

INFORMATION MEMORANDUM



DYNACONS TECHNOLOGIES LIMITED

(Incorporated as a public limited company on April 2nd 2009 and obtained certificate of commencement of business dated February 8, 2010 under the Companies Act, 1956)

Registered Office

78, Ratnajyot Industrial Estate, Irla Lane, Vile Parle (W), Mumbai – 400056, Maharashtra
Ph No. +91-22-66889900 , Fax No. +91-22-26716641, E-mail: investor@dtlindia.com,
Website: www.dtlindia.com

Contact Person

Mr. Dharmesh Anjaria

Ph No. +91-22-66889900 , Fax No. +91-22-26716641,
E-mail: dharmesh@dtlindia.com, Website: www.dtlindia.com

Information Memorandum For Listing Of 59,423,100 Equity Shares Of Re.1/- Each

NONE OF THE SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of DYNACONS TECHNOLOGIES LIMITED unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of DYNACONS TECHNOLOGIES LIMITED. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.

ABSOLUTE RESPONSIBILITY OF DYNACONS TECHNOLOGIES LIMITED

DYNACONS TECHNOLOGIES LIMITED having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to DYNACONS TECHNOLOGIES LIMITED, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange Limited (NSE). The Company has submitted this Information Memorandum with BSE and NSE and the same has been made available on the Company's website viz. www.dtlindia.com . The Information Memorandum would also be made available on the website of BSE (www.bseindia.com) and NSE (www.nseindia.com).

REGISTRARS AND SHARE TRANSFER AGENTS



BIGSHARE SERVICES PVT. LTD.
Attentive. Able. Adaptive

E-2 & 3, Ansa Industrial Estate, Saki-Vihar Road, Sakinaka, Andheri(E), Mumbai - 400 072

Ph No. +91-22-40430200, Fax No. +91-22-28475207,

E-mail: investor@bigshareonline.com, Website: www.bigshareonline .com, Contact Person: Mr. Ansar S.

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CHAPTER I

DEFINITIONS, ABBREVIATIONS AND INDUSTRY RELATED TERMS

Act / Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
Articles/ Association	Articles of Association of Dynacons Technologies Limited
Auditors	The Statutory Auditors of Dynacons Technologies Limited
Board of Directors / Board / Directors	The Board of Directors of Dynacons Technologies Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Company / The Company	Dynacons Technologies Limited (DTL)
Demerged Company	Dynacons Systems & Solutions Limited (DSSL)
Depository Act	The Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participants) Regulations, 1996 as amended from time to time.
DSE	Designated Stock Exchange
EPS	Earnings per equity share
Equity Shares	Equity shares of the Company of Re. 1/-each unless otherwise specified in the context thereof
Equity Shareholders	Equity Shareholders of the Company
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto.
Financial year/fiscal/ F.Y.	The twelve months ended March 31 of a particular year, unless otherwise stated

FI	Financial Institution
FII	Foreign Institutional Investor(s) registered with SEBI under applicable laws.
HUF	Hindu Undivided Family
Information Memorandum	This document as filed with the Stock Exchanges is known as and referred to as the Information Memorandum
India	Republic Of India
I.T. Act	The Income-tax Act, 1961, as amended from time to time, except as stated otherwise
Memorandum/Memorandum of Association	The Memorandum of Association of Dynacons Technologies Limited
NAV	Net Asset Value
NBFC	Non-Banking Finance Company
NR	Non Resident
NRI(s)	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P/E Ratio	Price -Earning Ratio
PAT	Profit After Tax
RBI	Reserve Bank of India
Record Date of DSSL	January 7, 2011
ROC	Registrar of Companies
Rupees or Rs.	Indian Rupees, the legal Indian Currency of Republic of India

Schemes of Arrangement	Scheme of Arrangement (“the scheme”) under Sections 391 and 394 of the Companies Act, 1956 entered between Dynacons Systems & Solutions Limited and Dynacons Technologies Limited and their respective shareholders and creditors.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulations or Guidelines	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 including any amendment thereto and circulars, instructions and clarifications issued by SEBI from time to time.
Share Certificate(s)	Equity Share Certificate(s)
Stock Exchange	BSE & NSE
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and amendments thereto
Transferor Company	Dynacons Systems & Solutions Limited (DSSL)
Transferee Company	Dynacons Technologies Limited (DTL)
Wealth –Tax Act	The Wealth Tax Act, 1957 and amendments thereto

CERTAIN CONVENTIONS, USE OF MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with Indian GAAP. Our last financial year commenced on April 1, 2010 and ended on March 31, 2011. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

For definitions, please see the section titled “Definitions, Abbreviations and Industry Related Terms.”

All references to “India” contained in this information Memorandum are to the Republic of India. All references to “Rupees” or “Rs.” are to the Indian Rupees, the legal currency of the Republic of India.

Unless otherwise stated, industry data used throughout this Information Memorandum has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness is not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The information included in this Information Memorandum about the various other companies is based on their respective Annual Reports and information made available by the respective companies.

FORWARD - LOOKING STATEMENTS

We have included statements in this Information Memorandum, which may contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”. All forward looking statements including the one that describe our objectives, plans or goals are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statements.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Regulatory changes and our ability to respond to them;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in Indian or international interest rates;
- Changes in political conditions in India;
- Changes in the foreign exchange control regulations in India.
- Our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments;
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally;

- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” of this Information Memorandum. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not fruition.

CHAPTER II

RISK FACTORS

Introduction

This is only a summary. Investors should read the following summary with the Risk Factors mentioned and the more detailed information about us and our financial statements included elsewhere in this Information Memorandum. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

An investment in equity shares involves a high degree of risk. You should consider carefully all of the following information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

INTERNAL RISK FACTORS

Risks relating to our Business

- 1. Failure to sustain growth in our customer base could result in uncertain prospects for growth.**

Our future growth will depend upon our ability to differentiate ourselves from our competition through our product and solution offerings and brand recognition. The market for our products may not develop further and consumers may not widely adopt our products. If this market fails to develop further or develops more slowly than expected, or if our products do not achieve broader market acceptance, we will not be able to grow our customer base. If we are unable, for technical or other reasons, to develop and introduce new products or enhancements to existing suite of products in a timely manner, it would be difficult for us to attract customers or to increase the total revenues.

- 2. Changes in technology may make the business of the company less competitive thereby affecting the business and profitability of the Company**

The market in which the company operates is characterized by rapid technological change, evolving industry standards, and new product and technology introductions. The future success of the company will depend on the ability to anticipate these technological advances and procure new products to meet client needs. The

company may not be successful in anticipating or adequately responding to these advances on a timely basis and its responses may not be successful in the market place.

3. The company may fail to attract and retain trained employees as competition for skilled personnel is intense.

The ability of the company to sustain the growth depends, in large part, on the ability of the management to attract, train, motivate and retain the highly skilled personnel, particularly for marketing, research and development activities. The Company believes that there is a significant demand for personnel who possess the requisite skills. The inability to hire and retain additional qualified personnel will impair the ability to continue to expand the business. It cannot be assured that the company would be successful in recruiting and retaining a sufficient number of technical personnel with the requisite skills to replace those technical personnel who leave.

4. Any breakdown of our technical systems or any third party system failures and disruptions could adversely impact our business.

Due to the nature of our business, any technical failure or malfunctions relating to, any of our technical systems including hardware or software, with third-party systems, any corruption or loss of our electronically stored data or computer virus attacks, or interruptions in power supply could disrupt our functioning, result in the corruption of our data and security breaches, and thereby adversely impact our business. We are also at risk of virus attacks, denial of service attacks, distributed denial of service attacks, and other interruptions on our content and systems, the systems of our third party service providers and related network infrastructure. These could interrupt the smooth supply of products.

5. Delays or defaults in client payments could result in a reduction of our profits.

We regularly commit resources to projects prior to receiving advances or other payments from clients in amounts sufficient to cover expenditures on projects as they are incurred. We may be subject to working capital shortages due to delays or defaults in client payments. If clients default in their payments on a project to which we have devoted significant resources or if a project in which we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

EXTERNAL RISK FACTORS

Risks Relating to Our Industry

- 1. We operate in a highly competitive industry, which is subject to price pressure and rapid technological change.**

The markets for our products are highly competitive in terms of pricing, functionality and service quality, the timing of development and introduction of new products, customer service and terms of financing. We face intense competition from significant competitors. Our competitors may implement new technologies and introduce new products before we do, allowing them to offer more attractively priced or enhanced products, services or solutions than we provide. Some of our competitors may have greater resources in certain business segments or geographic markets than we do. We may also encounter increased competition from new market entrants, alternative technologies or alternative telecommunications platforms. Our operating results significantly depend on our ability to compete in this market environment, in particular on our ability to adapt to political, economic or regulatory changes, to introduce new products to the market and to continuously enhance the functionality while reducing the cost of new and existing products.

- 2. Impact of Government Policy and Regulation on the business performance of the Company**

Regulatory changes may adversely affect our performance or financial conditions. Regulatory changes relating to business segments in which we operate in India can have a bearing on our business. Any negative changes in the in Government policies towards the IT industry in India or our other geographic markets could adversely affect our business operations or financial conditions.

Risks Relating to India

- 1. An economic downturn in India may negatively impair our operating results.**

Any economic downturn or slowdown in India which in turn has a negative impact on the industry verticals in relation to which we conduct our business may adversely affect our business and financial performance and price of our Equity Shares.

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely impact our business and financial performance.

2. Instability of economic policies and the political situation in India or elsewhere could adversely affect the fortunes of the industry.

Unstable internal and international political environment could impact the economic performance in both the short term and the long term. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company's business, and the market price and liquidity of the Equity Shares, may be affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

3. Force majeure events, terrorist attacks or natural disaster or any other acts of violence or war involving India, or other countries could adversely affect the financial markets, may result in loss of customer confidence and adversely affect our Company's business, results of operations, financial conditions and cash flows.

Certain force majeure events, being beyond our Company's control, including natural disasters, terrorist attacks and other acts of violence or war which may involve India, or other countries, may adversely affect Indian or worldwide financial markets, and could lead to economic recession. These acts may also result in a loss of business confidence and have other consequences that could adversely affect business, results of operations and financial condition of our Company. More generally, any of these events could lower confidence in India. Any such event could adversely affect the financial performance or the market price of the Equity Shares of our Company.

4. Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

5. Wage pressures in India may prevent us from sustaining our competitive advantage and may reduce our profit margins.

Historically, wage costs in the Indian IT services industry have been significantly lower than wage costs in developed countries for comparable skilled technical personnel, which has been one of India's competitive strengths. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. Wages in India are increasing at a faster rate than those in certain developed countries and also faster than some of the other developing countries such as China and the Philippines, which could result in increased costs for software professionals, particularly project managers and other mid-level professionals. In the long term, wage increases may make us less competitive unless we are able to continue increasing the efficiency and productivity

of our professionals and the quality of our services and the prices we can charge for our products and services.

Risks Relating to the Investment in our Equity Shares

1. After the listing of the shares, the prices of our Company's equity shares may be volatile, or an active trading market for our Company's equity shares may develop

There has been no public market for our company's equity shares till now, and no history of public disclosures of information relating to our Company and/or some of our operating companies, and the prices of our Company's equity shares may fluctuate after this listing. There can be no assurance that an active trading market for the equity shares will develop or be sustained after this listing. Our Company's share price can be volatile.

2. Fluctuations in operating results and other factors may result in decrease in our Equity Share price

Stock markets have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market volatility and fluctuations may adversely affect the trading price of our Equity Shares. There may be significant volatility in the market price of our Equity Shares. If we are unable to operate profitably or as profitably as we have in the past, investors could sell our Equity Shares when it becomes apparent that the expectations of the market may not be realized, resulting in a decrease in the market price of our Equity Shares.

3. Conditions in the Indian securities market may affect the price or liquidity of Equity Shares.

The securities markets are subject to substantial fluctuations in the prices of listed securities on account of which the stock exchanges have experienced problems that have affected the market price and liquidity of the securities of companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the regulator have from time to time restricted securities from trading, limited price movements and increased margin requirements. Similarly, adverse conditions in global securities market have also adversely affected sentiments in Indian markets. If similar problems occur in the future, the market price and liquidity of Equity Shares could be adversely affected.

CHAPTER III

GENERAL INFORMATION

DYNACONS TECHNOLOGIES LIMITED

(A Public Company Incorporated as Dynacons Technologies Limited on April 2nd 2009 under the Companies Act, 1956).

Registered Office:

78, Ratnajyot Industrial Estate, Irla Lane, Vile Parle (W), Mumbai – 400056, Maharashtra Tel: +91-22-66889900 ; Fax: +91-22-26716641

The Company was incorporated as public limited Company on April 2nd 2009 under the Companies Act, 1956 under CIN No. U72900MH2009PLC191412 and obtained the certificate of commencement of business on January 8th 2010.

Authority for Listing

The Hon'ble High Court of Mumbai vide its order dated October 15, 2010 has approved the Scheme of Arrangement between Dynacons Systems & Solutions Limited, Dynacons Technologies Limited and their respective shareholders and creditors for demerger of the Marketing and Distribution Business and Manufacturing Business of the Demerged Company in favour of Dynacons Technologies Limited the Resulting Company.

In accordance with the Scheme, the Marketing and Distribution Business and Manufacturing Business of the Transferor Company was transferred to and vested with Dynacons Technologies Limited, w.e.f. April 1st 2009 (the appointed date under the Scheme) pursuant to Section 391 to 394 of the Companies Act, 1956.

In accordance with the said scheme, the Equity shares of the Company to be issued pursuant to the Scheme as well as its existing shares shall be listed and admitted to trading on Bombay Stock Exchange Limited (BSE), and the National Stock Exchange of India Limited (NSE). Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by the Company seeking listing.

The Company has approached relevant authorities for exemption from the strict enforcement of the requirements of Rule 19(2)(b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing of shares of the Company from SEBI.

Eligibility Criterion

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter III of the SEBI (ICDR) Regulations, 2009 does not become applicable. However, SEBI has vide its circular SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009, relaxed the applicability of provisions of Regulation 19(2)(b) of the Securities Contract (Regulations) Rules, 1957. The Company has submitted its Information Memorandum, containing information about itself, making disclosure in line with the disclosure requirement for public issues, as applicable to BSE and NSE for making the said Information Memorandum available to public through their websites viz. www.bseindia.com and www.nseindia.com.

The Company has made the said Information Memorandum available on its website viz. www.dtlindia.com

The Company has published an advertisement in the news papers containing its details in line with the details required as in terms of SEBI Circular SEBI/CFD/SCRR/01/2009/03/09. The advertisement has been published on August 18, 2012 in Financial Express – English all India editions, Jansatta – Hindi all India editions & Mumbai Lakshadeep – Marathi – Maharashtra edition and draws specific reference to the availability of this Information Memorandum on the Company's website.

