



DYNACONS
Technologies Ltd.

ANNUAL REPORT
2011-2012

DYNACONS TECHNOLOGIES LIMITED
CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri. Shirish M. Anjaria	Chairman & Managing Director
Shri. Parag. J. Dalal	Director
Shri. Dharmesh S. Anjaria	Director
Shri. Mukesh P. Shah	Director
Shri. Dilip P. Palicha	Director
Shri. Viren Shah	Director

AUDITORS

P. C. Ghadiali & Co.
Chartered Accountants
Mumbai.

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

CONTENTS

Notice	3
Directors' Report	6
Corporate Governance Report	9
Auditors' Report	16
Balance Sheet	19
Profit and Loss Account	20
Cash Flow Statement	21
Notes Forming Part of the Financial Statements	22

NOTICE

Notice is hereby given that the Third Annual General Meeting of the members of **Dynacons Technologies Limited** will be held on 28th day, September, 2012 at 3.30 P.M. 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 on March 31, 2012 and Profit & Loss Account for the year ended on that date together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mukesh P. Shah who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act 1956, the consent of the shareholders be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time as they may think fit, any sum or sums of money not exceeding Rs.50,00,00,000 (Rupees Fifty crores only) [including the money already borrowed by the Company] in Indian Rupees or equivalent thereof in any foreign currency(ies) on such terms and conditions as the Board may deem fit, whether the same may be secured or unsecured and if secured, whether domestic or international, whether by way of mortgage, charge or hypothecation, pledge or otherwise in any way whatsoever, on, over or in any respect of all, or any of the company's assets and effects or properties including stock in trade, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) and remaining un-discharged at any given time, exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter called "the Board" which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) be and is hereby authorized for borrowing from time to time as it may think fit, any sum or sums of money but not exceeding Rs.50,00,00,000 (Rupees Fifty crores only) in Indian Rupees or equivalent thereof in any foreign currency(ies) in aggregate (including the monies already borrowed by the Company) and on such terms and conditions as the Board may deem fit, by way of loans or in any other form whatsoever from, or issue of Bonds and/or Debentures or other Securities whether Convertible into Equity/Preference Shares and/or Securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe to Equity/Preference Shares (hereinafter referred to as "Securities"), to Bank(s), Financial or other Institution(s) etc., whether shareholder of the Company or not.

RESOLVED FURTHER THAT Mr. Shirish Anjaria, Chairman cum Managing Director, Mr. Parag Dalal and Mr. Dharmesh Anjaria, Directors of the Company be and are hereby authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto to give effect to this resolution and for matter connected therewith or incidental thereto."

By Order of the Board of Directors
FOR DYNACONS TECHNOLOGIES LTD.

Shirish M. Anjaria
Chairman & Managing Director

Parag J. Dalal
Director

Place : Mumbai
Date : August 24, 2012

Registered Office
78, Ratnajyot Industrial Estate,
Irla lane, Vile Parle (West),
Mumbai - 400056

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy should, however, be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
3. 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.
4. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 22nd day of September, 2012 to Friday, the 28th day of September, 2012. (both days inclusive).
6. 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.
7. 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.
8. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges of person seeking re-appointment as Director under item no. 2 above is annexed hereto.
9. 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.
10. 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 INE741L01018.
11. An Initial Listing fees has been paid to Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd .
12. As per the provisions of Companies Act 1956, facility for making nominations is available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Share Registrars of the Company.
13. 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.
14. The Ministry of Corporate Affairs has taken a "**Green Initiative in the Corporate Governance**" by allowing paperless Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with **M/s. Bigshare Services Pvt. Ltd.**, Registrar and Transfer Agents of the Company.

By Order of the Board
FOR DYNACONS TECHNOLOGIES LTD.

Shirish M. Anjaria
Chairman & Managing Director

Parag J. Dalal
Director

Date: August 24, 2012

Registered Office

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

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

Name of Director	Mr. Mukesh Shah
Age	56
Date of Appointment on the Board	January 25, 2011
Qualifications	B.Com,FCA
Expertise	Vast experience and exposure in Finance, Legal and Taxation Matters.
Directorships held in other Public Companies (excluding Foreign and Private Companies)	1
Memberships/Chairmanships of Committees across public companies	2

**By Order of the Board
FOR DYNACONS TECHNOLOGIES LTD.**

Shirish M. Anjaria
Chairman & Managing Director

Parag J. Dalal
Director

Date: August 24, 2012

Registered Office

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

DIRECTORS' REPORT

Your Directors are pleased to present the Third Annual Report of your Company for the period ended March 31, 2012.

