit/ Loss After Tax	:	7,442
Earning Per Share in Rs.	:	0.05
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 24, 2010

Dharmesh Anjaria
Executive Director

Ravishankar Singh
Company Secretary

Information on Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956

1	Name of the Subsidiary	Dynacons Technologies Limited
2	Financial Year Ending of the subsidiary	31st March, 2010
3	Number of Equity Shares Held	15,000,000
4	Extend of Holding	100%
5	For the financial year of the subsidiary a) - Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of accounts of the holding company b) - Profit/(Losses) so far it concerns the members of the holding company and dealt with in the books of accounts of the holding company	(244,512) -
6	For the previous financial years since it became a subsidiary a) - Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of accounts of the holding company b) - Profit/(Losses) so far it concerns the members of the holding company and dealt with in the books of accounts of the holding company	- -
7	As the financial year of the subsidiary companies coincide with the financial year of the holding company, Section 212(5) of the Companies Act, 1956 is not applicable	-

For and on behalf of the Board

Shirish Anjaria
Chairman & Managing Director

Parag Dalal
Executive Director

Mumbai : August 24, 2010

Dharmesh Anjaria
Executive Director

Ravishankar Singh
Company Secretary

FINANCIAL STATEMENTS OF SUBSIDIARY COMPANY – DYNACONS TECHNOLOGIES LIMITED

Directors' Report

Your Directors are pleased to present the First Annual Report of your company for the period ended March 31, 2010.

1. Financial Highlights:

The working result of the company for the year under review after providing for depreciation and all know liabilities shows a Net Loss of Rs. 244,512/-.

2. Dividend:

Your Directors have not recommended any dividend for the year under review.

3. Holding Company:

Dynacons Systems & Solutions Limited is holding 15,000,000 Equity shares of your Company and thereby making your company a 100 % Subsidiary Company.

4. Auditors:

M/s. Soni Palan & Associates were appointed as a Statutory Auditors of the Company in its first board Meeting. During the year, Statutory Auditors' firm dissolved due to their merger with the firm of Chartered Accountants-M/s. P. C. Ghadiali & Co.

Subsequently, the board at its meeting appointed M/s. P. C. Ghadiali & Co. to hold office as Statutory Auditors of the Company.

M/s P.C. Ghadiali & Co., 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 re-appointment.

5. 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.

6. 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.

7. Directors:

During the year under review there is no change in the Directors of the Company.

8. Directors Responsibilities Statement:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Director's Responsibilities Statement, it is hereby confirmed:

- a) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) That 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 loss of the company for the period.
- c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- d) That the Directors had prepared the annual accounts on a going concern basis.

9. Scheme of Arrangement:

A Scheme of Arrangement has been presented under Section 391 to 394 of the Act for transfer and vesting of Marketing & Distribution Business and Manufacturing Business of Dynacons Systmes & Solutions Limited into the Company. The approval of the shareholders of both the companies has been obtained and the petition for the same has been admitted to the High Court for approval. The effect of the scheme shall be given in the accounts on sanctioning of the scheme by the High Court.

10. Conservation Of Energy, Technology Absorption, Research & Development:

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 upgraded to improve overall performance and productivity.

Research & Development: The Company will develop in-house Research & Development wing for new processes and energy conservation.

11. Foreign Exchange Earnings:

There is neither Foreign Exchange earning nor outgo.

12. Acknowledgement:

Your Directors convey their appreciation to the business associates and the contribution made by employees at all levels during the year. Your company's consistent growth was made possible by their hard work, solidarity, cooperation and support.

Your Directors thank the Company's Investors, Clients, Vendors, Bankers, Business and various governmental as well as regulatory agencies for their continued support and confidence in the management

**By Order of the Board of Directors
For DYNACONS TECHNOLOGIES LTD**

Shirish M. Anjaria
Chairman & Managing Director

Parag J. Dalal
Executive Director

Place: Mumbai

Date: August 24, 2010

Registered Office

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

AUDITOR'S REPORT
TO THE MEMBERS OF DYNACONS TECHNOLOGIES LIMITED

We have audited the attached Balance Sheet of **DYNACONS TECHNOLOGIES LIMITED** as at 31st March, 2010, 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. We invite the attention of the members to point no II/9 of Schedule 6 Notes to Accounts forming part of the Balance Sheet concerning the Scheme of Arrangement between Dynacons Systems and Solutions Limited and Dynacons Technologies Limited.
4. 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010, 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, 2010;
 - ii. in the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For **P. C. GHADIALI & CO.**
Firm Regn. No. : 103132W
Chartered Accountants

C. K. PALAN
Partner
Membership No: 100741

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF
DYNACONS TECHNOLOGIES LIMITED
ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010**