Prohibition by SEBI

The Company, its Directors, its promoters, other Companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

General Disclaimer from the Company

The Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI Circular SEBI/CFD/SCRR/01/2009/03/09 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Disclaimer – BSE

As required, a copy of this Information Memorandum has been submitted to BSE. BSE has vide its letter dated November 30th 2009 approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or

2. Warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
3. Take any responsibility for the financial or other soundness of this Company; and
4. It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer – NSE

As required, a copy of this Information Memorandum has been submitted to NSE. NSE has vide its letter dated January 13th 2010 approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of the said approval NSE's name in this information memorandum as one of the stock exchanges on which this Company's securities are proposed to be listed. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by NSE; nor does NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that the Company's securities will be listed or continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which maybe suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of any thing stated or omitted to be stated herein or any other reason whatsoever.

Filing

This Information Memorandum has been filed with BSE and the NSE.

Listing

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

Demat Credit

The Company has executed Tripartite Agreements with the Registrar and the Depositories i.e. NSDL and CDSL for admitting its securities in demat form and have allotted ISIN – **INE741L01018**

Statutory Auditors:

M/S. P.C. GHADIALI & CO.

Chartered Accountants

Office 6-7, Yamuna,

Evershine Enclave,

Mira Road (East)

Dist Thane 401107

Ph No.:91-22- 28124575

Fax No.: 91-22- 28124575

Registrars and Share Transfer Agents

BIGSHARE SERVICES PVT. LTD

E-2 & 3, Ansa Industrial Estate,

Saki-Vihar Road,

Sakinaka, Andheri(E),

Mumbai - 400 072

Ph No. 91-22-40430200,

Fax No. 91-22-28475207,

E-mail: investor@bigshareonline.com,

Website: www.bigsharesonline .com

Contact Person: Mr. Ansar S.

Banker to the Company

Dena Bank

Andheri West Branch

Deepawali, 1st Floor,

S. V. Road, Andheri (West),

Mumbai - 400058

Company Secretary

The Company is in the process of recruiting a Company Secretary.

Compliance Officer

Mr. Dharmesh Anjaria

78, Ratnajyot Industrial Estate,

Irla Lane, Vile Parle (W),

Mumbai – 400056

Ph No. +91-22-66889900

Fax No. +91-22-26716641,

E-mail: investor@dtlindia.com

Investors can contact the Compliance Officer in case of any share transfer related problem.

CHAPTER IV

CAPITAL STRUCTURE

Share Capital

Share Capital Pre- Scheme of Demerger:

PARTICULARS	RUPEES
AUTHORISED CAPITAL 1,50,00,000 Equity Shares of Re. 1/- each	1,50,00,000
ISSUED AND SUBSCRIBED CAPITAL 1,50,00,000 Equity Shares of Re. 1/- each	1,50,00,000
PAID-UP CAPITAL 1,50,00,000 Equity Shares of Re. 1/- each	1,50,00,000

Share Capital Post- Scheme of Demerger

PARTICULARS	RUPEES
AUTHORISED CAPITAL 6,00,00,000 Equity Shares of Re. 1/- each	6,00,00,000
ISSUED AND SUBSCRIBED CAPITAL 5,94,23,100 Equity Shares of Re. 1/- each	5,94,23,100
PAID-UP CAPITAL 5,94,23,100 Equity Shares of Re. 1/- each	5,94,23,100

As per the Scheme, the Board of Directors of DTL on January 18th, 2011 has issued and allotted an aggregate 4,44,32,100 equity shares of Re. 1/- each, credited as fully paid- up, to the members of DSSL whose names are recorded in the register of members and records of the depository as members of DSSL on the record date, in the ratio of 3 (three) equity shares in DTL of face value of Re.1/- each credited as fully paid – up for every of 10 (ten) equity shares of Rs.2/- each fully paid – up held by such member in DSSL.

SHAREHOLDING PATTERN

Shareholding Pattern of the Company prior to allotment of shares pursuant to Order of Hon'ble High Court of Mumbai.

		Shareholding Pattern of the Company prior to allotment of shares		Shareholding Pattern of the Company post allotment of shares	
		No. of shares	% of shares	No. of shares	% of shares
(A)	Shareholding of Promoter and Promoter Group				
1	Indian				
(a)	Individuals/ Hindu Undivided Family	400	0.002	1,28,32,684	21.59
(b)	Central Government/ State Government(s)	-	-	-	-
(c)	Bodies Corporate	1,49,99,400	99.996	1,53,47,968	25.83
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-
	Sub Total(A)(1)	1,49,99,800	99.998	2,81,80,652	47.42
2	Foreign				
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	-	-	-	-
B	Bodies Corporate	-	-	-	-
C	Institutions	-	-	-	-
D	Any Others(Specify)	-	-	-	-
	Sub Total(A)(2)	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1,49,99,800	99.998	2,81,80,652	47.42
(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds/ UTI	-	-	-	-
(b)	Financial Institutions / Banks	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	-	-	-	-

(f)	Foreign Institutional Investors	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other (specify)	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-
B 2	Non-institutions				
(a)	Bodies Corporate (Including Foreign Bodies Corporates)	-	-	32,16,721	5.41
(b)	Individuals				
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	200	0.002	2,38,86,882	40.20
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	36,05,401	6.07
(c)	Any Other (specify)	-	-	-	-
	Clearing Member	-	-	74,099	0.13
	NRI	-	-	4,59,345	0.77
	OCB's/TRUST	-	-	-	-
	Sub-Total (B)(2)	200	0.002	3,12,42,448	52.58
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	200	0.002	3,12,42,448	52.58
	TOTAL (A)+(B)	1,50,00,000	100.000	5,94,23,100	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	1,50,00,000	100.000	5,94,23,100	100.00

CHAPTER V

STATEMENT OF TAX BENEFITS

The Board of Directors,
Dynacons Technologies Limited
78, Ratnajyot Industrial Estate
Irla Lane, Vile Parle (W),
Mumbai 400 056

Sub: Statement of Tax Benefits

We acknowledge the receipt of the request letter dated April 15, 2011 seeking our advice on the various benefits available to the Company and its shareholders under the Indian Direct Tax Laws. We understand that our advice will be incorporated in the Information Memorandum to be issued in connection with the proposed listing of 59423100 Equity Shares of Re 1/- each.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. Each investor is advised to consult his or her or their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with;
- The revenue authorities/ courts will concur with the views expressed herein

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes. The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

While all reasonable care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

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

C. K. PALAN
Partner
Membership No: 100741

Place : Mumbai
Dated : May 9, 2011

**STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS
SHAREHOLDERS**

A. GENERAL TAX BENEFITS, AVAILABLE TO ALL CATEGORIES OF COMPANIES OR TO THE SHAREHOLDERS OF ANY COMPANY, SUBJECT TO FULFILLING CERTAIN CONDITIONS AS REQUIRED UNDER THE RESPECTIVE ACTS:

BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961

1. The Company will be entitled to claim exemption for interest on tax-free bonds under the section 10(15) of the Income Tax Act.
2. Under section 10(34) of the IT Act, income by way of dividends referred to in section 115-O of the IT Act received by the Company from domestic companies is exempt from income tax. Similarly income received by the Company in respect of units of Mutual Funds specified under section 10(23D) will be exempt under section 10(35) of the Income Tax Act.
3. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India after October 1, 2004 and is liable to securities transaction tax.
4. Subject to fulfillment of conditions, the company will be eligible, inter-alia, for deduction under sections 35(1)(i) and (iv) of the IT Act, in respect of any revenue or capital expenditure incurred on scientific research related to the business of the Company, other than expenditure on the acquisition of any land.
5. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on

transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

6. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e. if shares are held for a period not exceeding 12 months) arising on transfer of equity shares in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
7. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under section 3 of The National highway Authority of India Act, 1988;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.
8. The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the income-tax under section 80C of the IT Act.
9. Deduction under section 32: As per provisions of section 32(1)(ia) of the IT Act, the company is entitled to claim additional depreciation of 20% of the actual cost of any new machinery or plant which has been acquired and installed after March 31, 2005 subject to fulfillment of conditions prescribed therein. If however the assets are put to use for less than 180 days in the year in which they are acquired, the rate of accelerated depreciation will be 10 percent.
10. Under section 115JAA (2A) of the IT Act tax credit shall be allowed in respect of any Minimum Alternative Tax (MAT) paid under section 115JB of the IT Act for any assessment year commencing on or after April 1, 2006. Credit eligible for carry forward is

the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 10 years immediately succeeding the year in which the MAT credit initially arose.

BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961

1. Under section 10(34) of the IT Act, income by way of dividends referred to in section 115-O of the IT Act received on the shares of the Company is exempt from income tax in the hands of shareholders.
2. Under section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.
3. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
4. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
5. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - (a) National Highway Authority of India constituted under section 3 of The National highway Authority of India Act, 1988;
 - (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of fifty lacs rupees. If only part of the capital

gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the income-tax under section 80C of the IT Act.

6. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e. if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
8. In terms of section 36(1)(xv) of the IT Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS')

1. Under section 10(34) of the IT Act, income by way of dividends referred to in section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

2. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the income-tax under section 80C of the IT Act.

4. Under section 115AD(1)(ii) of the IT Act short term capital gains on transfer of securities shall be chargeable @ 30% and 15% (where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax). The above rates are to be increased by applicable surcharge and education cess. Under section 115AD(1)(iii) of the IT Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under section 10(38) of the IT Act) held in the company will be taxable @ 10% (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.
5. As per section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.
6. In terms of section 36(1)(xv) of the IT Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income

chargeable to tax as capital gains, such amount paid on account of securities transaction tax.

BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS

Under section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

BENEFITS AVAILABLE TO NON-RESIDENTS / NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIS AND FOREIGN VENTURE CAPITAL INVESTORS)

1. Under section 10(34) of the IT Act, income by way of dividends referred to in section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders..
2. Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to securities transaction tax.
3. Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the IT Act - discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.
4. Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
5. Under section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax

if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- (a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India, Act 1988;
- (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

The investment made in the long term assets as specified above by the assessee during any financial year is subject to maximum of fifty lacs rupees. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction from the income-tax under section 80C of the IT Act.

6. Under section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.
7. Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.
8. Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:
 - i. Under section 115E of the IT Act, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a non-resident

Indian, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

- ii. Under provisions of section 115F of the IT Act, long term capital gains (in cases not covered under section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the IT Act) shall be exempt from income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in section 10(4B) of the IT Act, within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
 - iii. Under provisions of section 115G of the IT Act, it shall not be necessary for a non-resident Indian to furnish his return of income under section 139(1) if his income chargeable under the IT Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of chapter XVII-B of the IT Act.
 - iv. In accordance with the provisions of section 115H of the IT Act, a non resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the assessing officer along with his return of income for that year under section 139 of the IT Act to the effect that the provisions of chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
9. In terms of section 36(1)(xv) of the IT Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.¹⁰
10. As per section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the non-resident/ non-resident Indian would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non-Resident / Non-Resident India.

BENEFITS AVAILABLE UNDER THE WEALTH TAX ACT, 1957

Asset as defined under section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

NOTES

1. All the above possible benefits are as per the current tax laws as amended by the Finance Act, 2011.
2. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity Shares;
3. The above statement of possible direct tax benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax;
4. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;
5. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and
6. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint share holders.

CHAPTER VI

OBJECTS AND RATIONALE OF THE SCHEME

Background and Rational for the Scheme of Demerger

- i. Dynacons Systems & Solutions Limited is engaged, *inter alia*, in the business of:
 - (a) Activities related to Architecture, Deployment, Integration and Management of IT Infrastructures, Integration of Hardware and Software Components, Network Integration, Enterprise Integration Services, IT Infrastructure Management services, facility management services, networking solutions, remote management services, enterprises application integration and other allied services. ("System Integration and Services Business")
 - (b) Activities related to Software Development, Application Development, Enterprise Software Implementations, Content Management System, Content Development Services, Software Products, Software Re-engineering, Information Risk Management, Quality Assurance and Consulting. ("Software and Consulting Business")
 - (c) Activities related to Marketing and Distribution of IT Products including Sourcing, Procurement, Imports Management, Retailing, Supply Chain Management, Warehousing, Branding, Distribution Systems, Development of Resellers, Delivery Management and Demand Fulfillment & Management Systems. ("Marketing and Distribution Business")
 - (d) Activities related to Manufacturing of IT Products & Semiconductors including Product Research, Analysis and Design, Material Management, Assembly, Fabrication Management, Quality Systems Management, Packaging and Logistics Management and Contract Manufacturing Activities ("Manufacturing Business")
- ii. DTL is a subsidiary of DSSL. It is engaged in the business of providing information technology products and solutions.
- iii. Upon the Scheme becoming effective the Marketing and Distribution Business and Manufacturing Business of the Demerged Company (as defined herein after) shall get demerged to the Resulting Company.
- iv. The Board believes that the de-merger will result in focused business operations of the two companies and allow them increased flexibility in taking advantage of the huge growth opportunities in their respective business segments.
- v. The de-merger of two distinct set of activities shall provide opportunity to attract potential investors having investment horizon more specific to each individual / distinct activity. This shall enable each company to chart out independent long-term strategies resulting in enhanced shareholder value.

The relevant extract towards the salient features of the scheme of arrangement are reproduced as under:

“PART II- DEMERGER

3. With effect from the Appointed Date, the Undertaking shall, pursuant to the provisions contained in Sections 391 to 394 of the Act, without any further act, deed, matter or thing, be and the same shall stand transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company as a going concern so as to become on and from the Appointed Date, the estate, assets, rights, title, interest and authorities of the Resulting Company, pursuant to Section 394(2) of the Act, subject however, to all charges, liens, mortgages, then affecting the same or any part thereof, provided always that the Scheme shall not operate to enlarge the scope of security for any loan, deposit or facility created by or available to the Demerged Company in relation to the Undertaking which shall vest in the Resulting Company by virtue of the demerger and the Resulting Company shall not be obliged to create any further or additional security therefore after coming into effect of this Scheme or otherwise except in case where the required security has not been created and in such case if the terms thereof require, the Resulting Company will create the security in terms of the issue or arrangement in relation thereto. Similarly, the Resulting Company shall not be required to create any additional security over assets acquired by it under the Scheme for any loans, deposits or other financial assistance availed/to be availed by it.
4. With respect to the assets of the Undertaking that are movable in nature or are otherwise capable of transfer by manual delivery or by paying over or endorsement and/or delivery, the same may be so transferred by the Demerged Company, and shall, upon such transfer, become the property, estate, assets, rights, title, interest and authorities of the Resulting Company as an integral part of the Undertaking on and from the Appointed Date.
5. With respect to the other assets of the Undertaking (including any right, title, interests of the Transferor Company in any leasehold property in relation to the Undertaking) other than those referred to in clause 4 above, the same shall, without any further act, instrument or deed, be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on and from the Appointed Date pursuant to the provisions of Section 394 of the Act and shall form an integral part of the Scheme. It is hereby clarified that all the investments made by the Demerged Company with respect to the Undertaking shall, pursuant to Section 394(2) of the Act and the provisions of this Scheme, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company.
6. All debts, outstandings and receivables relating to the Undertaking shall on and from the Appointed Date stand transferred to and vested in the Resulting Company without any notice or other intimation to the debtors (although the Resulting Company may, if it so deems appropriate, give notice to the debtors that the debts do stand transferred to and vested in the Resulting Company), and the debtors shall be obliged to make payments to the Resulting Company on and from the Appointed Date.
7. For the avoidance of doubt, it is clarified that upon the coming into effect of this Scheme, in accordance with the provisions of relevant laws, consents, permissions, licences, certificates, authorities (including for the operation of bank accounts), powers of attorneys given by, issued to or executed in favour of the Demerged Company with respect to the

Undertaking, and the rights and benefits under the same shall, and all quality certifications and approvals, trademarks, brands, patents and domain names, copy rights, industrial designs, trade secrets and other intellectual property and all other interests relating to the goods or services being dealt with by the Demerged Company with respect to the Undertaking, be transferred to and vested in the Resulting Company on and from the Appointed Date.