1. Financial Highlights

(Rs. In Lacs)

	Particulars	Year ended 31/03/2012	Year ended 31/03/2011
1.	Total Income	2428.64	2139.20
2.	Total Expenditure	2249.31	2007.58
3.	Interest	76.45	40.37
4.	Depreciation	82.67	82.55
5.	Profit before Tax	20.21	8.71
6.	Provision for Taxation - Current Tax	3.86	2.00
	- Deferred Tax	4.46	0.62
7.	Profit after tax	11.89	6.09

Management Analysis and Discussions

Company Performance

During the year, your Company earned total revenues of Rs. 2428.64 lacs compared with Rs. 2139.20 lacs during the previous year. The profit before tax stood at Rs. 20.21 lacs. The Company has made a provision of tax totaling to Rs. 8.32 lacs and the profit after tax stood at Rs. 11.89 lacs for the current year.

The Company has continued to strengthen its infrastructure, reach and product portfolio. Your Company's wide bouquet of IT products has allowed it to take full benefit of the increased IT spending in India. We will continue to look for niche demand areas which offer opportunities for incremental revenue earnings growth.

Review of Operations

During the year under review, after a short phase of recovery, the business environment once again became challenging during the second half of the year. Our diversity in terms of a large bouquet of products lines and vendors and geographical reach has enabled your Company to take maximum advantage of the available growth opportunities. This has enabled your company to maintain its growth record even in challenging business environments.

The fast rate of adoption of Information Technology over the past two decades by Indian businesses and the Indian consumer can be essentially attributed to a multitiered distribution structure. This has facilitated availability of products and technology across the geographical spread of the country while providing the necessary financial credit structure that has been key to the explosive growth of this industry. Changing economic and business conditions and rapid technological innovation are creating an increasingly competitive market environment. Consumers of products and services are increasingly demanding accelerated delivery times and lower prices.

Virtualization and Cloud Computing is expected to bring in a paradigm shift in the way IT assets are procured and deployed by both large organizations as well as Small & Medium Enterprises. While in India the change appears to be gradual, your Company proactively engaged with vendors to take initial steps in this field with the objective of being ready with appropriate offerings when the change materializes.

Your Company has adopted a sustained efficiency program across the enterprise. This includes working towards improving cash collection, controlling expenditure and optimizing wherever possible. These measures are showing visible success. Your Company has demonstrated leadership, remained disciplined in execution and faced a volatile market with a positive 'can do' attitude. Looking towards the future, your Company will remain focused on agility, innovation and operational excellence.

The Company continues to focus on both extension of geographic reach in emerging growth markets, developing well balanced product lines as well as on development & growth of new customer accounts.

The Company's focus will be on making strategic alliances with global IT product companies and on further expansion of its delivery and support infrastructure across the country.

Strengths

The inherent strength of your Company derives from its absolute belief in sound, sustainable business practices and an ability to continuously address the diverse needs of its customers. The strength of your Company is the dedicated group of talented professional who drive its business and relationships with its business partners and manage its support functions. The strengths have enabled your Company to successfully articulate its various differentiated value propositions in the markets in which it operates.

Your Company's core competencies lie in identifying the ever changing requirements of its vendors and customers and developing capabilities to meet those requirements better than its competitors. We believe our strong brand, our robust quality process and our access to skilled talent base at lower costs of providing services places your company in a unique position to take advantage of the available growth opportunities.

Quality

In order to be able to respond quickly to the customers, your Company continues with various internal initiatives to compete effectively, improve organizational flexibility and efficiency, streamline internal processes across all its entities globally and institutionalize a culture of continuous improvement. The system comprises well defined organization structure, pre-identified authority levels and documented policy guidelines and manuals for delegation of authority.

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.

Outlook

As we look ahead, the global markets are becoming more challenging than ever before. The Company is undertaking several key initiatives including enhancement of existing skill sets and domain knowledge for providing implementation and application services to customers on behalf of its vendors and partners. Opportunities in value added distribution where vendors are increasingly looking at their partners to add to their own efforts at market development and demand generation activities are also possible areas of differentiation as compared to its competitors.

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.

Proliferation of small players with limited infrastructure commitments and hence vastly reduced cost structure is an increasing concern. The convergence of IT and Telecommunication industries, while provide huge growth opportunities to your Company, also exposes it to increased competition. The growth in the economy and IT industry is expected to lead to increase in attrition next year.

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, 2012.

Directors

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

Auditors

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 and have given their consent for re-appointment.

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.

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 are in receipt of remuneration which exceeds the limits specified under the said rules.

Human Resource Management

Your Company firmly believes that its success is inherently linked to the quality of human capital at its disposal. Ensuring a transparent, cohesive, conducive and professional working environment, which rewards its employees on merit, remains among your Company's primary commitments and objectives.