(Referred to in paragraph (2) of our report of even date)

1. Having regard to the nature of the Company's business , clauses i(a), i(b), i(c), ii(a), ii(b) and ii(c) of the Companies (Auditors Report) Order, 2003 are not applicable.
2. 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.
3. 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.
4. 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.
5. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
6. 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.
7. According to the information and explanations given to us and records of the Company examined by us in our opinion :
 - a. The Company contends that the provisions of the Provident Fund Act and Employees' State Insurance Scheme are not applicable to the Company for the year under report.
 - b. 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 2010 for a period of more than six months from the date they became payable.
8. This being the first year of the Company clause 4(x) of the order are not applicable to the Company.
9. 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.
10. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The Company is not a chit fund, nidhi, mutual benefit fund or a society.
12. 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.
13. 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.
14. According to the information and explanations given to us, no working capital term loans were raised during the year.
15. 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 raised funds on short-term basis which have been used for long term investment and vice versa.
16. The Company has not made any preferential allotment of shares during the year.
17. During the year covered by our audit report the Company has not issued any debentures.
18. The Company has not raised any money by public issues during the year.
19. 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 **P. C. GHADIALI & CO.**
Firm Regn. No. : 103132W
Chartered Accountants

Place : Mumbai
Dated : August 24, 2010

C. K. PALAN
Partner
Membership No: 100741

Dynacons Technologies Limited
Balance Sheet As On March 31, 2010

	SCHE- DULE	As on March 31, 2010 Rs.
I. SOURCES OF FUNDS:		
1. SHAREHOLDER'S FUNDS:		
a) Capital	1	15,000,000
Total (Rs)		15,000,000
II. APPLICATION OF FUNDS:		
1. FIXED ASSETS		
Capital Work-in-progress and Advances		10,000,000
2. CURRENT ASSETS, LOANS AND ADVANCES:		
a) Cash and Bank Balances	2	54,476
b) Loans and Advances	3	4,945,000
		4,999,476
Less: CURRENT LIABILITIES AND PROVISIONS:		
a) Current Liabilities	4	243,988
		243,988
Net Current Assets		4,755,488
4. PROFIT & LOSS ACCOUNT		
		244,512
Total (Rs)		15,000,000
Notes forming part of Accounts	6	

As per our report of even date attached

For and on behalf of the Board

For **P. C. Ghadiali & Co.**

Firm Regn. No. : 103132W

Chartered Accountants

Shirish Anjaria

Chairman and Managing Director

C. K. Palan

Partner

Membership No: 100741

Parag Dalal

Director

Dharmesh Anjaria

Director

Mumbai : August 24, 2010

Dynacons Technologies Limited
Profit and Loss Account for the period ended March 31, 2010

	Schedule	2010 Rs.
INCOME:		-
Total (Rs)		-
EXPENDITURE:		
Operating & Establishment Expenses	5	244,512
Total (Rs)		244,512
PROFIT BEFORE TAXATION		(244,512)
Provision for Taxation		
a) Current Tax		-
b) Deferred Tax		-
PROFIT FOR THE YEAR		(244,512)
Add : Balance of earlier year		-
Profit available for Appropriation		(244,512)
Less : Short Provision for Taxation for earlier years		-
BALANCE CARRIED TO BALANCE SHEET		(244,512)
Earning Per Share (Face Value Rs 1)		(0.02)
Notes forming part of Accounts	6	

As per our report of even date attached

For and on behalf of the Board

For **P. C. Ghadiali & Co.**

Firm Regn. No. : 103132W
Chartered Accountants

Shirish Anjaria

Chairman and Managing Director

C. K. Palan

Partner

Membership No: 100741

Parag Dalal
Director

**Dharmesh
Anjaria**
Director

Mumbai : August 24, 2010

Dynacons Technologies Limited

Cash Flow Statement for the Year Ended March 31, 2010

Particulars	2010 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES	
Net profit before Tax and extraordinary items	(244,512)
Add: Depreciation	-
(Profit)/Loss on sale of Fixed Assets	-
Interest paid	-
Dividend received	-
	-
Operating profit before working Capital	(244,512)
Changes in current assets and liabilities	
(Increase)/Decrease in Inventories	-
(Increase)/Decrease in Trade & Other Receivable	(4,945,000)
Increase/(Decrease) in Current Liabilities & Provision	243,988
	(4,701,013)
Cash Generated from Operations	(4,945,524)
Taxes paid	-
Net Cash Flow from operating activities	(4,945,524)
B CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	-
Capital Work-in-Progress and Advances	(10,000,000)
Dividend Received	-
Investments	-
Sale of Fixed Assets	-
Net Cash Used for Investing Activities	(10,000,000)
C CASH FLOW FROM FINANCING ACTIVITIES	
Increase/(Decrease) In Secured/Unsecured Loans	-
Interest Paid	-
Proceeds from issue of Equity Share Capital	15,000,000
Net cash From Financing Activities	15,000,000
Net Increase in Cash and Cash Equivalents (A+B+C)	54,476
Cash and Cash Equivalents (Opening Balance)	-
Cash and Cash Equivalents (Closing Balance)	54,476
	(54,476)