8. In so far as the various incentives, service tax benefits, subsidies, grants, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Demerged Company in relation to the Undertaking are concerned, the same shall, without any further act or deed, vest with and be available to the Resulting Company on the same terms and conditions on and from the Appointed Date.
9. It is clarified that all taxes payable by the Demerged Company, relating to the Undertaking from the Appointed Date onwards including all or any refunds and claims shall, for all purposes, be treated as the tax liabilities or refunds and claims of the Resulting Company. Accordingly, upon the Scheme becoming effective, the Demerged Company is expressly permitted to revised its VAT and Sales Tax returns, Excise and MODVAT, CENVAT returns, other tax returns, and to claim refunds, credits, pursuant to the provisions of this Scheme, if any.
10. On and from the Appointed Date, the Resulting Company shall be entitled to carry forward and claim credit for any unutilized MODVAT /CENVAT /Service Tax Credit under the MODVAT/CENVAT Credit Rules framed under the Central Excise Act, 1944 or the Service Tax Credit Rules framed under the Finance Act, 1994 lying in the registers of or to the account of the Demerged Company with respect to the Undertaking as on the Appointed Date for the Excise Duty/Customs Duty (including CVD)/Service Tax paid on inputs/capital goods.
11. Upon the coming into effect of this Scheme, all debts, liabilities, duties and obligations of the Demerged Company in relation to the Undertaking shall, pursuant to the provisions of Section 394(2) and other applicable provisions of the Act, without any further act, instrument or deed be and stand transferred to and vested in and/or deemed to have been stand and transferred to and vested in the Resulting Company, so as to become on and from the Appointed Date, the debts, liabilities, duties and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company with respect to the Undertaking and further that it shall not be necessary to obtain the consent of any person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this clause.
12. Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instrument of whatsoever nature relating to the Undertaking to which DSSL is a party subsisting or having effect on or before the Effective date shall be in full force and effect against or in favour of DTL and may be enforced as fully and effectually, as it, instead of DSSL, DTL had at all material times been a party thereto. All contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature other than those relating to the Undertaking to which DSSL is a party subsisting or having effect on or before the Effective Date shall be in full force and effect against or in favour of DSSL.

13. Except as provided in the clauses above, DTL shall accept all acts, deeds and things relating to the Undertaking done and executed by and/or on behalf of DSSL on or after the Appointed Date upto the Effective Date as acts, deeds and things done and executed by and/or on behalf of DTL.

14. LEGAL PROCEEDINGS

The legal or other proceedings by or against DSSL pending on the Appointed Date and relating to the Undertaking (including property rights, powers, liabilities, obligations and duties of DSSL) shall continue and enforced by or against DTL in the same manner and to the same extent as it would or might have been continued and enforced by or against DSSL. Any other legal or other proceedings relating to the Demerged Company pending on the Appointed Date shall continue and remain enforced by or against DSSL.

15. BUSINESS AND PROPERTY IN TRUST AND CONDUCT OF BUSINESS FOR THE RESULTING COMPANY

With effect from the Appointed Date and upto and including the Effective Date, DSSL:

- 15.1 shall be deemed to have been carrying on and shall carry on all business and activities relating to the Undertaking for and on account of and in trust for DTL, including but without limitation, manufacturing, distribution and marketing activities, and payment of advance income tax, tax deducted at source, sales tax, excise, service tax and other statutory levies, etc;
- 15.2 all profits accruing to DSSL or losses arising or incurred by it relating to the Undertaking shall, for all purposes, be treated as the profits or losses, as the case may be, of DTL;
- 15.3 DSSL hereby undertakes, to carry on the business of the Undertaking with proper prudence and not to alienate charge or otherwise deal with or dispose off the Undertaking or any part thereof.;
- 15.4 DTL shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies departments and authorities concerned as are necessary under any law, for such consents, approvals and sanctions which DTL may require to own and operate the Undertaking.

16 EMPLOYEES

- 16.1 DTL undertakes to engage, on and from the Appointed Date, all permanent employees of DSSL, who are directly engaged in or in relation to the Undertaking and are desirous of joining DTL on the terms and conditions which are not less favorable or on the same terms and conditions on which they are engaged as on the Appointed Date by DSSL without any interruption of service as a result of the transfer and in the terms and conditions not less favorable than those subsisting with reference to DSSL as on the said date, as if they were in a continuous service. DTL agrees that the services of all such employees with DSSL as on the said date will be as if they were in a continuous service.
- 16.2 The accounts of the employees, who are employed by DSSL under 16.1 above, in DTL relating to the superannuation fund, provident fund, gratuity fund and other funds

including any surplus in such funds shall be identified, determined and transferred to the trustees of the respective funds of DTL as and when these are created.

17 ISSUE AND ALLOTMENT OF SHARES/CANCELLATION OF SHARES

- 17.1** In consideration of the transfer of the business of the Undertaking in favour of the Resulting Company, each member of the Demerged Company holding 10 Equity Shares in Demerged Company on the Record Date, shall in respect of every 10 fully paid Equity share of Rupees 2/- each held by him/her in Demerged Company be entitled as of right to claim and receive from the Resulting Company an allotment of 3 Equity Shares of Rupee 1/- each credited as fully paid up.
- 17.2** No fractional certificate(s) shall be issued in respect of fractional entitlements to which the members of DSSL may be entitled to on issue and allotment of the new Equity Shares. All such fractions shall be consolidated into full Equity Shares which shall be allotted by the Board of Directors of DTL at its discretion to any two nominees of DTL upon trust with the express understanding that such nominees shall sell the same in the market or by way of private sale/placement or by any other manner, at such time or times, to such person or persons and at such price or prices as they may deem fit (the decision of such nominees as to the timing, the method of the sale and the price/s at which such sale/s has/have been given effect to shall be final) and pay to DTL, the realized sale proceeds thereof, whereupon DTL shall distribute the net sale proceeds, subject to taxes, if any, to the members of DSSL in proportion to their respective fractional entitlements. The Board of Directors of DTL, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.
- 17.3** The Equity Shares to be issued by the Resulting Company and/or rights thereon, pursuant to Clause 17.1 mentioned above in respect of Equity Shares of the Demerged Company which are held in abeyance under the provisions of section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, be allotted and held in a separate account in trust for the respective shareholders. On settlement of the dispute, the share certificates shall be dispatched in case of Shares held in physical form and the concerned accounts credited in case of dematerialized Shares.
- 17.4** The Equity Shares of DTL allotted under this Scheme to the members of DSSL shall, rank for dividend, voting rights and in all other respects *pari passu* with the existing Equity Shares of DTL.
- 17.5** The issue and allotment of new Equity Shares of DTL to the members of DSSL, as provided in this Scheme, shall be deemed having been carried out in compliance with the procedure laid down under Section 81(1A) and other applicable provisions of the Act.
- 17.6** The Memorandum of Association of DTL shall stand altered/amended without any separate approval from the shareholders of DTL pursuant to Section 17 of the Act or without any further act or deed, by way of replacement of the following new clause in the Memorandum of Association, in place of the existing clause V (a):
- “V (a)** The Authorised Share Capital of the Company is Rs. 6,00,00,000 divided into 6,00,00,000 equity shares of Rupee 1/- each with such ordinary privileges and other conditions attaching thereto as may be provided by the Articles of the Company for the time being in force with power to increase its share capital by such amount as it thinks expedient by issuing Equity Shares, consolidate and divide all or any of its share capital into shares of

larger amount than its existing shares, convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination, subdivide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum but shall not be less than Rs. 1, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived, cancel shares which, at the date of passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.”

18. LISTING AND TRADING OF SHARES

- 18.1** Subject to applicable rules and regulations, DTL shall make the requisite applications for listing and admitting for trading on the Bombay Stock Exchange Limited and National Stock Exchange Limited, where the existing Equity Shares of DSSL are listed and admitted for trading,
- 18.2** The Equity Shares allotted pursuant to the Scheme shall remain frozen in the depositories system till the listing/ trading permission is given by the designated stock exchanges.
- 18.3** There shall be no change in the shareholding pattern or control in Resulting Company between the record date and the listing.

PART- III - REORGANISATION

19. REORGANISATION OF SHARE CAPITAL OF DSSL

- 19.1** As a result of the demerger and the resultant transfer of the Undertaking to the Resulting Company, the issued, subscribed and paid up share capital of the Demerged Company will no longer be represented by assets which have been transferred to the Resulting Company and therefore shall stand accordingly reduced from Rupees 296,154,000 divided into 148,077,000 fully paid up Equity Shares of Rupees 2/- each to Rupees 59,230,800 divided into 59,230,800 Equity Shares fully paid up of Rupee 1/- each. Accordingly upon the Scheme coming into effect, the share capital of Demerged Company shall stand reorganized in a manner that every member holding 10 Equity Shares of Rs.2/- each shall hold 4 Equity Shares of Rupee 1/- each.
- 19.2** Such reduction of share capital shall be undertaken in accordance with provisions of Sections 78 and 100 to 104 of the Act and the Order of the High Court sanctioning the scheme shall be deemed to be also the order under Section 102 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid up share capital and the provisions of Section 101 of the Act will not be applicable.
- 19.3** Upon the Scheme being effective and upon the Equity Shares of the Resulting Company being allotted and issued by it to the shareholders of the Demerged Company whose names appear on the Register of Members of the Demerged Company on the Record Date, the Equity Shares of the Demerged Company, shall deemed to have been automatically cancelled upto and in accordance to the limit as prescribed in Clause 19.1 and be of no effect on and from the Record Date. Wherever applicable, the Resulting Company may, instead of requiring the surrender of share certificates of the Demerged Company, directly issue and dispatch the new share certificate of the Resulting Company in lieu thereof.

- 19.4 No fractional certificate(s) shall be issued in respect of fractional entitlements to which the members of DSSL may be entitled to on reorganization of the share capital of DSSL pursuant to Clause 17.2 above. All such fractions shall be consolidated into full Equity Shares which shall be allotted by the Board of Directors of DSSL at its discretion to any two nominees of DSSL upon trust with the express understanding that such nominees shall sell the same in the market or by way of private sale/placement or by any other manner, at such time or times, to such person or persons and at such price or prices as they may deem fit (the decision of such nominees as to the timing, the method of the sale and the price/s at which such sale/s has/have been given effect to shall be final) and pay to DSSL, the realized sale proceeds thereof, whereupon DSSL shall distribute the net sale proceeds, subject to taxes, if any, to the members of DSSL in proportion to their respective fractional entitlements. The Board of Directors of DSSL, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.
- 19.5 The Memorandum of Association of DSSL shall stand altered/amended without any separate approval from the shareholders of DSSL pursuant to section 17 of the Act or without any further act or deed, by way of replacement of the following new clause in the Memorandum of Association, in place of the existing clause V:
- “V(a) The Authorised Share Capital of the Company is Rs. 300,000,000 divided into 300,000,000 Equity Shares of Re.1/- with such ordinary privileges and other conditions attaching thereto as may be provided by the Articles of the Company for the time being in force with power to increase its share capital by such amount as it thinks expedient by issuing Equity Shares, consolidate and divide all or any of its share capital into shares of larger amount than its existing shares, convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination, subdivide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived, cancel shares which, at the date of passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.”
20. REMAINING BUSINESS
- 20.1 The Remaining Business and all the assets, rights, title, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company.
- 20.2 All legal, taxation or other proceedings by or against the Demerged Company and relating to the Remaining Business under any statute, whether pending on the Effective Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company.

PART- IV – ACCOUNTING TREATMENT

21. ACCOUNTING TREATMENT

21.1 In the Books of DSSL, the Demerged Company

Upon the Scheme becoming effective but from the Appointed Date:

- i. The book value of all assets and liabilities pertaining to the Marketing and Distribution Business and Manufacturing Business which cease to be the assets and liabilities of DSSL shall be reduced by DSSL at their book values. The difference that is the excess of the book values of assets pertaining to the Marketing and Distribution Business and Manufacturing Business over the book value of the liabilities pertaining to the Marketing and Distribution Business and Manufacturing Business shall be credited or debited to Demerger Adjustment Account in the books of DSSL.**
- ii. The amount of the equity share capital cancelled shall be credited to the Demerger Adjustment Account. Further, the amount of Rs.769,500 standing at the credit of the share forfeiture account and Rs.2,694,332 at the credit of share premium account shall also be credited to the Demerger Adjustment Account.**
- iii. The credit balance in the Demerger Adjustment Account shall be credited to General Reserve. If the Demerger Adjustment Account results in a debit balance the same shall be written off against Profit & Loss account.**
- iv. The reduction of issued, subscribed and paid up equity share capital of the Demerged Company as contemplated in this Scheme shall be carried out and effected as part of this Scheme without following the procedure laid down under section 100 of the Act. The Demerged Company shall obtain the necessary approvals from its shareholders and creditors as required under section 100 in terms of this scheme only and the Demerged Company shall not, nor shall be obliged to call for a separate meeting of its shareholders and creditors for obtaining their approval sanctioning the reduction of the issued, subscribed and paid-up equity share capital as contemplated herein.**

21.2 In the books of DTL, the Resulting Company

Upon the Scheme becoming effective but from the Appointed Date

- i. The Resulting Company shall record the assets and liabilities pertaining to Marketing and Distribution Business and Manufacturing Business, at the respective books values as appearing in the books of DSSL as on Appointed Date;**
- ii. The Resulting Company shall credit to its share capital account, the aggregate face value of the Equity Shares issues by it pursuant to this Scheme;**
- iii. The difference being excess of assets over liabilities recorded by the Resulting Company, over the amount credited as share capital will be deemed to be and shall be treated as General Reserve account in the books of DTL. In case of there being shortfall, the same shall be debited to and carried forward as Goodwill.**

PART V – OTHER TERMS AND CONDITIONS

22. APPLICATION TO HIGH COURT

On the Scheme being agreed to by the requisite majorities of the members of DSSL and the members of DTL, DSSL and DTL shall respectively with reasonable dispatch, apply to the High Court of Judicature at Bombay for sanctioning this Scheme of Arrangement under Section 391 of the Act and for an order or orders under section 394 of the Act for carrying this Scheme into effect.