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 Company offers a growth environment along with monetary benefits in line with industry standards.

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.

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.

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. 1.01 lacs (previous year Rs 0.95 lacs)

Acknowledgements

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.

Your Directors wish to place on record their deep sense of appreciation of the dedicated and sincere services rendered by employees at all levels during the year. 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 M. Anjaria
Chairman & Managing Director

Parag J. Dalal
Director

Mumbai: **August 24, 2012**

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. With the objective of conducting its business in a highly professional and ethical manner and thereby enhancing trust and confidence of all its stakeholders, the Company has planned to devise a framework for compliance of Corporate Governance norms.

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 Non-Executive Directors and three Independent Directors. The Independent 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 numbers of Independent Directors are 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.

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	4	1	-
Mr. Parag J. Dalal	Director	Yes	4	1	-
Mr. Dharmesh S. Anjaria	Director	Yes	4	1	-
Mr. Mukesh P. Shah	Independent Non Executive	No	3	5	2
Mr. Dilip P. Palicha	Independent Non Executive	No	2	1	2
Mr. Viren C. Shah	Independent Non Executive	No	3	1	2

The composition of the Board of Directors and also the number of other Board of Directors of which they are member/Chairman are as under:

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.

Four Board Meetings were held during the year 2011-2012. The dates on which the Board Meetings were held are as follows:

May 30, 2011, August 29, 2011, November 15, 2011, February 14, 2012.

The Board Meetings were held at the Registered Office of the Company. The brief agenda were sent in advance to the directors.

Particulars of Directors seeking appointment/re-appointment at the Annual general meeting have been given in the annexure to the Notice and 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	2
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 Independent Directors having knowledge of Finance, Accounts and Company Law.

The Audit Committee met Four time during the financial year 2011-2012 on the following date: May 30, 2011, August 12,2011, November 14, 2011 and February 13,2012.

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 Directors after considering the company's performance.

To review, assess and recommend the remuneration of the Chairman and Managing Director and the Directors, if appointed.

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 once during the year.

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 the Chairman cum Managing Directors for the year ended March 31, 2012

Name of Director	Postion	Salary
Mr. Shirish Anjaria	Chairman & Managing Director	Rs. 7,20,000/-

The Company has not issued any Stock options to the Directors. The Independent 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 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	3
Mr. Viren Shah	Non-Executive & Independent Director	4
Mr. Mukesh Shah	Non-Executive & Independent Director	4

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, if approved by the committee are placed at the Board meetings from time to time.

During the year under review, 89 complaints/ queries were received from shareholders/investors which were replied/resolved to the satisfaction of the investors. Of the above, the complaints/queries outstanding as on March 31, 2012 were Nil. The numbers of pending share transfers as on March 31, 2012 were Nil.

6. REPORT ON CORPORATE GOVERNANCE

The quarterly compliance report has not submitted to any Stock Exchanges since the shares of the Company are not listed on Exchanges. However, the Company has received in-principal approval from Bombay Stock exchange Limited and National Stock Exchange limited.

7. GENERAL BODY MEETINGS

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

2nd AGM : September 29, 2011 at 4.00 P.M. at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058.

Number of Special Resolutions passed : Nil

1st AGM : September 28, 2010 at 2.00 P.M at 78, Ratnajyot Industrial Estate, Irla lane, Vile Parle (W), Mumbai - 400056.

Number of Special Resolutions passed : Two

1) Appointment of Shirish Anjaria as a Chairman cum Managing Director

2) Deletion of existing articles of the Article of Association and adoption of new set of Articles

Extra-ordinary General Meeting (EGM) of the Company was held on December 10, 2010 at 2.00 P.M. at 78, Ratnajyot Industrial Estate, Irla lane, Vile Parle (W), Mumbai - 400056 for Increasing the Authorised Capital of the Company from Rs. 15,000,000 to Rs. 60,000,000.

8. CODE OF CONDUCT

The Board of Directors has laid down Code of conduct for all Board Members and Senior Management of the Company.

9. DISCLOSURES

- 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**
- 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: **N.A.**
- 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.: **N.A.**

- d) The Company has laid down procedures to inform the Board of Directors about the Risk Management and its 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 2011-2012, the Company did not raise any proceeds through Public Issue, Right Issue and /or Preferential Issue.

10. MEANS OF COMMUNICATION :

Once the Equity shares of your Company gets listing & trading permission on Stock Exchanges, the quarterly, half-yearly and yearly financial results of the Company will be sent to the Stock Exchanges immediately after they will get approved by the Board.