For and on behalf of the Board of Directors

For **P. C. Ghadiali & Co.**
Firm Regn. No. : 103132W
Chartered Accountants

C. K. Palan
Partner
Membership No: 100741

Shirish Anjaria
Chairman &
Managing Director

Parag Dalal
Director

Dharmesh S. Anjaria
Director

Date : August 24, 2010

Dynacons Technologies Limited**Schedules forming part of Balance Sheet as on March 31, 2010**

	2010
	Rs.
SCHEDULE 1: SHARE CAPITAL	
AUTHORISED	
15,000,000 Equity shares of Rs. 1/- each	15,000,000
Issued, Subscribed and paid up:	
15,000,000 Equity shares of Rs. 1/- each.	15,000,000
Total (Rs)	15,000,000
Note :	
(All the Equity shares are held by Dynacons Systems & Solutions Limited, the Holding Company)	
SCHEDULE 2: CASH AND BANK BALANCES	
Balance with Banks in Current Account:	
- with Scheduled Banks	54,476
Total (Rs)	54,476
SCHEDULE 3: LOANS AND ADVANCES	
(Unsecured, Considered good)	
Advances recoverable in cash or in kind	
or for value to be received	4,945,000
Total (Rs)	4,945,000
SCHEDULE 4: CURRENT LIABILITIES & PROVISIONS	
CURRENT LIABILITIES	
Sundry Creditors	
- Micro and Small Enterprises (See Notes No II/4)	-
- Others	-
Outstanding Expenses	243,988
Total (Rs)	243,988
SCHEDULE 5: OPERATING & ESTABLISHMENT EXPENSES	
Bank charges	524
Formation Expenses	230,200
Auditors Remuneration	13,788
Total (Rs)	244,512

Schedules forming part of Balance Sheet as on March 31, 2010.

Schedule 6: NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Company Overview

Dynacons Technologies Limited is an Information Technology company engaged in providing a comprehensive range of products to customers. The Company has been formed during the current year.

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 the sale of software products is recognised when the sale has been completed and the title has been passed to the client.

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.

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 comprises the costs of fixed assets that are not ready for the intended use at the Balance Sheet date and includes advances paid to acquire fixed assets. 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 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 shall be 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.

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 Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 'Earnings per share'. Basic earnings per equity share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year by the weighted average number of equity shares during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti dilutive.

I. NOTES TO ACCOUNTS :

1. Contingent Liabilities

- a) Claims against the Company not acknowledged as debts: NIL
- b) Guarantees given by the company's bankers : NIL

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

	2010
Salary	NIL

3. Auditors Remuneration

	2010
Audit Fees & Consultancy	Rs. 13,788

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

Particulars	2010 Amount (Rs.)
a. Amounts payable to suppliers under MSMED (suppliers) as on March 31, 2010	
- Principal	NIL
- Interest due thereon	NIL
b. Payments made to suppliers beyond the appointed day during the year	
- Principal	NIL
- Interest due thereon	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
d. Amount of interest accrued and remaining unpaid as on 31 March, 2010	NIL
e. Amount of interest remaining due and payable to suppliers disallowable as deductible expenditure under Income Tax Act, 1961	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.

5. Segment Information

The company operates in the single segment of Information Technology products.

6. Related Party Disclosures

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

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

7. Earnings per Share (Basic and Diluted)

	March 31, 2010
Profit/(Loss) after Tax	(244,512)
No of Equity Shares	15,000,000
Earnings Per Share (of paid up Value of Rs 1 each)	(0.02)

8. 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.

9. Scheme of Arrangement:

A scheme of Arrangement has been presented under Section 391 to 394 of the Act for transfer and vesting of Marketing & Distribution Business and Manufacturing Business of Dynacons Systems & Solutions Limited into Dynacons Technologies Limited. The approval of the shareholders of both the companies has been obtained and the petition for the same has been admitted to the High Court for approval. The effect of the scheme shall be given in the accounts on sanctioning of the scheme by the High Court.

10. 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.
- The Company was incorporated on 02nd April. This being the first year of the company, there are no previous year figures stated therein.