23. AMENDMENTS, ALTERATIONS AND MODIFICATIONS

DSSL (by its Directors) and DTL (by its Directors) may, in their full and absolute discretion, assent to any alterations or modifications in this Scheme which the Court may deem fit to approve or impose and may give such directions as they may consider necessary to settle any questions or difficulty arising in under the Scheme or in regard to its implementation or in any matter connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholder of the respective Companies). In the event that any conditions are imposed by the said High Court of Judicature at Bombay which DSSL or DTL find unacceptable for any reason whatsoever then DSSL and/or DTL shall be entitled to withdraw from the Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the parties or any of them.

24. SCHEME CONDITIONAL UPON SANCTIONS

The Scheme is conditional upon and subject to:

- (i) The Scheme being agreed to by the respective requisite majorities of the members of the Demerged Company and the Resulting Company and the requisite order or orders referred to in Clauses 22 hereof being obtained;
- (ii) The sanction of the High Court of Judicature at Bombay under Sections 391 and 394 of the Act, in favour of the Demerged Company and the Resulting Company and to the necessary Order or Orders under Section 394 of the Act, being obtained;
- (iii) Any other sanction or approval of any governmental or regulatory authority, as may be considered necessary and appropriate by the respective Board of Directors of the Demerged Company and the Resulting Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required;
- (iv) The certified copies of the orders of the Hon'ble High Court at Bombay referred to in Clauses (ii) above being filed with the Registrar of Companies, Maharashtra at Mumbai.
- (v) Such other sanctions and approvals as may be required by law in respect of the Scheme being obtained.

25. COST, CHARGES AND EXPENSES

All costs, charges and expenses including registration fee of any deed, in relation to or in connection with negotiations leading upto the Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of the Scheme shall shared equally between the Demerged Company and the Resulting Company.

The Stamp Duty, if any, on the Scheme, shall be shared equally by the Demerged Company and the Resulting Company.

26. EFFECT OF NON RECEIPT OF SANCTION

In the event of this Scheme failing to take effect finally before the, or within such further period or periods as may be decided by DSSL (by its Directors) and DTL (by its Directors), this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or by incurred inter se to or by the Parties or any one of them.”

Sequence of Events of Scheme of Arrangement

Sr. No.	Date of the Events	Event
1	31-07-2009	The Board of Directors approves the Scheme of Arrangement
2	10-06-2010	-The Company files the Application for approval of the Scheme of Arrangement with Hon'ble High Court of Bombay
3	06-08-2010	The Company files the Petition for obtaining the confirmation of the Hon'ble High Court of Bombay.
4.	15-10-2010	Order passed by the Hon'ble High Court of Bombay approving the Scheme of Arrangement.
5	13-11-2010	Filing of Order of the Hon'ble High Court of Bombay with Registrar of Companies, Mumbai (ROC).
6	07-12-2010	Application to the Depositories (NSDL & CDSL) for admission of equity shares in the depository system
7	10-12-2010	Filing of Form-5 (Increase in Authorised Share Capital of the Company pursuant to Scheme of Arrangement.)
8	14-12-2010	Tripartite agreement with NSDL, CDSL and Registrar & Share Transfer Agent.
9	20-12-2010	Registrar of Companies (ROC), Mumbai approves Form-21 "Effective Date"
10	18-01-2011	Allotment of 4,44,23,100 equity shares pursuant to Scheme of Arrangement to the shareholders of DSSL by the Company.
11	22-02-2011	Application made to NSDL & CDSL for crediting shares issued pursuant to the Scheme of Arrangement
12	11-03-2011	Receipt of approval of credit of shares into the account of beneficial share holders
13	19-04-2011	Dispatch of physical share certificates alongwith intimation letters to the shareholders of the company
14	09-05-2011	Receipt of audited financial results for the period ended December 31 st 2010, for Information Memorandum from the Statutory Auditors.

CHAPTER VII

HISTORY, BUSINESS AND MANAGEMENT

HISTORY

The Company was incorporated under the Companies Act, 1956 as a Public Limited Company on April 2, 2009.

The Registered Office of the Company is situated at 78, Ratnajyot Industrial Estate, Irla Lane, Vile Parle (W), Mumbai – 400056, Maharashtra.

The Company entered into a Scheme of Arrangement with DSSL and their respective shareholders and creditors, which became effective on December 20th, 2010.

In terms of the Scheme, Marketing and Distribution Business and Manufacturing Business of DSSL, was demerged into the Company on a going concern basis.

The Board of Directors in accordance with the terms of the Scheme of Arrangement on January 18th, 2011 issued and allotted an aggregate of 44,423,100 equity shares of Re.1 each of DTL credited as fully paid up, to the members of DSSL whose names are recorded in the register of members on the record date, in the ratio of 3 (three) equity shares in DTL of face value of Re. 1 each for every 10 (ten) equity shares of Rs. 2 each held by such member in DSSL.

Prior to the said allotment of shares, the Company was a 100% subsidiary of DSSL. Upon allotment of equity shares pursuant to the Scheme, DSSL holding in the Company has been reduced to 25.24%.

A. Main & Ancillary Objects of The Company

1. To provide complete solutions in Computer Operations and related business activities on a CONCEPT TO COMMUNICATION basis which will include providing of Computer Consultancy Services, Management Consultancy Services, Systems Designing & Implementation, to study and identify the management information needs & potential areas as computerization, Manufacturer and supply of Complete range of Hardware, Multimedia communication Accessories, Network Installations & Solutions, Maintenance of Computer & Communication Equipment solution, to develop Application Software and market system Software.
2. To carry on business in Information Technology as an Enterprises, Education and Training Institution, Turnkey and Jobwork Contractor, Technical Collaborator, Associate, Distributor, Agent, Importer, Exporter, Factor, Manpower and Skills Trader, and dealer for all types of Technology Product and Services including but not limited to Consultancy, Design, Development, Manufacturing, Production, Leasing, Financing, Licensing, Supplying, Testing, Implementing, Commissioning and maintaining the same encompassing the existing and emerging Information

Technology Areas in India as well as abroad with individuals, Organisations and Institutions from India as well as abroad including but not limited to internet access, multimedia, entertainment software, games, telecom and communications, security systems, encryption and decryption of data, providing through all available technologies in existence or as may emerge in the future, complimenting or replacing current technologies in both areas software as well as hardware consultancy, design, development, manufacturing, production, leasing, financing, licensing, supplying, testing, implementing, commissioning and maintaining the same, internet presence providing in all forms like websites, web applications, enterprise integration, e-mail and all other services over the internet, consultancy, design, development, production, leasing, financing, supply, testing, commissioning and maintaining of 1st and 3rd party software/ hardware for off- the- shelf as well as Custom designed Products, Systems, Information Technology solutions.

3. To undertake, development and/ or trade in, sale, import, export of Computer Software and all varieties of Information Technology Services like Medical Transcription, GIS/GPS mapping, data entries, data conversion, internet services, networking like WAN, LAN and its related protocols, e-commerce, forex operations relating to software, hardware, consultancy, hiring, installation, sale, export. Import, maintenance of computer hardware, platform changing peripherals and related services either on direct contract or sub- contract basis and to develop, build and maintain telecommunicating and knowledge management systems.

B. The Object Incidental or Ancillary to the attainment of the Main Object of the Company

4. To enter into contracts, agreements and arrangement with any other company body or individual for the carrying out on behalf of the company of any of objects for which the company is formed.
5. To engage, employ, suspend or second and dismiss executives, engineers, agents, managers, accountants, superintendents, assistants, clerks, and other employees or hire secondees from other entities and remunerate any such persons at such rate as shall be thought fit, from time to time, to grant bonus, compensation, provident fund, pension or gratuity and/or other benefits to any such persons and generally to provide for welfare of all employees. The employment, suspension and dismissal of managing directors and executives will be subject to the approval of Board of Directors of the Company.
6. To carry on any business or branch of a business which this company is authorised to carry on by means, or through the agency of, any subsidiary Company or Companies, and to organize, promote and incorporate such subsidiary company or companies and to enter into any arrangement with such subsidiary company or companies for taking the profits and bearing the losses of any business or branch so carried on, or for financing any such subsidiary Company or guaranteeing its liabilities, or to make any other arrangements which may seem desirable with reference to any business or

branch so carried on including power at any time and either temporarily or permanently to close any such branch or business.

7. To appoint or nominate Directors, or Managers of any subsidiary Company or for any other company in which this company is or may be interested.
8. To purchase, take on lease or in exchange, hire or otherwise acquire any immovable or moveable property and any rights or privileges which the Company may think necessary or convenient for the purpose of its business and, in particular, any land, buildings, easements, machinery, plant and stock-in-trade; and either to retain any property so acquired for the purposes of the Company's business or to turn to account as may seem expedient.
9. To guarantee the payment or performance of any debts, contracts or obligations, or become security for any person, firm or company, for any purpose whatsoever, and to act as agents for the collection, receipt or payment of money, and generally to act as agents for and render services to customers and others, and generally to give guarantees and indemnities.
10. To sell, lease, grant licences, easements and other rights over and in any manner deal with or dispose of, the undertaking, property, assets, rights and effects of the Company, or any part thereof, for such consideration as the company may think fit, and in particular for shares, debentures, or securities of any other company.
11. To acquire and undertake the whole or any part of the business, property and liabilities of any person or company carrying on or proposing to carry on any business which the company is authorised to carry on, or possessed of property suitable for the purpose of this company or which can be carried on in conjunction therewith or which is capable of being conducted therewith or which is capable of being conducted so as directly or indirectly to benefit the company.
12. To amalgamate or enter into partnership or into any arrangement for sharing of profits, union of interest, co-operation, joint-venture, reciprocal concession or cooperation or for limiting competition or otherwise, with any person, persons or company carrying on or engaged in or about to carry on, or engage in or being authorised to carry on or engage in any business or transaction which the company is authorised to carry on or engage in, or in any business or transaction capable of being conducted so as directly or indirectly to benefit the Company, and to give or accept by way of consideration for any of the acts or things aforesaid or property acquired, any shares, debentures, debenture-stock or securities that may be agreed upon, and to hold and retain, or sell, mortgage, and deal with any shares, debentures, debenture-stock or securities so received.
13. To acquire, subscribe, take-up and hold shares, stocks, debentures, debenture-stock, bonds obligations and securities issued or guaranteed, by any company constituted or carrying on business in India or in any foreign country, and debentures, debenture-stock bonds, obligations and securities issued or guaranteed by any

government, sovereign ruler, commissioners, public body or authority, supreme, municipal, local or otherwise whether in India or any foreign country.

14. To acquire any such shares, stocks, debentures, debenture-stock, bonds, obligations, or securities by original subscription, contract, tender, purchase, exchange or otherwise and whether or not fully paid up underwriting, and to subscribe for the same, either conditionally or otherwise and to guarantee the subscription thereof, and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof.
15. To establish or promote or concur in establishing or promoting any company or companies for the purpose of acquiring or taking over all or any of the property, rights and liabilities of the company or for any other purpose which may seem directly or indirectly calculated to benefit the company and to place or guarantee the placing of, under write, subscribe for or otherwise, acquire all or any part of the shares, debentures or other securities of any such other company.
16. To enter into any arrangement with any Government, or authority, supreme, municipal, local or otherwise, or any person or company that may seem conducive to the Company's objects or any of them and to obtain from any such Government, authority, person or company any rights, privileges, charters, contracts, licences, and concession which the company may think fit and desirable to obtain and to carry out, exercise and comply therewith.
17. To apply for, promote and obtain any Act, charter, order, regulation, privilege, concession, licence, or other authorisation or enactment of any Government, State or Municipality or local body for enabling the Company to carry any of its objects into effect, or for extending any of the powers of the Company, or for effecting any modification of the Company's constitution, or for any other purposes which may seem calculated directly or indirectly to benefit the Company and to oppose any bills, proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.
18. To apply for, purchase, or otherwise acquire, and protect prolong and renew in any part of the world any patents, patent rights, brevets, invention, copy-rights trademarks, formulas, designs, licences, concessions and the like conferring any exclusive or non-exclusive or limited rights to their use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the company or the acquisition of which may seem calculated, directly or indirectly to benefit the Company and to use, exercise, develop or grant licences in respect of, or otherwise turn to account the property, rights, or information so acquired, and to expend money in experimenting upon and testing or improving any such patents, inventions or rights.
19. To establish, provide, maintain and conduct or, otherwise subsidise research laboratories and experimental workshops for scientific and technical research, development and experiment and to undertake and carry on scientific and technical

research experiments, and tests of all kinds and to promote scientific and technical studies and research, investigations or invention by providing, subsidizing, endowing or assisting laboratories, workshops, libraries, lectures, meetings and conferences and by providing for the remuneration of scientific or technical professors or teachers and by providing for the award of exhibitions, scholarships, prizes and grants to students or otherwise and generally to encourage, promote and reward, studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the business which the Company is authorised to carry on.

20. To make donations to such persons or institutions and in such cases and either of cash or any other assets as may be thought directly or indirectly conducive to any of the Company's objects or otherwise expedient and in particular to remunerate any person or corporation introducing business to this Company, and also to subscribe, contribute, or otherwise assist or guarantee money for charitable, scientific, religious or benevolent, national, public, educational, cultural or other institutions or objects or for any exhibition or for any public, objects and to establish and to support or aid in the establishment and support of associations, funds, trusts and conveniences for the benefit of the employees or ex-employees (including Directors) of the Company or its predecessors in business or of persons having dealings with the Company or the dependants, relatives or connections of such persons and in particular friendly or other benefit societies and to grant pensions, allowances, gratuities, bonuses and other termination benefits either by way of annual payments or a lump sum and to make payments towards insurance and to form and contribute to provident, benefit scholarship, gratuity, pension/superannuation funds, of or for such persons.
21. To refer or agree to refer any claim, demand, dispute or any other question, by or against the Company, or in which the Company is interested or concerned, and whether between the Company and a member or members or his or their representatives, or between the Company and third parties, to arbitration in India or at any place outside India, and to observe and perform and to do all acts, deeds, matters and things to carry out or enforce the awards.
22. To pay out of the funds of the Company all expenses which the Company may lawfully pay with respect to the promotion, formation and registration of the Company or the issue of its capital including brokerage and commissions for obtaining application for or taking, placing or underwriting or procuring the underwriting of shares, debentures or other securities of the Company.
23. To pay all preliminary expenses of any company promoted by the Company or any company in which this Company is or may contemplate being interested, including any such preliminary expenses all or any part of the costs and expenses of owners of any business or property acquired by the Company.
24. To pay for any rights or property acquired by the Company and to remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of shares in the Company's capital or any

debentures, debenture-stock, or other securities of the Company, or in or about the formation or promotion of the Company or the acquisition of property by the Company or the conduct of its business whether by cash payment or by the allotment of shares, debentures or other securities of the Company credited as paid up in full or in part or otherwise.