11. GENERAL SHAREHOLDER INFORMATION

11.1 Annual General Meeting :-

- Date and Time	September 28, 2012 at 3:30 P.M.
- Venue	Hotel Karl Residency, 36, Lallubhai Park Road, Andheri (West), Mumbai – 400058

11.2 Financial Calendar: - **April'12 – March'13** (Tentative calendar -post listing of shares on Stock Exchanges)

Financial Reporting for quarter ending: -

- June 30	Second week of August
- September 30	Second week of November
- December 31	Second week of February
- March 31	Second week of May
- Annual Results	End August

11.3 Book Closure Date

22nd September, 2012 to 28th September, 2012. (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	N.A.
The National Stock Exchange of India Ltd.	N.A.
(b) Listing of Global Depository Receipts	N.A.
(c) Demat ISIN numbers in NSDL & CDSL	INE741L01018
(d) Initial listing fees has been paid to all the above Stock Exchanges.	

Note: Your Company has received In-principal listing approval for listing its shares at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

11.6 Stock Market Data: N.A.

Your Company has received In-principal listing approval from Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE). and company has taken effective steps to list its securities at BSE & NSE.

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 : 022-28470652/3
Fax: 022-28475207

11.8 Share Transfer System :

The Company's shares shall be 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.

11.9 Distribution of Shareholding as on March 31, 2012

No of Equity Shares	No of Folios	%	Total Holding in Rs.	%
1-5000	15967	94.16	13809805	23.24
5001-10000	576	3.40	3994079	6.72
10001-20000	219	1.29	3058038	5.15
20001-30000	92	0.54	2371433	3.99
30001-40000	24	0.14	821249	1.38
40001-50000	12	0.07	545151	0.92
50001-100000	30	0.18	2064138	3.47
100001 & 99999999	38	0.22	32759207	55.13
Total	16958	100.00	59423100	100.00

11.10 Shareholding of Directors

Sr.No.	Name of Directors	No. of Shares	Percentage (%)
1	Mr. Shirish Anjaria	2707212	4.56
2	Mr. Dharmesh Anjaria	2671750	4.50
3	Mr. Parag Dalal	2604100	4.38

11.11 Dematerialization of Shares as on March 31, 2012

Total No. of shares	Shares in physical form	Percentage %	Shares in demat form	Percentage %
5,94,23,100	2,40,77,790	40.52	3,53,45,310	59.48

11.12 Shareholding Pattern as on March 31, 2012

Category	No of Shares held	Percentage of Shareholding
Indian Promoters	28180652	47.43%
Private Corporate Bodies	3217321	5.41%
Indian Public	27492283	46.27%
Clearing Member / Transit	73499	0.12%
NRIs/OCBs	459345	0.77%
Total	59423100	100.00%

11.13 Outstanding GDRs / ADRs : N.A**11.14 Compliance Officer : Dharmesh S. Anjaria****11.15 Address for Investor Correspondence : 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

Dynacons Technologies Ltd

78,Ratnajyot Ind. Estate,
Irla Lane, Vile Parle (west),
Mumbai – 400 056
Email: investor@dtlindia.com
Cont No. 022-66889900

11.16 Corporate Ethics:

The consistent endeavor of Dynacons Technologies 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.

**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.dtlindia.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, 2012.

Shirish Anjaria
Chairman & Managing Director

Mumbai, August 24, 2012

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The Board of Directors

Dynacons Technologies Ltd.

Mumbai.

We have examined the compliance of the conditions of Corporate Governance by Dynacons Technologies Limited for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information & according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

Place : Mumbai
Dated : August 24, 2012

C. K. PALAN
Partner
Membership No: 100741

August 24, 2012

**The Board of Directors
Dynacons Technologies Ltd
Mumbai**

As required under Clause 49 (V) of the Listing Agreement with Indian Stock Exchanges, we hereby certify 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) During the year:
 - i) There has not been any significant change in internal control over financial reporting;
 - ii) There has not been any significant change in accounting policies; and
 - iii) There have been no instances of fraud of which we have become aware.