SIGNATURES TO THE SCHEDULES 1-5 AND NOTES TO ACCOUNTS 6

As per our report of even date
For **P. C. Ghadiali & Co.**
Firm Regn. No. : 103132W
Chartered Accountants

For and on behalf of the Board of Directors

C. K. Palan
Partner
Membership No: 100741

Shirish Anjaria
Chairman &
Managing Director

Parag Dalal
Director

Place : Mumbai
Date : August 24, 2010

Dharmesh S. Anjaria
Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.	:	U72900MH2009PLC191412
State Code	:	11
Balance Sheet Date	:	March 31, 2010

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

Public Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	15000

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

Total Liabilities	:	15,000	Total Assets	:	15,000
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Sources of Funds

Paid-up Capital	:	15,000
Reserves & Surplus	:	-
Secured Loans	:	-
Unsecured Loans	:	-
Deferred Tax Liability	:	-

Application of Funds

Net Fixed Assets	:	10,000
Investments	:	-
Net Current Assets	:	4,755
Deferred Tax Asset	:	-
Profit & Loss Account	:	245
Accumulated Losses	:	NIL

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

Turnover	:	-
Total Expenditure	:	245
Profit/ Loss Before Tax	:	(245)
Profit/ Loss After Tax	:	(245)
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.	:	847300
Product Description	:	Computer Peripherals

For and on behalf of the Board

Shirish Anjaria
Chairman & Managing Director

Parag Dalal
Director

Mumbai : August 24, 2010

Dharmesh S. Anjaria
Director

CONSOLIDATED FINANCIAL STATEMENTS
AUDITOR'S REPORT
TO THE MEMBERS OF DYNACONS SYSTEMS & SOLUTIONS LIMITED

We have audited the attached Consolidated Balance Sheet of DYNACONS SYSTEMS & SOLUTIONS LIMITED and its subsidiary as at 31st March, 2010, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements. 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. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards (AS21), Consolidated Financial Statements as prescribed by the Central Government under Section 211 (3C) of the Companies Act, 1956 and other recognised accounting practices and policies
3. We invite the attention of the members to point no II/14 of Schedule 15 Notes to Accounts forming part of the Consolidated Balance Sheet concerning the Scheme of Arrangement between Dynacons Systems and Solutions Limited and Dynacons Technologies Limited.
4. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiary and to the best of our information and according to the explanations given to us, in our opinion the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - ii. in the case of the Consolidated Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii. in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **P. C.GHADIALI & CO.**
Firm Regn. No. : 103132W
Chartered Accountants

C. K. PALAN
Partner
Membership No: 100741

Place : Mumbai
Dated :August 24, 2010

Consolidated Balance Sheet As On March 31, 2010

	SCHEDULE	As on March 31, 2010 Rs.	As on March 31, 2009 Rs.
I. SOURCES OF FUNDS:			
1. SHAREHOLDER'S FUNDS:			
a) Capital	1	296,923,500	296,923,500
b) Reserves and Surplus	2	57,627,051	50,433,767
2. LOAN FUNDS:			
a) Secured Loans	3	99,361,221	85,371,881
3. DEFERRED TAX LIABILITY (Net)		14,260,994	13,540,890
Total (Rs)		<u>468,172,766</u>	<u>446,270,038</u>
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS	4		
a) Gross Block		169,332,274	160,215,740
b) Depreciation		35,793,681	38,575,414
c) Net Block		<u>133,538,593</u>	<u>121,640,326</u>
d) Capital Work-in-progress and Advances		109,200,000	90,200,000
2. INVESTMENTS	5	50,111,250	50,811,250
3. CURRENT ASSETS, LOANS AND ADVANCES:			
a) Inventories	6	60,626,377	59,565,456
b) Sundry Debtors	7	145,124,346	102,367,238
c) Cash and Bank Balances	8	17,785,228	19,368,960
d) Loans and Advances	9	9,354,009	21,251,815
		<u>232,889,959</u>	<u>202,553,470</u>
Less: CURRENT LIABILITIES AND PROVISIONS:	10		
a) Current Liabilities		57,064,525	18,587,039
b) Provisions		502,511	347,969
		<u>57,567,036</u>	<u>18,935,008</u>
Net Current Assets		175,322,923	183,618,462
Total (Rs)		<u>468,172,766</u>	<u>446,270,038</u>
Notes forming part of Consolidated Financial Statements	15		