25. To adopt such means of making known the business of the Company as may seem expedient, and in particular by advertising in the press, by circulars, by purchase and exhibition or works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations.
26. To lend and advance money or give credit to any persons or companies and on such terms as may seem expedient and in particular to customers and others having dealings with the Company and to guarantee and give guarantee or indemnities for the payment of money or the performance of contracts or obligations by any such person or company; to secure or undertake in any way the repayment of money lent or advanced to or the liabilities incurred by any person or company, and otherwise to assist any person or company.
27. To take or hold mortgages, liens, and charges to secure payment of the purchase or any unpaid price; balance of the purchase price of any part of that company's property of whatsoever kind sold by the company, or any money due to the Company from purchasers and others.
28. To invest and deal with the moneys of the Company not immediately required for the business of the Company, including investment in Fixed Deposits with companies, firms or any organizations, in such manner as may from time to time be determined.
29. To receive money on deposit or loan and borrow or raise or secure the payment of money in such manner as the Company may think fit, and in particular by the issue of debentures, or debenture-stock (perpetual or otherwise) and to secure the repayment of any money borrowed raised or owing by mortgage, charge or lien upon all or any of the property or assets of the Company (both present and future), including its uncalled capital, and also by a similar mortgage charge or lien to secure and guarantee the performance by the Company or any other person or company of any obligation undertaken by the Company, or any person or company as the case may be; and to purchase redeem or pay off any such securities, subject to provisions of Section 58A of the Companies Act, 1956 and directives of Reserve Bank of India.
30. To undertake and execute any trusts the undertaking of which may seem to the Company desirable and either gratuitous or otherwise.
31. To draw, make, accept, endorse, discount, execute and issue bills of exchange, promissory notes, bills of lading, warrants, debentures and other negotiable or transferable instruments or securities.

32. To sell, improve, manage, develop, exchange, lease, mortgage, dispose of turn to account or otherwise deal with all or any part of the undertaking property or rights of the Company for the time being.
33. Subject to the provisions of the Companies Act, 1956 and the Rules made thereunder, to distribute among the members in specie any property of the Company or any proceeds of sale or disposal of any property of the Company in the event of winding up.
34. To insure the whole or any part of the property of the Company either fully or partially; to protect and indemnify the Company from liability or loss in any respect either fully or partially and also to insure and to protect and indemnify any part or portion thereof either on mutual principle or otherwise.
35. To act as principal, agent, factor, trustee, contractor, or otherwise and by or through trustees or agents or otherwise and either alone or in conjunction with others.
36. To procure the Company to be registered or recognized in any part of the world; and
37. To take part in the management, supervision and control of the business or operations of any company or undertaking and for that purpose to appoint and remunerate any directors, trustees, executives, accountants or other experts or agents.
38. To apply for, purchase or otherwise acquire and protect prolong and renew any patents, patent rights, trademarks, designs, licences and the like conferring any exclusive or non-exclusive or limited right to their use and enjoyment.
39. To employ experts, to investigate and examine into the conditions, prospects, values, character and circumstances of any business concern and undertaking and generally of any assets, property or rights.

C. Change in Memorandum of Association of Dynacons Technologies Limited since its inception

Date	Particulars
10 th December, 2010	Alteration of Authorised capital clause of Memorandum of Association of the Company vide passing ordinary resolution in the Extra-ordinary General meeting of the members of the Company pursuant to the Scheme of Arrangement as Sanctioned by The Hon'ble High Court of Judicature at Bombay on vide its order dated October 15 th 2010

SUBSIDIARIES OF THE COMPANY

The Company has no subsidiaries.

SHAREHOLDERS AGREEMENT

There is no separate Shareholders Agreement executed between any shareholder and the Company.

STRATEGIC / FINANCIAL PARTNERS AND OTHER MATERIAL CONTRACTS

Other than the contracts mentioned in the section “Documents for Inspection”, the Company does not have any strategic/financial partners or has not entered any material contracts other than in ordinary course of business.

BUSINESS

The Company, incorporated on April 2, 2009, was formed to be engaged in the business of providing information technology products and solutions including complete solutions in Computer Operations and related business activities on a Concept To Communication basis which will include providing of Computer Consultancy Services, Management Consultancy Services, Systems Designing & Implementation, to study and identify the management information needs & potential areas as computerization, Manufacturer and supply of Complete range of Hardware, Multimedia communication Accessories, Network Installations & Solutions, Maintenance of Computer & Communication Equipment solution, to develop Application Software and market system Software in terms of the objects clause of the Memorandum of Association of the Company more particularly mentioned elsewhere in this document.

The Company entered into a Scheme of Arrangement under section 391 to 394 and other relevant provisions of the Companies Act, 1956 for the demerger of the “**Marketing and Distribution Business**” and “**Manufacturing Business**” of DSSL into the Company on a going concern basis. The Appointed Date for the demerger as per the Scheme was April 1, 2009.

After the requisite consent, approval of the requisite majority of the shareholders, lenders, creditors of the Company and DSSL, the High Court of Judicature at Bombay and any other Statutory or Regulatory authorities which by law were deemed necessary for the implementation of the Scheme of Arrangement, the Scheme became effective on December 20th, 2010.

The “**Marketing and Distribution Business**” include activities related to Marketing and Distribution of IT Products including Sourcing, Procurement, Imports Management, Retailing, Supply Chain Management, Warehousing, Branding, Distribution Systems, Development of Resellers, Delivery Management and Demand Fulfillment & Management Systems.

The “**Manufacturing Business**” include activities related to Manufacturing of IT Products & Semiconductors including Product Research, Analysis and Design, Material Management, Assembly, Fabrication Management, Quality Systems Management, Packaging and Logistics Management and Contract Manufacturing Activities

BUSINESS STRATEGY

DTL is a Company which provides information technology products with global perspectives. The Company has its headquarter at Mumbai and will have a pan India presence. The Company is supported by a Team of Professionals with expertise in IT Products.

The Company operates within 3 main aspects i.e. Innovation, Technology and Cost Effective Products. All these makes Company a reliable source for providing IT solutions to Customers. The Company will forge partnerships with major vendors like Intel, IBM, HP, Cisco, Avaya, Microsoft, etc giving a technological advantage to its offerings.

Our **Marketing and Distribution** business primarily relies on its domestic and international reach. Headquartered in Mumbai our company will have presence across India in terms of its branch offices, services outlets and channel partners.

With the dramatic changes driven by technology, companies located throughout the IT supply chain are required to reevaluate their business models to deliver maximum value to businesses and consumers. Distributors, technology solution providers, retailers and IT manufacturers have changed their business models to add value with innovative services and offerings that drive costs out. Distributors that remain successful in this industry have large scale and volume, global coverage, unparalleled standards and accuracy for logistics services, as well as financial strength to support growth and remain competitive. DTL is committed to transforming the value proposition for technology distribution and is the leading company in this industry. Innovation is the key differentiator between DTL and other IT distribution companies. The company's management team is focused on leading the industry through change and has a clear understanding of customer expectations. The focus of DTL is in creating new market opportunities with new and emerging technologies and value-added services. These new opportunities have changed the way that solution providers offer value to their end-user customers, making them more competitive in the marketplace. DTL endeavours to demonstrate that it is the most effective partner to reach the global technology market.

Our Delivery Model is one of the most successful delivery models prevalent in today's IT industry which relies on our following pillars of strength.

- Large number of Satisfied & Regular Customers
- Highly Experienced & Certified professionals,
- Strategy to be with Clients - “ **Concept to Commissioning & Beyond** ”
- Faster Time to Market: Experience higher ROI by supplementing your organization with world class talent in remote locations, technology solutions are executed faster.

Our “**Manufacturing Business**” activities are currently into a nascent stage, however the demerger will allow us increased flexibility to focus our business operations and take advantage of the

huge growth opportunities in this segment. Going forward the company proposes to enter into multiple layers of Manufacturing of IT Products & Semiconductors and allied activities such as Product Research, Analysis and Design, Material Management, Assembly, Fabrication Management, Quality Systems Management, Packaging and Logistics Management and Contract Manufacturing Activities.

The company is constantly in the process of ensuring that the best product is made available to our customers. Following are some of our strengths which allow us to bring to you the best technology available.

Strong Regional Experience

The company has established a reputation as a major IT player in the region. Our knowledge and expertise of the business environment have allowed us to respond rapidly to the market changes and customer demands.

Wide Network

Our Customers span across all major cities in India and are supported by our wide Authorized Marketing network of dealers.

Enduring Relationships

Our business alliances with major principals and OEM partners have evolved into strategic distribution and manufacturing arrangements which have enabled us to extend our range of products, gain access to new technologies and enlarge our business scope.

Strong Track Record

The accolades awarded to us over the years by the industry experts, our principals and OEM customers bear testimony to an illustrious track record and our ability to turn further challenges into profit yielding opportunities.

State-of-the-art facilities

We have the infrastructure to help us cater to clients in an efficient and responsible manner. Going forward the company proposes to become a leading player in Information Technology Sector providing integrated IT solutions to the Business Houses, staying ahead of technology and leading customers to the best available IT Solutions & making IT meaningful to them.

MANAGEMENT

Board of Directors

The following table sets forth details regarding the Board of Directors of Dynacons Technologies Limited.

Sr. No.	Full Name	Address	Designation	Date of Appointment	Other Directorships Held
1	Shirish Mansingh Anjaria	29-B, Laxman Apartments, Azad Lane, Andheri (West), Mumbai – 400058	Chairman cum Managing Director	02/04/2009	Dynacons Systems and Solutions Limited
2	Parag Jitendra Dalal	8, Kamal Kunj, V.P. Road, Andheri (West), Mumbai – 400058	Director	02/04/2009	Dynacons Systems and Solutions Limited
3	Dharmesh Shirish Anjaria	29-B, Laxman Apartments, Azad Lane, Andheri (West), Mumbai – 400058	Director	02/04/2009	Dynacons Systems and Solutions Limited
4	Mukesh Punamchand Shah	B/22, Shivdarshan Co-op Hsg Soc., S. V. Road, Borivali (W), Mumbai – 400092	Independent Director	25/01/2011	Dynacons Systems and Solutions Limited
5	Dilip Parmanand Palicha	604, Pleasant Park, Lokhandwala Complex, Andheri (West), Mumbai - 400053.	Independent Director	25/01/2011	Dynacons Systems and Solutions Limited
6	Viren Champaklal Shah	14- New Lata Apartments Chs Ltd, Goregaon (W), Mumbai – 400062	Independent Director	25/01/2011	Dynacons Systems and Solutions Limited

Brief Profile of the Directors

1. Shirish Mansingh Anjaria :

He is a business leader with successful & fruitful career of over 4 decades. He has wide experience across industries and has rich exposure in Business Management, Corporate Affairs and customer relations. He is a graduate in Science and holds a

post graduate degree in Law. He is a Certified Associate of the Federation of Insurance Institutes.

He is the promoter and founder of Dynacons Systems & Solutions Limited. He is currently the Chairman and Managing Director of Dynacons Systems & Solutions Limited and has spearheaded the growth of the company from a start-up to make it one of the leading IT Infrastructure Solutions Providers in the country. Under his Chairmanship, DSSL has forged strategic alliances with global IT majors such as IBM, Intel, HP, Microsoft, Lenovo, Sony, Cisco etc. He was also the founder of the Millenium PC initiative which was recognised by Intel, USA.

2. Parag Jitendra Dalal :

A post graduate in Computer Applications and an Intel Certified Solutions Consultant, he has over 20 years of work experience, in the field of Business, Information Technology, Software Development and Services. His areas of focus include Business Strategy, Business Development, Business Continuity Management and emerging technologies like Cloud Computing. He has is responsible for the growth of DSSL on Pan India level across different industries segments including Shipping, Education, Government, Banking and Financial Services. He is also responsible for taking new initiatives such as Transformation through IT and bringing in operational efficiency through the usage of ICT.

3. Dharmesh Shirish Anjaria :

By qualification, he is a Chartered Accountant and a Cost Accountant. However Technology is his passion and he has completed his Cisco and Intel Certifications. He has around 15 years of experience in the IT and Services Industry. He drives DSSL business on the Technology and Services front. He is responsible for the Managed Services business of the company and also handles Finance, Taxation and Corporate Affairs.

He has rich exposure in the various facets of business and has a strong record of success in creating robust IT architectures and infrastructures and a proven ability to bring the benefits of IT to solve business issues while managing costs and risks. He has significant exposure to various IT Management aspects which include IT Budgeting, Cost Management, Strategic Initiatives and Investments, CXO Level Decision Making, IT Infrastructure Management, Vendor Management, Total outsourcing etc.

He has in the past represented India at the World Summit of Young Entrepreneurs in Brazil, organized by the United Nations. In the past he has been actively involved with the Indian Merchants Chamber (IMC) as the Co-Chairman of the youth wing of IMC and was also part of the Electronics and Telecommunication Committee. Currently, he is the part of the Information Technology (IT) Committee at IMC. He is also a member of Executive Committee at Bombay Industries Association.

4. Mukesh Punamchand Shah :

He brings over 30 years of professional experience in taxation and regulatory services. His experience includes handling of varied assignments across sectors for domestic and multinational entities involving accounting matters, entry strategy, structuring, acquisitions and dispositions, joint ventures, due diligences, tax strategies for businesses, valuation of shares and businesses, family partitions, arbitration. He has significant experience of arguing matters before tax, regulatory and appellate tribunals.

He is a fellow member of the Institute of Chartered Accountants of India (ICAI). He has been a visiting faculty member at Income Tax Training centre for upgrading knowledgebase of Commissioner of Income Tax, Asst. Commissioner of Income Tax & Jt. Commissioner of Income Tax at Member.

5. Dilip Parmanand Palicha :

He has over 35 Years of rich experience with him and core forte lies in Business Management and Administration, Insurance and has expertise in Printing Technology and Animation. Prior to setting up his own Printing business he was working with the National Insurance Company for over 20 years. He is a graduate and holds certifications in Printing Technology. He is also an Associate of the Federation of Insurance Institutes. Apart from his Business, he is passionate about Sports, Travelling across the globe and Spiritual pursuits. He is actively involved with the Lions Club International.