For **Dynacons Technologies Ltd**

Shirish M. Anjaria
Chairman & Managing Director

Parag J. Dalal
Director

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, 2012, the related Profit and Loss Account and the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as considered appropriate and according to the information and explanations given to us during the course of our audit, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
 - c) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report are prepared in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - d) The Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of account.
 - e) On the basis of written representations received from the directors of the company, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012, from being appointed as a director in 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, 2012;
 - 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 : July 30, 2012

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF**DYNACONS TECHNOLOGIES LIMITED****ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012**

(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 2012 for a period of more than six months from the date they became payable.
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 : July 30, 2012

Balance Sheet as at 31 March, 2012

(₹ in Lakhs)

Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	594.23	594.23
(b) Reserves and surplus	2	1,786.43	1,774.54
		<u>2,380.66</u>	<u>2,368.77</u>
2 Non-current liabilities			
(a) Long-term borrowings	3	-	1.01
(b) Deferred tax liabilities (net)	4	76.20	71.74
(c) Long-term provisions	5	2.53	2.11
		<u>78.74</u>	<u>74.86</u>
3 Current liabilities			
(a) Short-term borrowings	6	502.78	487.50
(b) Trade payables	7	414.86	142.85
(c) Other current liabilities	8	7.44	19.59
(d) Short-term provisions	9	3.86	2.00
		<u>928.94</u>	<u>651.94</u>
TOTAL		<u><u>3,388.33</u></u>	<u><u>3,095.57</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
Tangible assets	10	371.75	345.68
		<u>371.75</u>	<u>345.68</u>
(b) Non-current investments	11	500.00	500.00
(c) Long-term loans and advances	12	1,070.21	1,124.70
		<u>1,570.21</u>	<u>1,624.70</u>
2 Current assets			
(a) Inventories	13	547.82	321.40
(b) Trade receivables	14	796.60	708.76
(c) Cash and cash equivalents	15	94.99	93.87
(d) Short-term loans and advances	16	6.96	1.16
		<u>1,446.37</u>	<u>1,125.18</u>
TOTAL		<u><u>3,388.33</u></u>	<u><u>3,095.57</u></u>

Notes on Financial Statements

1-24

As per our report of even date attached

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

Firm Regn. No. : 103132W

Chartered Accountants

For and on behalf of the Board of Directors

Shirish Anjaria

Chairman and Managing Director

Parag Dalal

Director

C. K. Palan

Partner

Membership No: 100741

Dharmesh Anjaria

Director

Mumbai : **July 30, 2012**Mumbai : **July 30, 2012**

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

(₹ in Lakhs)

Particulars	Note	For the year ended 31 March, 2012	For the year ended 31 March, 2011
1 INCOME			
(a) Revenue from operations (gross)	17	2,420.71	2,133.16
(b) Other income	18	7.93	6.05
2 Total revenue		2,428.64	2,139.20
3 EXPENSES			
(a) Purchases of stock-in-trade	19	2,419.69	1,870.67
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(226.42)	73.37
(c) Employee benefits expense	21	32.16	27.93
(d) Finance costs	22	76.45	40.37
(e) Depreciation and amortisation expense		82.67	82.55
(f) Other expenses	23	23.87	35.60
4 Total expenses		2,408.43	2,130.49
5 Profit / (Loss) before tax		20.21	8.71
6 Tax expense:			
(a) Current tax expense		3.86	2.00
(b) Deferred tax		4.46	0.62
		8.32	2.62
7 Profit / (Loss) for the year		11.89	6.09
8 Earnings per share (of ₹ 1/- each):			
Basic and Diluted (in ₹)		0.02	0.01
Notes on Financial Statements	1-24		

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 : **July 30, 2012**

For and on behalf of the Board of Directors

Shirish Anjaria
Chairman and Managing Director

Parag Dalal
Director

Dharmesh Anjaria
Director

Mumbai : **July 30, 2012**

Cash Flow Statement for the Year Ended March 31, 2012

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and extraordinary item	20.21	8.71
Add: Depreciation	82.67	82.55
(Profit)/Loss on sale of Fixed Assets	1.53	3.05
Interest Paid	76.45	34.32
Dividend received	(0.00)	(0.00)
	<u>160.65</u>	<u>119.92</u>
Operating profit before working Capital	180.87	128.63
Changes in current assets and Liabilities		
(Increase)/Decrease in Inventories	(226.42)	73.37
(Increase)/Decrease in Trade & Other Receivable:	(39.15)	(141.63)
Increase/(Decrease) in current Liabilities & Provision	<u>273.56</u>	<u>(106.72)</u>
	<u>7.99</u>	<u>(174.98)</u>
Cash Generated from Operations	188.86	(46.35)
Taxes Paid	0.00	0.00
Net Cash Flow from operating activities	<u>188.86</u>	<u>(46.35)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Net)	(110.27)	(115.23)
Capital Work-in-Progress and Advances	0.00	0.00
Net Cash Used for Investing Activities	<u>(110.27)</u>	<u>(147.73)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Share Premium	0.00	0.00
Proceeds from Share Capital	0.00	0.00
Increase/(Decrease) In Secured/Unsecured Loans	(1.01)	(241.31)
Interest Paid	(76.45)	(34.32)
Net cash From Financing Activities	<u>(77.46)</u>	<u>206.98</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	1.12	12.91
Cash and Cash Equivalents (Opening Balance)	93.87	80.96
Cash and Cash Equivalents (Closing Balance)	<u>94.99</u>	<u>93.87</u>
	<u>1.12</u>	<u>81.13</u>