As per our report of even date attached

For **P. C. Ghadiali & Co.**

Firm Regn. No. : 103132W

Chartered Accountants

C. K. Palan

Partner

Membership No: 100741

Dated : August 24, 2010

For and on behalf of the Board

Shirish Anjaria

Chairman & Managing Director

Parag Dalal

Executive Director

Dharmesh Anjaria

Executive Director

Ravishankar Singh

Company Secretary

Consolidated Profit and Loss Account for the period ended March 31, 2010

	SCHEDULE	2010 Rs.	2009 Rs.
INCOME:			
Sales of Hardware, Software, Development & Services		589,542,583	385,656,395
Other Income	11	191,766	281,000
Total (Rs)		589,734,349	385,937,395
EXPENDITURE:			
Cost of Sales & Development	12	525,527,041	333,565,285
Operating & Establishment Expenses	13	28,592,498	24,103,656
Interest	14	9,299,252	8,736,605
Depreciation		16,528,304	14,308,864
Total (Rs)		579,947,095	380,714,410
PROFIT BEFORE TAXATION		9,787,254	5,222,985
Provision for Taxation			
a) Current Tax		1,870,000	815,000
b) Deferred Tax		720,104	832,236
c) Fringe Benefit Tax		-	177,697
PROFIT FOR THE YEAR		7,197,150	3,398,052
Add : Balance of earlier year		47,739,435	44,545,271
Profit available for Appropriation		54,936,585	47,943,322
Less : Short Provision for Taxation for earlier years		3,866	203,888
BALANCE CARRIED TO BALANCE SHEET		54,932,719	47,739,435
Earning Per Share (Face Value Rs 2)		0.05	0.02
Notes forming part of Consolidated Financial Statements	15		

As per our report of even date attached

For **P. C. Ghadiali & Co.**
Firm Regn. No. : 103132W
Chartered Accountants

C. K. Palan
Partner
Membership No: 100741

Mumbai : August 24, 2010

For and on behalf of the Board

Shirish Anjaria
Chairman & Managing Director

Dharmesh Anjaria
Executive Director

Parag Dalal
Executive Director

Ravishankar Singh
Company Secretary

Consolidated Cash Flow Statement for the Year Ended March 31, 2010

Particulars	2010 Rs.	2009 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and extraordinary items	9,787,254	5,222,985
Add: Depreciation	16,528,304	14,308,864
(Profit)/Loss on sale of Fixed Assets	998,883	1,315,574
Interest paid	9,299,252	8,736,605
Dividend received	(5,000)	(5000)
	<u>26,821,439</u>	<u>24,356,043</u>
Operating profit before working Capital	36,608,693	29,579,028
Changes in current assets and liabilities		
(Increase)/Decrease in Inventories	(1,060,921)	(29,510,031)
(Increase)/Decrease in Trade & Other Receivable	(29,493,466)	(3,777,770)
Increase/(Decrease) in Current Liabilities & Provision	36,758,162	4,931,806
	<u>6,203,775</u>	<u>(28,355,996)</u>
Cash Generated from Operations	42,812,469	1,223,032
Taxes paid	(1,365,836)	(1,371,459)
Net Cash Flow from operating activities	<u>41,446,633</u>	<u>(148,427)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(34,301,789)	(30,774,310)
Capital Work-in-Progress and Advances	(19,000,000)	12,050,000
Dividend Received	5,000	5000
Investments	700,000	(700,000)
Sale of Fixed Assets	4,876,335	47,350
Net Cash Used for Investing Activities	<u>(47,720,454)</u>	<u>(19,371,960)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) In Secured/Unsecured Loans	13,989,340	46,128,681
Interest Paid	(9,299,252)	(8,736,605)
Net cash From Financing Activities	<u>4,690,088</u>	<u>37,392,076</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	<u>(1,583,733)</u>	<u>17,871,690</u>
Cash and Cash Equivalents (Opening Balance)	19,368,959	1,497,270
Cash and Cash Equivalents (Closing Balance)	<u>17,785,227</u>	<u>19,368,959</u>
	<u>1,583,733</u>	<u>(17,871,690)</u>

For **P. C. Ghadiali & Co.**
Firm Regn. No. : 103132W
Chartered Accountants

C. K. Palan
Partner
Membership No: 100741

Date : August 24, 2010

For and on behalf of the Board

Shirish Anjaria
Chairman & Managing Director

Parag Dalal
Executive Director

Dharmesh Anjaria
Executive Director

Ravishankar Singh
Company Secretary

Schedules forming part of Consolidated Balance Sheet as on March 31,2010

	2010 Rs.	2009 Rs.
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED		
150,000,000 Equity shares of Rs. 2/- each	<u>300,000,000</u>	<u>300,000,000</u>
Issued, Subscribed and paid up:		
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 :

Of the above shares, 74,038,500 shares are allotted as fully paid up by way of bonus shares from share premium account
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