6. Viren Champaklal Shah:

He has over 20 years of experience in his relevant field of expertise. A Post Graduate in Computers and Systems Management he also holds certifications in Oracle / SQL & RDBMS concepts. He has a wide range of professional experience across a variety of industries and has expertise in System Analysis, Design and Administration. He has significant exposure to various IT Management aspects which include Technology implementation, IT operations, vendor management etc.

Shareholding of the Directors

Name of Director	No. of Shares Held	Percentage of Total Shares
Shirish Mansingh Anjaria	27,07,212	4.56
Parag Jitendra Dalal	26,04,100	4.38
Dharmesh Shirish Anjaria	26,71,750	4.50
TOTAL	79,83,062	13.44

Compensation of Managing Directors / Whole time Directors

Mr. Shirish Anjaria has been appointed as Chairman cum Managing Director w.e.f. 7th April, 09 on the same terms and condition as approved by the members of Dynacons Technologies

Limited in the members meeting held on 28th September 2009. The present remuneration as per agreement is Rs. 7,20,000 p.a.

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to Dynacons Technologies Limited immediately upon the listing of its Equity Shares on the Stock Exchanges.

Dynacons Technologies Limited has already appointed independent directors to its Board and has also constituted the Audit Committee and the Investors Grievances Committee as required by Clause 49 of the listing agreement to be entered into with the Stock Exchanges.

Details are as follows:

Board of Directors	Category	Member of Audit Committee	Member of Remuneration Committee	Member of Investor Grievance Committee
Mr. Shirish Anjaria	Chairman & Managing Director	No	No	No
Mr. Parag Dalal	Non-Executive Director	No	No	No
Mr. Dharmesh Anjaria	Non-Executive Director	Yes	No	No
Mr. Mukesh Shah	Independent Non Executive	Yes	Yes	Yes
Mr. Dilip Palicha	Independent Non Executive	Yes	Yes	Yes
Mr. Viren Shah	Independent Non Executive	Yes	Yes	Yes

Dynacons Technologies Limited undertakes to adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to listing.

Shareholding of Directors

Name of Director	Shareholding in DSSL	Percentage of Total Shares	Shareholding in DTL	Percentage of Total Shares
Mr. Shirish Anjaria	3,609,483	6.09	27,07,212	4.56
Mr. Parag Dalal	3,472,000	6.01	26,04,100	4.38
Mr. Dharmesh Anjaria	3,562,200	5.86	26,71,750	4.50
TOTAL	10,643,683	17.96	79,83,062	13.44

Interest of the Directors

Other than their respective shareholding as stated above, the directors of the Dynacons Technologies Limited have no other interest in the Dynacons Technologies Limited.

Term of Office

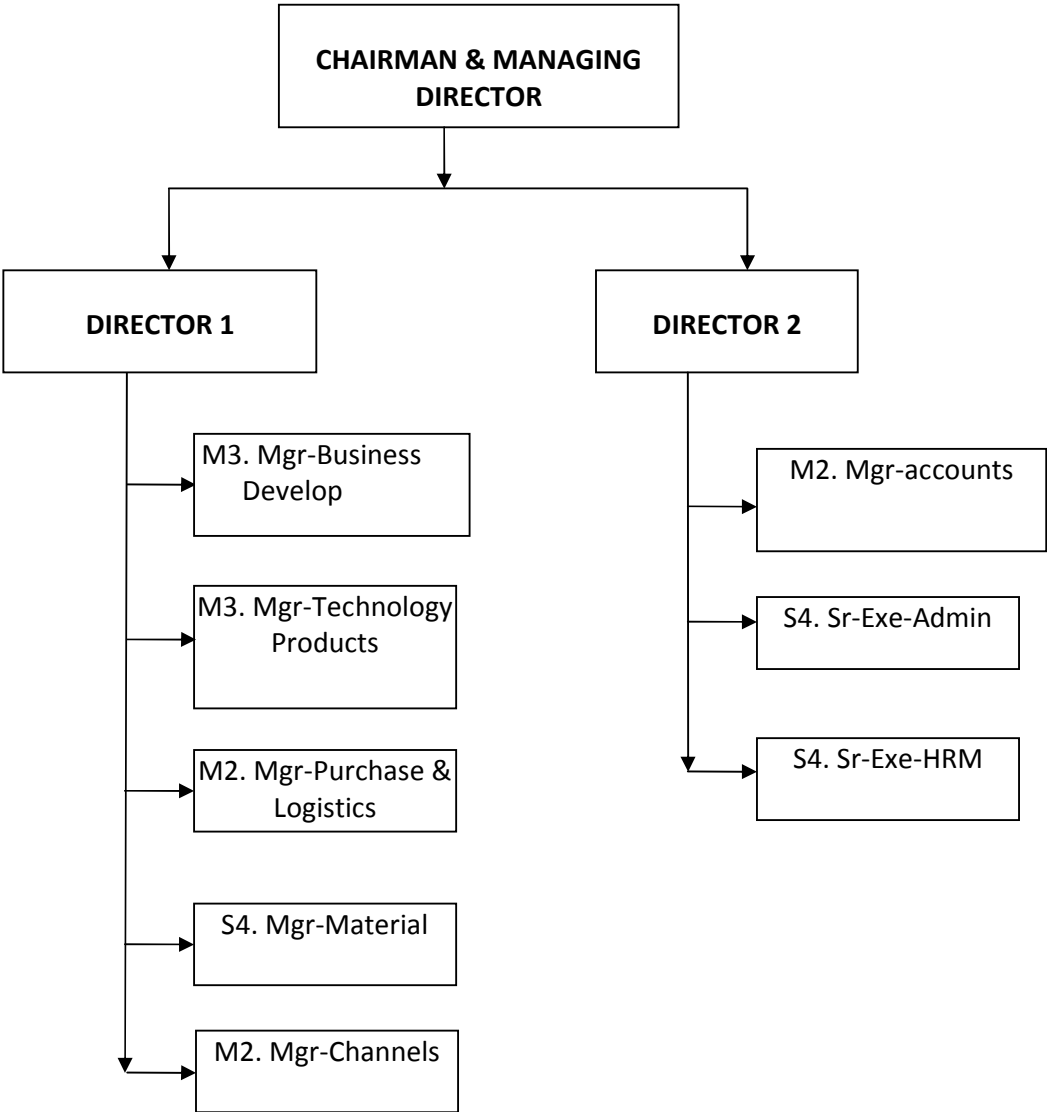
All directors are liable to retire by rotation except Mr. Shirish Anjaria, who is the Chairman cum Managing Director of the Company.

Change in Board of Directors of Dynacons Technologies Limited since its inception :

The following changes have been to the Board of Directors since inception :

Name	Change	Date
Mr. Mukesh Shah	Appointment as Independent Non Executive Director	January 25, 2011
Mr. Dilip Palicha	Appointment as Independent Non Executive Director	January 25, 2011
Mr. Viren Shah	Appointment as Independent Non Executive Director	January 25, 2011

Management Organization Structure of Dynacons Technologies Limited.



Key Management Personnel

The Company is managed, controlled and directed by the Board of Directors assisted by Qualified professionals with vast experience in the field of management / finance / marketing / material management / technology and corporate laws

Name	Age (years)	Qualification	Total No of years of Experience
Mr. Dattaram Girkar	39 years	Microsoft Certified Professional and Certification in Computer Hardware & Networking	20
Mr. Rajendra Wable	43 years	BSC, DCM (Computers), DPM (Printers), Epson Certification	21
Mr. Mangesh Chavan	32 years	Watchgaurd Professional firewall certification, IBM Certified Server professional	12
Mr. Sachin Sompura	35 years	B.Com, IBM Blade Server Technology Professional, Watchgaurd Professional firewall certification, Cisco Certified Networking Associate	15

Bonus or Profit Sharing Plan for key managerial personnel:

There is no bonus or profit sharing plan.

Changes in key managerial personnel since inception:

There are no changes in key managerial personnel since inception.

Employees:

As on date, the Company has 23 employees.

CHAPTER VIII

PROMOTERS, GROUP COMPANIES AND SUBSIDIARIES

PROMOTERS

Shareholding of Promoters and Promoter Group Prior to Scheme:

Before the Scheme becoming effective, following were the shareholders and promoters of the Company:

Name of the Shareholder	No. of Shares Held
Dynacons Systems & Solutions Limited	14,999,400
# Mr. Shirish Anjaria	100
# Mr. Parag Dalal	100
# Mr. Dharmesh Anjaria	100
# Ms. Nilam Anjaria	100
# Mr. Vibhor R Kedia	100
# Mr. Peshwa B Patil	100
Total	1,50,00,000

The shareholders are holding shares on behalf of DSSL

Shareholding of Promoters and Promoter Group Post the Scheme:

Name of the Shareholder	No. of Shares Held
Dynacons Systems & Solutions Limited	1,49,99,400
Mr. Shirish Anjaria	27,07,212
Mr. Parag Dalal	26,04,100
Mr. Dharmesh Anjaria	26,71,750
Ms. Nilam Anjaria	18,94,321
Ms. Devangi Parag Dalal	10,09,800
Ms. Hasumati Dalal	4,86,125
Mr. Shirish M. Anjaria (H.U.F.)	26,574
Mr. Parag J. Dalal (H.U.F.)	4,50,580
Trigem Infosolutions Limited	3,48,568
TOTAL	2,81,80,652

Details of the Promoters:

Name	Address	PAN No.	Profile
Dynacons Systems & Solutions Limited	78, Ratnajyot Ind Est, Irla Lane, Vile Parle (W), Mumbai – 400056	AABCD1621Q	Public Limited Company in the field of Information Technology
Mr. Shirish Anjaria	29-B, Laxman Apartments, Azad Lane, Andheri (West), Mumbai, 400058,	AABPA5092M	Graduate in Science Post Graduate in Law. Associate of Federation of Insurance Institutes having wide experience across a variety of industries, Business Management, Corporate Affairs and Customer relations.
Mr. Parag Dalal	8, Kamal Kunj, V.P. Road, Andheri (West), Mumbai, 400058	AABPD7581	Intel Certified Solutions Consultant Digital Electronics Post Graduate in Computer Applications having wide experience in Information Technology Services & Solutions
Mr. Dharmesh Anjaria	29-B, Laxman Apartments, Azad Lane, Andheri (West), Mumbai, 400058	ADEPA6462H	B.Com, A.C.A., Grad CWA, Intel Certified Integration Specialist having vast experience in the field of System Integration, Finance, Taxation & Corporate Affairs

GROUP COMPANIES

- I. Name of Group Company** : Dynacons Systems & Solutions Limited
- 1. Date of Incorporation** : 26.09.1995
- 2. Registered Office Address** : 78, Ratnajyot Industrial Estate, Irla Lane, Vile Parle (W), Mumbai – 400056, Maharashtra
- 3. Shareholding Pattern as on 31.03.2011:**

Category	Number of Equity Shares of Face Value Re.1 /- each	% of Total Equity share capital of the Company
A. Promoter and Promoter Group		
Indian Promoters	1,75,74,470	29.67
Sub Total –A	1,75,74,470	29.67
B. Non-Promoters		
Bodies Corporate	41,22,002	6.96
Others	3,75,34,328	63.37
Sub Total –B	4,16,56,330	70.33
Grand Total (A+B)	5,92,30,800	100.00

- 3. Principal Business:** The company is currently engaged, inter alia, in the following :
- (a) System Integration and Services Business
 - (b) Software and Consulting Business
 - (c) Marketing and Distribution Business
 - (d) Manufacturing Business

Upon the Scheme becoming effective the Marketing and Distribution Business and Manufacturing Business of DSSL shall get demerged to the Dynacons Technologies Limited.

4. Board of Directors as on 31.03.2011:

Name	Category
Shri Shirish M Anjaria	Chairman & Managing Director
Shri Parag J Dalal	Executive Director
Shri Dharmesh S Anjaria	Executive Director
Shri Mukesh P Shah	Independent Director
Shri Dilip P Palicha	Independent Director
Shri Viran Shah	Independent Director

5. Market Price of Shares:

	Bombay Stock Exchange (BSE) (in Rs.)		National Stock Exchange (NSE) (in Rs.)	
Month	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
May 10	0.93	0.78	0.95	0.75
Jun 10	1.00	0.83	1.00	0.85
Jul 10	0.96	0.85	0.95	0.85
Aug 10	0.97	0.85	0.95	0.85
Sep 10	1.00	0.84	1.00	0.85
Oct 10	1.01	0.84	1.05	0.85
Nov 10	1.01	0.72	1.00	0.75
Dec 10	1.19	0.70	1.35	0.70
Jan-11	1.30	0.95	1.35	0.95
Feb-10	-	-	-	-
Mar-10	-	-	-	-
Apr-10	2.50	1.11	2.35	1.10

6. Financial Performance of F.Y. 2009-2010:

Audited Financial Results for Financial Year ended March 31, 2010

No.	Item			F.Y.2009-10
1	2			3 (Rs. Lks)
1	a) Net Sales/Income from Operations (Profit of Divisions)			3806.18
	b) Other Operating Income			1.92
	c) Total 1a +1b			3808.09
2	Total	a)	(Increase)/ Decrease in stock in trade	(16.09)
	Expe-	b)	Purchase & Development Expenses	3379.58
	diture	c)	Employees Cost	121.80
		d)	Depreciation	72.75
		g)	Other Expenses	107.73
		h)	Total Expenditure(2a to 2h)	3665.77
3	Profit from Operations before Other Income, Interest and Exceptional Items (1c-2i)			142.32
4	Other Income			0.00
5	Profit before Interest and Exceptional Items (3+4)			142.32
6	Interest, Net			50.60
7	Profit after Interest but before Exceptional Items (5-6)			0.00
8	Exceptional Items			0.00
9	Profit from Ordinary Activities before Tax (7-8)			91.72
10	Tax	a)	Current Tax	18.70
	Expense	b)	Deferred Tax	6.40
		c)	Fringe Benefit Tax	0.00
		d)	Total Tax Expense (10a to 10c)	25.10
11	Net Profit from Ordinary Activities After Tax (9-10d)			66.63

12	Add: Prior Period Adjustments (net)		0.04
13	Net Profit after Prior Period Adjustments (net)(11+12)		66.59
14	Paid-up Equity Share Capital (Face value Re.1 each)		592.31
15	Reserves excluding revaluation reserves		
16	Earnings Per Share in Rs., (Basic & Diluted)		
17	Public Shareholding:		
	a) Number of Equity Shares		4,29,25,117
	b) Percentage of Shareholding		72.47%
18	Promoters	a)	Pledged/Encumbered
	And	-	Number of shares
	promoter	-	% of shares (as % of total shareholding of
	group		promoter and promoter group)
	share-	-	% of shares (as a % of the total share
	holding		capital of the company)
	promoter	b)	Non-encumbered
	group	-	Number of shares
	share-	-	% of shares (as % of total shareholding
	holding		of promoter and promoter group)
		-	% of shares (as a % of the total share
			capital of the company)

II. Name of Group Company : Trigem Infosolutions Limited

1. Date of Incorporation : April 15th, 2005

2. Registered Office Address : 45, Ratnajyot Industrial Estate, Irla Lane, Vile Parle (W), Mumbai – 400056, Maharashtra

3. Shareholding Pattern as at end of 31.03.2010:

Category	Number of Equity Shares of Face Value Rs.10/- each	% of Total Equity share capital of the Company
A. Promoter Group		
Indian Promoters	75,000	100
Sub Total –A	75,000	100
B. Non-Promoters		
Others	NIL	NIL
Sub Total –B	NIL	NIL
Grand Total (A+B)	75,000	75,000

3. Principal Business:

To carry on the business in India and abroad as exporter, importer, buyer, seller, etc. of total integrated solutions in computer, computer operations and other potential areas of computerization.