Notes

- Components of cash and cash equivalents include bank balance in current account as disclosed under Note 14 of the accounts.
- Cash flow statements has been prepared under the "Indirect Method" as set out in According Standard issued (AS 3) "Cash Flow Statements" by The Institute of Chartered Accountants of India.
- Precious years figure have been regrouped, rearranged and reclassified wherever necessary to correspond with the figures of the current year as per revised schedule VI.

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

C. K. Palan
Partner
Membership No: 100741
Firm Regn. No. : 103132W

Shirish Anjaria
Chairman and Managing Director

Parag Dalal
Director

Dharmesh Anjaria
Director

Mumbai : **July 30, 2012**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

Company Overview

Dynacons Technologies Limited is an Information Technology company engaged in providing a comprehensive range of products to customers.

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

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.

Notes forming part of the financial statements for the financial year ended 31st March, 2012

(₹ in Lakhs)

Particulars	As at 31 March, 2012	As at 31 March, 2011
-------------	-------------------------	-------------------------

1 SHARE CAPITAL

(a) Authorised Share Capital 60,000,000 Equity shares of ₹ 1/- each (Previous Year 60,000,000 Equity shares of ₹ 1/each.)	600.00	600.00
(b) Issued, Subscribed and Paid up : 59,423,100 Equity shares of ₹ 1/- each (Previous Year 59,423,100 Equity shares of ₹ 1/- each.)	594.23	594.23

1.1 Pursuant to the Scheme of Arrangement the Equity Share Capital of the Company has been reorganised in the year 2010-11

1.2 The reconciliation of the number of shares outstanding is set out below :

Particulars	As at 31 March, 2012	As at 31 March, 2011
	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	59,423,100	59,423,100
Equity Shares at the end of the year	59,423,100	59,423,100

1.2 The details of Shareholders holding more than 5% shares :

Name of the Shareholder	As at 31 March, 2012	As at 31 March, 2011
Dynacons Systems & Solutions Limited No. of Shares % held	15,000,000 25.24%	15,000,000 25.24%

1.3 As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the both legal and beneficial ownership of shares.

1.4 The company has only one class of equity shares having a par value of ₹1 per share. Each shareholder is eligible for one vote per share held.

1.5 No bonus shares have been issued to equity share holders since incorporation

1.6 No equity share shares been bought back since incorporation

2 RESERVES & SURPLUS

(a) General reserve As per last Balance Sheet	1,769.18	1,769.18
(b) Surplus in Statement of Profit and Loss As per last Balance Sheet	5.36	(0.73)
Add: Profit for the year	11.89	6.09
Closing Balance	17.25	5.36
Total	1,786.43	1,774.54

3 LONG TERM BORROWINGS

Term loans		
From banks		
Secured	-	0.72
From Others		
Secured	-	0.29
Total	-	1.01

3.1 Term loans from Other Parties are Secured by way of first mortgage / charge on the Vehicles of the Company

3.2 Maturity Profile of Secured Term Loans are as set out below :

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
Term Loans- from banks		
- HDFC Bank	-	7.21
Term loans from Others	-	0.29

3.3 Details of long-term borrowings guaranteed by some of the directors :

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
Term loans from banks	-	7.21
Term loans from Others	-	0.29

4 DEFERRED TAX LIABILITY NET

Deferred Tax Liability		
Related to fixed assets	76.85	72.24
Deferred Tax Assets		
Disallowances under the Income Tax Act, 1961	0.64	0.50
Total	76.20	71.74

5 LONG TERM PROVISIONS

(a) Provision for employee benefits:		
Provision for other defined benefit plans (Refer Note 19.1)	2.53	2.11
Total	2.53	2.11

6 SHORT TERM BORROWINGS

Secured		
Working Capital Loans		
From banks	502.78	487.50
Total	502.78	487.50

6.1 Working capital loans include Discounting of Bills Limits and are secured by hypothecation of invoices and delivery challans duly acknowledged by the customers along with Bill of Exchange duly accepted by the Drawee

7 TRADE PAYABLES

Micro, Small and Medium Enterprises
Others

-
414.86 142.85

Total

414.86 142.85

8 OTHER CURRENT LIABILITIES

Current maturities of long-term debt
Statutory remittances
Payable to Staff

1.01 2.10
0.10 11.71
6.33 5.78

Total

7.44 19.59

9 SHORT TERM PROVISIONS

Provision for Income Tax

3.86 2.00

Total

3.86 2.00

Notes forming part of the financial statements for the financial year ended 31st March, 2012**10 FIXED ASSETS**