SCHEDULE 2: RESERVES AND SURPLUS

1. Share Premium	2,694,332	2,694,332
2. Profit & Loss Account	54,932,719	47,739,435
Total (Rs)	<u>57,627,051</u>	<u>50,433,767</u>

SCHEDULE 3 : SECURED LOANS

Working Capital facilities with Banks	72,728,926	64,254,785
Bill Discounting facilities with Banks	24,435,000	19,940,712
<i>(Secured against hypothecation of inventories, book debts & deposits and personal guarantees of some of the Directors)</i>		
	2,197,295	1,176,385
Vehicle Loans		
<i>(Secured against hypothecation of Motor Vehicles)</i>		
Total (Rs)	<u>99,361,221</u>	<u>85,371,881</u>

SCHEDULE 4: FIXED ASSETS

	Gross Block				Depreciation				Net Block	
Particulars	As on 1-Apr-09	Additions	Deductions	As on 31-Mar-10	Up to 31-Mar-09	For the Year	Deduction s	Up to 31-Mar-10	As on 31-Mar-10	As on 31-Mar-09
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TANGIBLES										
Premises	60,050,000	-	-	60,050,000	-	-	-	-	60,050,000	60,050,000
Computers	86,519,173	31,802,100	23,976,650	94,344,623	34,241,380	15,215,859	18,816,484	30,640,755	63,703,868	52,277,793
Office Equipment	708,165	65,550	-	773,715	191,826	34,605	-	226,431	547,283	516,338
Furniture & Fixtures	1,092,839	-	-	1,092,839	645,794	69,177	-	714,971	377,868	447,045
Motor Car	3,390,563	2,434,139	1,208,605	4,616,097	959,914	363,163	493,553	829,524	3,786,573	2,430,649
INTANGIBLES										
Software Dev.Exp.	8,455,000	-	-	8,455,000	2,536,500	845,500	-	3,382,000	5,073,000	5,918,500
Total Rs.	160,215,740	34,301,789	25,185,255	169,332,274	38,575,414	16,528,304	19,310,037	35,793,681	133,538,593	121,640,326
Previous Year	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

SCHEDULE 5: INVESTMENTS

LONG TERM (AT COST)

TRADE (UNQUOTED)

Kapol Co-op Bank Ltd

5,000 Equity Shares of Rs. 10 each

Ganpati Intradex Pvt Ltd

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

Noon Infosolutions Pvt Ltd

70,000 Equity Shares of Rs. 10 each

	51,250	51,250
	50,000,000	50,000,000
	-	700,000
	<u>50,051,250</u>	<u>50,751,250</u>

NON-TRADE (QUOTED)

Dena Bank

2,000 Equity Shares of Rs.10 each

	60,000	60,000
	<u>60,000</u>	<u>60,000</u>

Total (Rs)	<u>50,111,250</u>	<u>50,811,250</u>
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SCHEDULE 6: INVENTORIES

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

Finished Goods

	60,626,377	59,565,456
	<u>60,626,377</u>	<u>59,565,456</u>

Total (Rs)

SCHEDULE 7 : SUNDRY DEBTORS*(Unsecured ,Considered good)*

a.Outstanding for a period exceeding six months	8,245,452	10,832,158
b.Others	136,878,893	91,535,080
Total (Rs)	<u>145,124,346</u>	<u>102,367,238</u>

SCHEDULE 8: CASH AND BANK BALANCES

Cash on hand	1,023,896	1,359,145
Balance with Banks in Current Account:		
- with Scheduled Banks	638,972	107,455
Balance with Banks in Fixed Deposits		
- with Scheduled Banks	16,122,360	17,902,360
Total (Rs)	<u>17,785,228</u>	<u>19,368,960</u>

SCHEDULE 9: LOANS AND ADVANCES*(Unsecured, Considered good)*

Advances recoverable in cash or in kind or for value to be received	7,431,730	20,247,461
Advance Income tax and tax deducted at source <i>(Net of Provision for tax Rs. 64,97,150/- (Previous year Rs.4,627,150) and Fringe Benefit tax Rs. NIL (Previous year Rs. 33,923)</i>	1,922,280	1,004,354
Total (Rs)	<u>9,354,009</u>	<u>21,251,815</u>

SCHEDULE 10: CURRENT LIABILITIES & PROVISIONS**CURRENT LIABILITIES**

Sundry Creditors		
- Micro and Small Enterprises (see note No. II/6)	-	-
- Others	48,944,640	12,579,525
Outstanding Expenses	8,119,885	6,007,514
Total (Rs)	<u>57,064,525</u>	<u>18,587,039</u>

PROVISIONS

Provision for employee benefits	502,511	347,969
Total (Rs)	<u>502,511</u>	<u>347,969</u>