4. Board of Directors as on 31.03.2010:

Name	Category
Nilam S. Anjaria	Director
Jigna D. Anjaria	Director
Devangi P. Dalal	Director

5. Market Price of Shares:

The shares of the company are not currently listed on any exchange.

6. Financial Performance of F.Y. 2009-2010:**Audited Financial Results for Financial Year ended March 31, 2010**

No.	Item			F.Y.2009-10
1	2			3
1	a) Net Sales/Income from Operations (Profit of Divisions)			703.56
	b) Other Operating Income			--
	c) Total 1a +1b			703.56
2	Total	b)	(Increase)/ Decrease in stock in trade	13.08
	Expe-	b)	Purchase & Development Expenses	661.93
	diture	c)	Employees Cost	10.58
		d)	Depreciation	2.36
		e)	Other Expenses	9.42
		f)	Total Expenditure(2a to 2h)	697.38
3	Profit from Operations before Other Income, Interest and Exceptional Items (1c-2i)			6.18
4	Other Income			--
5	Profit before Interest and Exceptional Items (3+4)			6.18
6	Interest, Net			--
7	Profit after Interest but before Exceptional Items (5-6)			6.18
8	Exceptional Items			--
9	Profit from Ordinary Activities before Tax (7-8)			6.18
10	Tax	a)	Current Tax	0.96
	Expense	b)	Deferred Tax	0.91
		c)	Fringe Benefit Tax	--
		d)	Total Tax Expense (10a to 10c)	1.87
11	Net Profit from Ordinary Activities After Tax (9-10d)			4.31
12	Add: Prior Period Adjustments (net)			0.01
13	Net Profit after Prior Period Adjustments (net)(11+12)			4.32
14	Paid-up Equity Share Capital (Face value Rs. 10 each)			7.50
15	Reserves excluding revaluation reserves			6.73

16	Earnings Per Share in Rs., (Basic & Diluted)			5.75
17	Public Shareholding:			
	a) Number of Equity Shares			NIL
	b) Percentage of Shareholding			NIL
18	Promoters	a)	Pledged/Encumbered	
	And	-	Number of shares	NIL
	promoter	-	% of shares (as % of total shareholding of	NIL
	group		promoter and promoter group)	
	share-	-	% of shares (as a % of the total share	NIL
	holding		capital of the company)	
	promoter	b)	Non-encumbered	
	group	-	Number of shares	75,000
	share-	-	% of shares (as % of total shareholding	100%
	holding		of promoter and promoter group)	
		-	% of shares (as a % of the total share	100%
			capital of the company)	

SUBSIDIARIES OF THE COMPANY

The Company has no subsidiaries.

CHAPTER IX

MANAGEMENT DISCUSSION & ANALYSIS

The management of Dynacons Technologies Limited presents the assessment of the current business environment. It may vary due to future economy and other developments both in India and Abroad.

Industry Overview

The Indian information technology (IT) industry has played a key role in putting India on the global map.

During the last year, 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.

Global IT industry is an infrastructure industry and economy trends get projected through the performance of IT industry. Against a drop of about 5.2% in worldwide IT spending in 2009, Gartner expects the growth of about 3.3% in 2010. Revenue levels of 2008 are expected to be reached only by 2012. IT services and software segments are expected to grow by about 4.5% and 4.8% respectively in 2010 while hardware segment is expected to remain flat. With Indian economy projected to grow at 7.98% (IMF projection Oct-2009), the domestic IT market is likely to grow by about 13% in 2010 as per IDC. Hardware segment, which declined by about 4% in 2009 is expected to bounce back with projected growth of about 11%. The services and software segment has grown by 15.4% and 14.1% respectively.

Over the past decade, the Indian IT sector has become the country's premier growth engine, crossing significant milestones in terms of revenue growth, employment generation and value creation, in addition to becoming the global brand ambassador for India.

IT services is expected to grow by 2.4 per cent in 2010, and 4.2 per cent in 2011 as companies coming out of recession harness the need for information technology to create competitive advantage.

NASSCOM said that the domestic IT-BPO is expected to grow by 15-17 per cent during FY11. According to NASSCOM, the IT industry will witness a healthy growth, led by growth in the core markets and supplemented by significant contributions from emerging markets. Growth drivers include a thrust on platform BPO, Analytics, Finance & Accounting, Remote Infrastructure Management, ADM, and Cloud Services.

Overall India PC market sales touched 27.9 lakh units during the July-September 2010 quarter recording a 27 per cent year-on-year (y-o-y) and an 18 per cent quarter-on-quarter (q-o-q) increase. Desktop PC sales accounted for nearly two-thirds of total PC sales at 1.67

million units, representing a 15 per cent increase y-o-y. The sales of Notebook computers grew at 52 per cent y-o-y to cross 1.11 million units for the quarter, according to research firm IDC India.

The market for enterprise networking equipment in India is estimated to grow from US\$ 1 billion in 2008 to US\$ 1.7 billion by 2012, recording a compounded annual growth rate (CAGR) of 15 per cent during this period, according to a study by Springboard Research titled 'Epicenter of Growth-Indian Enterprise Networking Equipment Market Report' released in December 2009.

Investments

Between April 2000 and September 2010, the computer software and hardware sector received cumulative foreign direct investment (FDI) of US\$ 10,406.16 million, according to the Department of Industrial Policy and Promotion.

Government Initiatives

The government has constituted the Technical Advisory Group for Unique Projects (TAGUP) under the chairmanship of Nandan Nilekani. The Group would develop IT infrastructure in five key areas, which includes the New Pension System (NPS) and the Goods and Services Tax (GST)

The government set up the National Taskforce on Information Technology and Software Development with the objective of framing a long term National IT Policy for the country

Enactment of the Information Technology Act, which provides a legal framework to facilitate electronic commerce and electronic transactions

Setting up of Software Technology Parks of India (STPIs) in 1991 for the promotion of software exports from the country, there are currently 51 STPI centres where apart from exemption from customs duty available for capital goods there are also exemptions from service tax, excise duty, and rebate for payment of Central Sales Tax

Government is also setting up Information Technology Investment Regions (ITIRs). These regions would be endowed with excellent infrastructure and would reap the benefits of co-siting, networking and greater efficiency through use of common infrastructure and support services

Moreover, according to NASSCOM government IT spend was US\$ 3.2 billion in 2009 and is expected to reach US\$ 5.4 billion by 2011. Further, according to NASSCOM, there is US\$ 9 billion business opportunity in e-governance in India.

Electronics Hardware Sector

India's electronics hardware sector is looking forward to an era of strong growth, with impetus coming from several sectors such as computers, industrial electronics, consumer electronics, and communications.

Some of the electronic products are eDigital ICs, Analog and Mixed-Signal ICs, Power Sources, Test & Measurement Equipment, Passive Components (LCR, etc.), Control Devices, Subassemblies, and Electromechanical Devices, Discrete Semiconductors, Computers & Peripherals, Optoelectronic Devices, Packaging & Interconnections.

Electronic Products pricing includes: Individual Pricing, Product Form Pricing, Quantity Pricing, Bundled Pricing, Customer Segment Pricing, Geographical Pricing, Promotional Pricing.

The semiconductor design industry in India was estimated to be worth US\$624 million in 2005, and is expected to increase to US\$1.72 billion by 2010 with an average growth rate of 23% a year between 2005 and 2010, according to research by iSuppli.

The trend towards digitalisation, enabling convergence of technologies is spearheaded by the developments in the semi-conductor technology. Semi-conductors today are the driving force of electronic industry and represent over 50% of the production output globally in the electronic components sector.

With industry analysts expecting electronics manufacturing in India to grow at a rate some 5.5 times greater than the overall worldwide growth rate, India is poised to become a major player in the worldwide electronics manufacturing industry and ST emphasized the depth of support and the breadth of products, platforms and technologies that it offers customers in India. A huge domestic market provides opportunities for India to build on its established chip design capabilities and become an attractive location for semiconductor manufacturing.

While all Asian governments consider electronics industries key to their economic development, the level of government involvement and variety of support methods vary among nations. The various mechanisms used by Asian governments include direct R&D investments, trade policies, technology transfers, tax incentives and investment subsidies, and training and consulting services.

Road Ahead

The Indian information technology sector continues to be one of the sunshine sectors of the Indian economy showing rapid growth and promise.

According to a report prepared by McKinsey for NASSCOM called 'Perspective 2020: Transform Business, Transform India' released in May 2009, the exports component of the Indian industry is expected to reach US\$ 175 billion in revenue by 2020. The domestic component will contribute US\$ 50 billion in revenue by 2020. Together, the export and

domestic markets are likely to bring in US\$ 225 billion in revenue, as new opportunities emerge in areas such as public sector and healthcare and as geographies including Brazil, Russia, China and Japan opt for greater outsourcing.

Opportunities and Threats

At present there are a number of challenges that are facing the information technology industry of India. One of the major challenges for the Indian information technology industry was to keep maintaining its excellent performance standards. To solve this problem the first step that needs to be taken is to create an environment for innovation that could be carried for a long time.

The innovation needs to be done in three areas that are connected to the information technology industry of India such as business models, ecosystems and knowledge.

One of the most important crises facing the Indian information technology industry concerns the human resources aspect. The problems with outsourcing in countries like the United States of America are posing problems for the Indian information technology industry as well in terms of rising wage bills and employee benefits.

Human Resources and Industrial Relations

The success, performance and profitability of the 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.

The Company has a 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.

Internal Control Systems and Adequacy

The Company maintains an adequate and effective internal control system commensurate with its size and complexity. We believe that these internal control systems provide, among other things, a reasonable assurance that transactions are executed with management authorization and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets

of your Company are adequately safe-guarded against significant misuse or loss. An independent internal audit function is an important element of your Company's internal control system. The internal control systems are supplemented through an extensive internal audit programme and periodic review by management and audit committee.

Cautionary Statement

Statements in the Management Discussion and Analysis, describing the Company's objectives, projections and estimates are forward looking statements and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon the economic conditions, government policies and other incidental/ related factors.

CHAPTER X

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

As on the date of this Information Memorandum, there are no outstanding or pending material litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified paragraph (I) of Part 1 of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, its Promoters, Directors or Promoter Group companies.

Further, there are no material defaults, non payments or overdues of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company, its Promoters or Promoter Group companies.

Outstanding litigations and material defaults of Dynacons Technologies Limited and its group companies

There are no litigation by or against Dynacons Technologies Limited and its Group Companies viz. Civil Cases, Criminal Cases, Export Cases, Labour Cases, Central Excise Cases, Income Tax Cases and Sales Tax Cases, etc. as on the date of this Information Memorandum.

CHAPTER XI

GOVERNMENT APPROVALS

The Company has all the necessary permissions and approvals from the Government and various Government agencies for the existing activities.

As per the scheme of arrangement the Marketing and Distribution Business and Manufacturing Business of the Transferor Company with all its approvals, permissions, benefits, rights, registrations, consents, etc. has been transferred to the transferee Company which is being carried on by the transferee Company on a going concern basis. No further approvals from any Government authority, etc are required by the Company to undertake the existing activities, save and except those approvals, which may be required to be taken in the normal course of business from time to time.

CHAPTER XII

OTHER REGULATORY DISCLOSURES

Stock Market Data for Equity Shares of Dynacons Technologies Limited

Equity Shares of Dynacons Technologies Limited are not listed on any stock exchanges. Dynacons Technologies Limited is seeking approval for listing of its shares on BSE and NSE through this Information Memorandum.

Particulars Regarding Previous Public or Rights Issues during the Last Five Years

Dynacons Technologies Limited has not made any previous public or rights issue during the last five years. There is no issue of shares otherwise than for cash except for 44423100 equity shares of Re 1 each issued pursuant to the Scheme of Arrangement and there are no outstanding debentures and redeemable preference shares. There has been no revaluation of assets of Dynacons Technologies Limited.

Companies under the Same Management

There are companies under the same management within the meaning of Section 370(1B) of the Companies Act, other than the ones disclosed elsewhere in the Information Memorandum.

Disclosure on negative net worth/winding up/sick/BIFR/disassociation/strike off from ROC

There is no group company of Dynacons Technologies Limited having a negative net worth or under winding up or a sick company or under BIFR. Further, Dynacons Technologies Limited has not disassociated from any company. Further, none of group companies of Dynacons Technologies Limited have applied for striking off their name from the RoC.

CHAPTER XIII

DIVIDEND POLICY

Under the Companies Act, an Indian company pays dividends upon the recommendation of its board of directors and approval by a majority of its shareholders, who have the right to decrease, but not to increase, the amount of the dividend recommended by the board of directors at the annual general meeting. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. Additionally, our Articles of Association grant discretion to our Board of Directors to declare and pay interim dividends from our profits as appear to it to be justified. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders or those persons whose names are entered as beneficial owners in the record of the depository on the date specified as the “record date” or “book closure date”. A listed company in India may declare and disclose the dividend it issues only on a per share basis.

The Board of Directors of the Company did not recommend payment of any dividend since incorporation. Future Dividend may be declared at the Annual General Meeting of the shareholders based on recommendation by the Board.