(₹ in Lakhs)

Sr. No	Particulars	Gross Block				Depreciation				Net Block	
		Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	WDV as on 31.03.2012	WDV as on 31.03.2011
I	<u>Tangible Assets</u>										
1	Furnitures & Fixtures	2.22	-	-	2.22	1.25	0.14	-	1.39	0.83	0.97
2	Vehicles (Cars)	12.25	-	-	12.25	4.11	1.17	-	5.27	6.97	8.14
3	Office Equipment	2.49	0.30	-	2.79	0.41	0.12	-	0.53	2.25	2.08
4	Computer	488.56	156.56	152.27	492.85	154.07	81.24	104.15	131.16	361.69	334.49
	Total (Current Year)	505.52	156.86	152.27	510.10	159.84	82.67	104.15	138.35	371.75	345.68
	Total (Previous Year)	511.05	149.55	155.08	505.52	195.00	82.55	117.71	159.84	345.68	316.05

11 NON-CURRENT INVESTMENTS**A. Trade Investments****In Equity Shares - Unquoted, fully paid up**

Ganpati Intradex Pvt Ltd
(50,00,000 (Previous year 50,00,000) Equity Shares
of ₹ 10 each, fully paid up)
Aggregate value of Unquoted Investments

500.00 500.00

Total

500.00 500.00

12	Long Term Loans And Advances (Unsecured and considered good)		
	Security deposits	-	0.25
	Advance income tax (Net of provisions)	0.21	-
	Other loans and advances	1,070.00	1,124.45
	Total	1,070.21	1,124.70
13	INVENTORIES		
	Stock-in-trade	547.82	321.40
	Total	547.82	321.40
14	TRADE RECEIVABLES (Unsecured and Considered Good)		
	Over six months	18.07	69.28
	Other Trade receivables	778.53	639.48
	Total	796.60	708.76
15	CASH AND CASH EQUIVALENTS		
	Cash on hand	1.95	1.58
	Balances with banks :		
	In current accounts	0.51	0.21
	In deposit accounts	92.54	92.08
	Total	94.99	93.87
15.1	Fixed deposits with banks include deposits of ` 92.54 crore with maturity of more than 12 months.		
16	SHORT TERM LOANS AND ADVANCES (Unsecured and Considered Good)		
	Loans and advances to employees	6.96	1.16
	Total	6.96	1.16
17	REVENUE FROM OPERATIONS		
	Sale of Information Technology Products	2,420.71	2,133.16
	Total	2,420.71	2,133.16
18	Other Income		
	Interest income	7.93	6.05
	Total	7.93	6.05
18.1	Interest income comprises: Interest from banks on: deposits	7.93	6.05
	Total - Interest income	7.93	6.05
19	PURCHASE OF TRADED GOODS		
	Information Technology Products	2,419.69	1,870.67
	Total	2,419.69	1,870.67

20 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Inventories at the end of the year:

Finished goods	547.82	321.40
	547.82	321.40

Inventories at the beginning of the year:

Finished goods	321.40	394.77
	321.40	394.77
	226.42	73.37

21 EMPLOYEE BENEFITS EXPENSE

Salaries and wages

	32.16	27.93
	32.16	27.93

21.1 As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below :

	Particulars	2012 Amount (₹)	2011 Amount (₹)
I.	Assumptions :		
	Discount Rate	8.50%	8.25%
	Salary escalation rate	4.00%	4.00%
II.	Table Showing Change in Benefit Obligation :		
	Liability at the beginning of the year	1.66	0.18
	Interest Cost	NIL	NIL
	Current Service Cost	0.49	1.48
	Past Service Cost (Non Vested Benefit)	NIL	NIL
	Past Service Cost (Vested Benefit)	NIL	NIL
	Benefit Paid	NIL	NIL
	Balance	2.15	1.66
	Actuarial (gain)/loss on obligations	NIL	NIL
	Liability at the end of the year	2.15	1.66
III.	Amount Recognized in the Balance Sheet		
	Liability at the end of the year	2.15	1.66
	Fair Value of Plan Assets at the end of the year	NIL	NIL
	Difference	2.15	1.66
	Unrecognized Past Service Cost	NIL	NIL
	Amount Recognized in the Balance Sheet	2.15	1.66
IV.	Expenses Recognized in the Income Statement		
	Current Service Cost	0.49	1.48
	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	0.49	1.48