SCHEDULE 11: OTHER INCOME

Dividend Received from Trade Investments	5,000	5,000
Miscellaneous Income	186,766	276,000
Total (Rs)	<u>191,766</u>	<u>281,000</u>

SCHEDULE 12: COST OF SALES & DEVELOPMENT

Opening Stock	59,565,456	30,055,425
Add : Purchases & Development Costs	526,587,962	363,075,316
	586,153,418	393,130,741
Less :Closing Stock	60,626,377	59,565,456
Total (Rs)	525,527,041	333,565,285

SCHEDULE 13: OPERATING & ESTABLISHMENT EXPENSES

Salaries	13,825,757	11,924,947
Contribution to Staff Providend Fund	131,386	135,568
Staff Welfare Expenses	326,452	548,439
Directors Remuneration	2,580,000	2,520,000
Conveyance and Travelling Expenses	575,318	909,070
Motor Car Expenses	445,120	336,888
Printing and Stationary Expenses	1,178,643	219,002
Legal and Professional charges	1,763,896	1,148,722
Communication Expenses	719,357	820,733
Auditors Remuneration	273,788	240,000
Rent	348,299	198,580
Rates & Taxes	234,200	44,454
Repairs & Maintenance - Building	96,567	75,000
- Others	118,546	17,663
Sales Promotion Expenses	334,542	365,543
Miscellaneous Expenses	432,410	324,942
Loss on sale/write-off of Assets	998,883	1,315,574
Discount Allowed	41,849	22,204
Bank charges	1,610,951	1,342,152
Transportation Expenses	1,726,708	802,697
Electricity Expenses	447,712	500,868
Membership and Subscriptions	67,101	59,541
Insurance Charges	315,014	72,170
Total (Rs)	28,592,498	24,103,656

SCHEDULE 14: INTEREST

Interest expenses

On Fixed Loans	398,937	191,808
On Others	9,389,074	8,599,385
	9,788,012	8,791,193

Less : Interest earned

Interest Received (Gross)	488,760	54,588
(Tax deducted at Source Rs. 48,876/- (P.Y.Rs.8,804-)		
Total (Rs)	9,299,252	8,736,605

Schedules forming part of Consolidated Balance Sheet as on March 31, 2010.

Schedule 15 : NOTES TO ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

These accounts comprise a consolidation of the Balance Sheet, Profit & Loss Account and Cash Flow Statement of Dynacons Systems & Solutions Limited and its wholly owned subsidiary, Dynacons Technologies Limited, both incorporated in India.

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. Dynacons Technologies Limited, a wholly owned subsidiary of Dynacons Systems and Solutions Limited, has been formed during the year.

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. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent and its wholly owned subsidiary made upto 31st March each year. All significant inter-Company transactions and balances are eliminated on consolidation. Goodwill arising on consolidation represent the excess of the cost of acquisition over the book value of assets and liabilities as at the date of acquisition.

3. Principles of Consolidation

The financial statements of the subsidiary used in the consolidation are drawn up to the same reporting date as of the Company. The Consolidated financial statements have been prepared on the following basis :

i. The financial statements of the Company and its subsidiary company have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. Inter-Company balances and transactions and unrealized profits or losses have been fully eliminated.

ii. The excess of the cost to the Company of its investments in subsidiary company over its share of the equity of the subsidiary company at the date on which the investment in the subsidiary company are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of the cost of investment of the Company, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

4. Use of Estimates

The preparation of consolidated financial statements requires the management of the group 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 consolidated 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.

5. 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 services is recognized over the life of the contracts.

6. 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.

7. 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.

8. 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 comprises the costs of fixed assets that are not ready for the intended use at the Balance Sheet date and includes advances paid to acquire fixed assets. 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.

9. 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.

10. Inventories

Inventories are valued at the lower of the 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 'Earnings per share'. Basic earnings per equity share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit for the year by the weighted average number of equity shares during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti dilutive.

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. 38,86,462/- (previous year Rs 34,74,285/-)

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

	2010	2009
Salary	Rs.2,580,000	Rs. 2,520,000

3. Expenditure in Foreign Currency

	2010	2009
Travelling Expenses	Rs. 77,530	Rs. 117,835

4. Auditors Remuneration

	2010	2009
Audit Fees & Consultancy	Rs. 253,738	Rs. 240,000
Tax Audit Fees	Rs. 20,000	Rs. 10,000

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

	2010		2009	
	Nos.	Amount(Rs.)	Nos.	Amount(Rs.)
Opening Stock	12232	59,565,456	10376	30,055,425
Purchases	28755	526,587,962	20368	363,075,316
Closing Stock	7111	60,626,377	12232	59,565,456

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

Particulars	2010 Amount (Rs.)	2009 Amount (Rs.)
a. Amounts payable to suppliers under MSMED (suppliers) as on March 31, 2010 - Principal - Interest due thereon	NIL NIL	NIL NIL
b. Payments made to suppliers beyond the appointed day during the year - Principal - Interest due thereon	NIL NIL	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, 2010	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	2010	2009
M/s S.P. Corporation	Rent for Premises	Rs. 120,000	Rs. 120,000
M/s S.P. Corporation	Reimbursent of Expenses	Rs. 96,567	Rs. 75,000
Mr. Shirish M. Anjaria	Remuneration	Rs. 990,000	Rs. 960,000
Mr. Parag J. Dalal	Remuneration	Rs. 795,000	Rs. 780,000
Mr. Dharmesh S. Anjaria	Remuneration	Rs. 795,000	Rs. 780,000

9. Earnings per Share (Basic and Diluted)

	March 31, 2010	March 31, 2009
Profit after Tax	7,197,150	3,398,052
No of Equity Shares	148,077,000	148,077,000
Earnings Per Share (of paid up Value of Rs 2 each)	0.05	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 1,2009	Charge/Credit for the current year	March 31,2010
Deferred Tax Liabilities			
- Depreciation	13,540,890	814,826	14,355,716
- Deferred Tax Assets			
- Gratuity	NIL	94,722	94,722
Total	13,540,890	720,104	14,260,994

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. 348,299/- (Previous year Rs. 198,580/-).

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	2010	2009
Employer's Contribution to Provident Fund	Rs. 131,386	Rs. 135,568

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, 2010:

	Particulars	2010 Amount (Rs.)	2009 Amount (Rs.)
I	Assumptions :		
	Discount Rate	8.00%	7.75%
	Salary escalation rate	4.00%	4.00%
II	Table Showing Change in Benefit Obligation :		
	Liability at the beginning of the year	270,741	231,048
	Interest Cost	NIL	NIL
	Current Service Cost	45,000	39,693
	Past Service Cost (Non Vested Benefit)	NIL	NIL
	Past Service Cost (Vested Benefit)	NIL	NIL
	Benefit Paid	NIL	NIL
	Balance	315,741	270,741
	Actuarial (gain)/loss on obligations	NIL	NIL
	Liability at the end of the year	315,741	270,741
III	Tables of Fair value of Plan Assets :		
	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	NIL
IV	Actual Return on Plan Assets :		
	Expected Return on Plan Assets	NIL	NIL
	Actuarial (gain)/loss on Plan Assets	NIL	NIL
	Actual Return on Plan Assets	NIL	NIL
V	Amount Recognized in the Balance Sheet		
	Liability at the end of the year	315,741	270,741
	Fair Value of Plan Assets at the end of the year	NIL	NIL
	Difference	315,741	270,741
	Unrecognized Past Service Cost	NIL	NIL
	Amount Recognized in the Balance Sheet	315,741	270,741
VI	Expenses Recognized in the Income Statement :		
	Current Service Cost	45,000	39,693
	Interest Cost	NIL	NIL
	Expected Return on Plan Assets	NIL	NIL
	Net Actuarial Gain/(Loss) To Be Recognized	NIL	NIL
	Past Service Cost (Non Vested Benefit) Recognized	NIL	NIL
	Past Service Cost (Vested Benefit) Recognized	NIL	NIL
	Expense Recognized in P& L	45,000	39,693

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.1,905,062/- (Previous year Rs. 1,747,226/-).

14. Scheme of Arrangement:

A Scheme of Arrangement has been presented under Section 391 to 394 of the Act for transfer and vesting of Marketing & Distribution Business and Manufacturing Business of Dynacons Systems & Solutions Limited into Dynacons Technologies Limited. The approval of the shareholders of both the companies has been obtained and the petition for the same has been admitted to the High Court for approval. The effect of the scheme shall be given in the accounts on sanctioning of the scheme by the High Court.

15. Other Notes

- a) 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.
- b) Previous year's figures have been regrouped or rearranged or reclassified wherever necessary.

SIGNATURES TO THE SCHEDULES 1-14 AND NOTES TO ACCOUNTS 15

As per our report of even date

For **P. C. Ghadiali & Co.**
Firm Regn. No. : 103132W
Chartered Accountants

C. K. Palan
Partner
Membership No: 100741

Place : Mumbai
Date : August 24, 2010

For and on behalf of the Board

Shirish Anjaria
Chairman & Managing Director

Dharmesh Anjaria
Executive Director

Parag Dalal
Executive Director

Ravishankar Singh
Company Secretary

Book-Post

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