22	FINANCE COST		
	Interest expense	76.45	40.37
	Total	76.45	40.37
23	Other Expenses		
	Auditors Remuneration - For Services as Auditors	0.28	0.28
	Bank Charges	4.45	1.99
	Business Promotion Expenses	0.95	0.89
	Communication Expenses	0.94	0.76
	Conveyance and Travelling Expenses	3.15	2.34
	Electricity Expenses	1.40	1.06
	Insurance Charges	0.07	0.45
	Legal and Professional charges	0.63	8.16
	Loss on sale/write-off of Assets	1.53	3.05
	Membership and Subscriptions	0.10	0.24
	Miscellaneous Expenses	2.98	3.80
	Motor Car Expenses	2.43	2.27
	Printing and Stationary Expenses	0.88	0.83
	Rates & Taxes	0.04	5.63
	Rent Charges	1.20	0.60
	Repairs & Maintenance - Building	0.13	0.45
	Repairs & Maintenance - Others	0.31	0.56
	Staff Welfare Expenses	0.69	0.64
	Transportation Expenses	1.73	1.59
	Total	23.87	35.60

24. Additional Information to the financial statements

24.1 Contingent Liabilities

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

24.2 Expenditure in Foreign Currency

	2012	2011
Travelling Expenses	₹ 1.01	₹ 0.96

24.3 Auditors Remuneration

	2012	2011
Audit Fees & Consultancy	₹ 0.28	₹ 0.28

24.4 Segment Information

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

24.5 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	Company in which Directors have substantial interest

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

Party	Nature of Payment	2012 (₹ / lakhs)	2011 (₹ / lakhs)
M/s S.P. Corporation	Rent for Premises	₹ 1.20	₹ 0.60
M/s S.P. Corporation	Reimbursement of Expenses	₹ 0.13	₹ 0.23
Mr. Shirish M. Anjaria	Remuneration	₹ 7.20	₹ 7.20
Dynacons Systems & Solutions Limited	Investment in Share Capital	₹ 150.00	₹ 150.00
Dynacons Systems & Solutions Limited	Amount receivable / (payable) as at year end	₹ 31.37	₹ 86.93

24.6 Earnings per Share (Basic and Diluted)

	Units	Year Ended March 31, 2012	Year Ended March 31, 2011
Profit after Tax	(₹ / lakhs)	11.89	6.09
No of Equity Shares	Nos. Lakhs	5,94,23,100	5,94,23,100
Earnings Per Share (of paid up Value of Re 1 each)	₹	0.02	0.01

24.7 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 ₹ 1.20. (Previous year ₹ 0.60)

24.8 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.

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 ₹ 0.73 (Previous year ₹ 0.64).

24.9 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 Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

AS PER OUR REPORT OF EVEN DATE

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 M. Anjaria
Chairman & Managing Director

Parag J. Dalal
Director

Place : Mumbai
Date : July 30, 2012

Dharmesh S. Anjaria
Director

Book-Post

If undelivered, please return to:



DYNACONS
Technologies Ltd.

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

DYNACONS TECHNOLOGIES LIMITED

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

DP ID No		L.F. No	
Client ID No		No of Shares held	

ATTENDENCE SLIP

TO BE SURRENDERED AT THE TIME OF ENTRY

Members are requested to produce the attendance slip duly signed in accordance with their specimen signatures registered with the company for admission to the meeting at the hall

Name and address of Shareholder	No. of Shares held	Reg. Folio No.

I Hereby record my presence at the Third Annual General Meeting of the Company to be held at Karl Residency, 36, Lallubhai Park road, Andheri [West], Mumbai - 400 058 at 3:30 pm on Friday, September 28, 2012.

Name of the Proxy in Block Letters
(if the proxy attend instead of the Member)

Signature of Member/Proxy

NOTES: Members are informed that no duplicate attendance slips will be issued at the hall and are requested to bring this slip for the meeting.

PLEASE CUT HERE AND TENDER THE ABOVE ATTENDANCE SLIP AT THE MEETING

DYNACONS TECHNOLOGIES LIMITED

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

PROXY FORM

DP ID No		L.F. No	
Client ID No		No of Shares held	

I/We _____

having address at _____

being a Member/Members of the above mentioned Company hereby appoint

Shri / Smt _____ having address at _____

_____ or failing him/her as my/our Proxy to vote for me/us and on my/our behalf, at the Third Annual General Meeting of the Company, to be held at Karl Residency, 36, Lallubhai Park Road, Andheri [West], Mumbai - 400 058 at 3:30 pm on Friday, September 28, 2012 or at any adjournment there of.

Signed this _____ day of _____ 2012

Signature _____

Note : This proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting. The proxy need not be a member of the Company