CHAPTER XIV

FINANCIAL INFORMATION



AUDITOR'S REPORT

To
The Board of Directors
DYNACONS TECHNOLOGIES LIMITED
78, Ratnajyot Industrial Estate,
Irla Lane, Vile Parle (W),
Mumbai 400 056

Dear Sirs,

We have audited the attached Balance Sheet of **DYNACONS TECHNOLOGIES LIMITED** as at 31st December, 2010, the related Profit and Loss Account and the Cash Flow statement for the nine months 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. We invite the attention of the members to point no II/2 of Schedule 14 Notes to Accounts forming part of the Balance Sheet concerning the Scheme of Arrangement entered between Dynacons Systems and Solutions Limited and Dynacons Technologies Limited.
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 December 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 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



Office No. 6-7, Yamuna Evershine Enclave, Mira Road (East), Dist. Thane 401 107. TEL: 28110536/38 E-mail: ckpalan@pcghadiali.com
Offices: ■ Tardeo ■ Dahisar ■ Thane ■ Surat ■ Website: www.pcghadiali.com

P. C. GHADIALI & Co.
CHARTERED ACCOUNTANTS

- 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:
- in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2010;
 - in the case of the Profit and Loss Account, of the Profit of the Company for the nine months ended on that date; and
 - in the case of the Cash Flow Statement, of the cash flows for the nine months ended on that date.

This report is intended solely for your information and for submission to the The Bombay Stock Exchange, Mumbai for inclusion in the Information Memorandum in connection with the listing requirement and is not to be used, referred to or distributed for any other purpose without our prior written consent.



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


C. K. PALAN
Partner
Membership No: 100741

Place : Mumbai
Dated : May 9, 2011

Dynacons Technologies Limited



Balance Sheet As On December 31, 2010

	SCHE- DULE	As on December 31, 2010 Rs.	As on March 31, 2010 Rs.
I. SOURCES OF FUNDS:			
1. SHAREHOLDER'S FUNDS:			
a) Capital	1	59,423,100	59,423,100
b) Reserves and Surplus	2	177,412,125	176,917,938
2. LOAN FUNDS:			
Secured Loans	3	50,235,514	24,930,249
3. DEFERRED TAX LIABILITY (Net)			
		7,150,096	7,111,929
Total (Rs)		294,220,835	268,383,216
II. APPLICATION OF FUNDS:			
1. FIXED ASSETS			
a) Gross Block	4	53,490,048	51,105,048
b) Depreciation		20,873,995	19,499,616
c) Net Block		32,616,053	31,605,432
d) Capital Work-in-progress and Advances		108,500,000	104,250,000
2. INVESTMENTS			
	5	50,000,000	50,000,000
3. CURRENT ASSETS, LOANS AND ADVANCES:			
a) Inventories	6	44,025,555	39,476,966
b) Sundry Debtors	7	68,299,737	56,712,694
c) Cash and Bank Balances	8	8,512,580	8,095,694
d) Loans and Advances	9	5,098,606	5,086,387
		125,936,478	109,371,741
Less: CURRENT LIABILITIES AND PROVISIONS:			
a) Current Liabilities	10	22,615,395	26,898,407
b) Provisions		216,300	18,854
		22,831,695	26,917,261
Net Current Assets		103,104,782	82,454,480
4. PROFIT & LOSS ACCOUNT			
		-	73,304
Total (Rs)		294,220,835	268,383,216

Notes forming part of Accounts

14

As per our report of even date attached

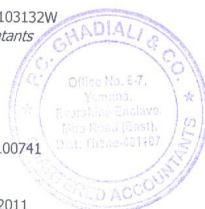
For and on behalf of the Board

For P. C. Ghadiali & Co.

Firm Regn. No. : 103132W
Chartered Accountants

C. K. Palan
Partner
Membership No: 100741

Mumbai : May 9, 2011



Shirish Anjaria
Chairman and Managing Director

Parag Dalal
Director

Dharmesh Anjaria
Director

Dynacons Technologies Limited



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

	Schedule	For the nine months ended December 31, 2010 Rs.	For the year ended March 31, 2010 Rs.
INCOME:			
Sales		155,455,638	208,932,219
Total (Rs)		155,455,638	208,932,219
EXPENDITURE:			
Cost of Sales	11	141,519,647	189,798,647
Operating & Establishment Expenses	12	3,829,470	5,633,018
Interest	13	2,861,484	4,238,677
Depreciation		6,424,379	9,253,481
Total (Rs)		154,634,980	208,923,823
PROFIT BEFORE TAXATION		820,658	8,396
Provision for Taxation			
a) Current Tax		215,000	1,300
b) Deferred Tax		38,167	80,400
PROFIT \ (LOSS) FOR THE YEAR		567,491	(73,304)
Add : Balance of earlier year		73,304	-
Profit \ (Loss) available for Appropriation		494,187	(73,304)
BALANCE CARRIED TO BALANCE SHEET		494,187	(73,304)
Earning Per Share (Face Value Re 1)		0.01	-
Notes forming part of Accounts	14		

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

[Signature]
C. K. Palan
Partner

Membership No: 100741



[Signature]
Shirish Anjaria
Chairman and Managing Director

[Signature]
Parag Dalal
Director

[Signature]
Dharmesh Anjaria
Director

Mumbai : May 9, 2011

Dynacons Technologies Limited

Cash Flow Statement for the Period Ended December 31, 2010

Particulars	December 31, 2010 Rupees	March 31, 2010 Rupees
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and extraordinary items	820,658	8,396
Add: Depreciation		
(Profit)/Loss on sale of Fixed Assets	6,424,379	9,253,481
Interest paid	-	277,748
Dividend received	2,861,484	4,238,677
	-	-
	<u>9,285,863</u>	<u>13,769,906</u>
Operating profit before working Capital	10,106,521	13,778,302
Changes in current assets and liabilities		
(Increase)/Decrease in Inventories	(4,548,589)	547,790
(Increase)/Decrease in Inventories pursuant to the Scheme of Arrangement	-	(40,024,756)
(Increase)/Decrease in Trade & Other Receivable pursuant to the Scheme of Arrangement	-	12,630,070
(Increase)/Decrease in Trade & Other Receivable	(11,599,262)	(74,429,150)
Increase/(Decrease) in Current Liabilities & Provision pursuant to the Scheme of Arrangement	-	19,541,003
Increase/(Decrease) in Current Liabilities & Provision	(4,300,566)	14,406,488
	<u>(20,448,417)</u>	<u>(67,328,557)</u>
Cash Generated from Operations	(10,341,896)	(53,550,255)
Taxes paid	-	-
Net Cash Flow from operating activities	<u>(10,341,896)</u>	<u>(53,550,255)</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Net)	(7,435,000)	(6,255,545)
Fixed Assets Transferred pursuant to the Scheme of Arrangement	-	(34,881,116)
Capital Work-in-Progress and Advances	(4,250,000)	(16,750,000)
Capital Work-in-Progress and Advances Transferred pursuant to the Scheme of Arrangement	-	(87,500,000)
Investments Transferred pursuant to the Scheme of Arrangement	-	(50,000,000)
Dividend received	-	-
Inter Corporate Deposits placed	-	-
Investments	-	-
Sale of Fixed Assets	-	-
Deferred & Miscellaneous Expenditure	-	-
Net Cash Used for Investing Activities	<u>(11,685,000)</u>	<u>(195,386,661)</u>



Dynacons Technologies Limited

Cash Flow Statement for the Period Ended December 31, 2010

Particulars	December 31, 2010 Rupees	March 31, 2010 Rupees
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital	-	15,000,000
Share Premium	-	-
Increase/(Decrease) In Secured/Unsecured Loans	-	-
Interest Paid	(2,861,484)	(4,238,677)
Equity Share Capital be allotted pursuant to the Scheme of Arrangement	-	44,423,100
Reserves pursuant to the Scheme of Arrangement	-	176,917,938
Increase in Secured Loan	25,305,265	-
Secured Loan Transferred pursuant to the Scheme of Arrangement	-	53,992,057
Repayment of Secured Loan	-	(29,061,808)
Net cash From Financing Activities	22,443,781	257,032,610
Net Increase in Cash and Cash Equivalents (A+B+C)	416,885	8,095,694
Cash and Cash Equivalents (Opening Balance)	8,095,694	-
Cash and Cash Equivalents (Closing Balance)	8,512,580	8,095,694
	416,885	8,095,694

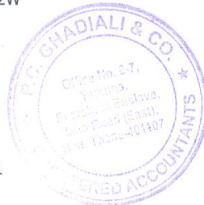
Notes

- 1 Components of cash and cash equivalents include bank balances in current account as disclosed under Schedule 8 of the accounts
- 2 Pursuant to the scheme of Arrangement, the business of the Company was carried out by Dynacons Systems & Solutions Limited in trust. (Refer Note No.II.2 of Schedule 14)

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

C. K. Palan
Partner
Membership No: 100741

Mumbai : May 9, 2011



For and on behalf of the Board of Directors

Shirish Anjaria
Chairman and Managing Director

Parag Dalal
Director

Dharmesh Anjaria
Director

Dynacons Technologies Limited

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

	As on December 31, 2010 Rs.	As on March 31, 2010 Rs.
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED		
600,000,000 Equity shares of Rs. 1/- each	600,000,000	600,000,000
Issued, Subscribed and paid up:		
15,000,000 Equity shares of Rs. 1/- each fully paid up	15,000,000	15,000,000
Share Capital Suspense 44,423,100 Equity shares of Rs. 1/- each fully paid up to be allotted pursuant to the Scheme of Arrangement (Refer Note No.II.2 of Schedule 14)	44,423,100	44,423,100
Total (Rs)	59,423,100	59,423,100
SCHEDULE 2: RESERVES AND SURPLUS		
1. General Reserve	176,917,938	176,917,938
2. Profit & Loss Account	494,187	-
Total (Rs)	177,412,125	176,917,938
SCHEDULE 3 : SECURED LOANS		
Bill Discounting facilities with Banks (Secured against hypothecation of inventories, book debts & deposits and personal guarantees of some of the Directors)	49,870,369	24,435,000
Vehicle Loans (Secured against hypothecation of Motor Vehicles)	365,145	495,249
Total (Rs)	50,235,514	24,930,249



Dynacons Technologies Limited
SCHEDULE 4 : FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block	
	As on 1-Apr-10 Rs.	Additions Rs.	Deductions Rs.	As on 31-Dec-10 Rs.	Additions Rs.	Deductions Rs.	As on 31-Dec-10 Rs.	As on 31-Mar-10 Rs.
TANGIBLES								
Computers	49,409,464	7,435,000	5,050,000	51,794,464	6,317,226	5,050,000	20,332,591	31,461,873
Office Equipment	248,753	-	-	248,753	8,902	-	38,275	210,478
Furniture & Fixtures	222,180	-	-	222,180	10,596	-	121,243	100,937
Motor Car	1,224,651	-	-	1,224,651	87,655	-	381,886	842,765
Total Rs.	51,105,048	7,435,000	5,050,000	53,490,048	6,424,379	5,050,000	20,873,995	32,616,053
Previous year Rs.	53,289,803	9,115,545	11,300,300	51,105,048	9,253,481	8,162,552	19,499,616	31,605,432



Dynacons Technologies Limited

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

	As on December 31, 2010 Rs.	As on March 31, 2010 Rs.
SCHEDULE 5: INVESTMENTS		
LONG TERM (AT COST)		
TRADE (UNQUOTED)		
Ganpati Intradex Pvt Ltd		
50,00,000 Equity Shares of Rs. 10 each	50,000,000	50,000,000
Total (Rs)	50,000,000	50,000,000
SCHEDULE 6: INVENTORIES		
<i>(As taken, valued and certified by the Management at lower of cost or net realisable value)</i>		
Finished Goods	44,025,555	39,476,966
Total (Rs)	44,025,555	39,476,966
SCHEDULE 7 : SUNDRY DEBTORS		
<i>(Unsecured, Considered good)</i>		
a. Outstanding for a period exceeding six months	4,239,164	80,893
b. Others	64,060,573	56,631,801
Total (Rs)	68,299,737	56,712,694
SCHEDULE 8: CASH AND BANK BALANCES		
Cash on hand	-	-
Balance with Banks in Current Account:		
- with Scheduled Banks	9,755	55,000
Balance with Banks in Fixed Deposits		
- with Scheduled Banks	8,502,825	8,040,694
Total (Rs)	8,512,580	8,095,694



Dynacons Technologies Limited

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

	As on December 31, 2010 Rs.	As on March 31, 2010 Rs.
SCHEDULE 9: LOANS AND ADVANCES		
<i>(Unsecured, Considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	5,098,606	5,086,387
Total (Rs)	5,098,606	5,086,387
SCHEDULE 10: CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	-	-
- Micro and Small Enterprises (See Notes No II/7)	-	-
- Others	21,218,206	24,805,700
Outstanding Expenses	1,397,189	2,092,707
Total (Rs)	22,615,395	26,898,407
PROVISIONS		
Provision for Income Tax	216,300	1,300
Provision for Employee Benefits	-	17,554
Total (Rs)	216,300	18,854
SCHEDULE 11: COST OF SALES		
Opening Stock	39,476,966	40,024,756
Add : Purchases & Development Costs	146,068,236	189,250,857
	185,545,202	229,275,613
Less :Closing Stock	44,025,555	39,476,966
Total (Rs)	141,519,647	189,798,647



Dynacons Technologies Limited

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

	As on December 31, 2010 Rs.	As on March 31, 2010 Rs.
SCHEDULE 12: OPERATING & ESTABLISHMENT EXPENSES		
Salaries	1,369,959	1,645,540
Staff Welfare Expenses	63,503	46,496
Directors Remuneration	540,000	600,000
Conveyance and Travelling Expenses	223,034	94,764
Motor Car Expenses	206,988	197,548
Printing and Stationary Expenses	77,192	62,500
Legal and Professional charges	415,000	736,749
Communication Expenses	66,151	57,748
Auditors Remuneration	16,545	13,788
Rent	45,000	61,014
Rates & Taxes	19,520	230,200
Repairs & Maintenance - Building	40,081	18,955
- Others	1,500	36,354
Sales Promotion Expenses	86,406	32,159
Miscellaneous Expenses	152,333	315,092
Loss on sale/write-off of Assets	-	277,748
Discount Allowed	-	12,349
Bank charges	117,628	652,592
Transportation Expenses	159,070	420,469
Electricity Expenses	61,010	50,057
Membership and Subscriptions	123,714	19,409
Insurance Charges	44,838	51,487
Total (Rs)	3,829,470	5,633,018
SCHEDULE 13: INTEREST		
Interest expenses		
On Fixed Loans	44,022	66,344
On Others	3,281,212	4,172,679
	3,325,234	4,239,024
Less : Interest earned		
Interest Received (Gross)	463,750	347
Total (Rs)	2,861,484	4,238,677



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

Schedule 14 : 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.

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.



II. 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. SCHEME OF ARRANGEMENT

Pursuant to the Scheme of Arrangement (the Scheme) entered into by the Company with Dynacons Systems & Solutions Limited (DSSL), the Marketing and Distribution Business and Manufacturing Business of DSSL was transferred to the Company with effect from 1st April, 2009, the Appointed Date.

The said Scheme, under section 391 to 394 of the Companies Act, 1956, has been approved by the Hon'ble High Court of Judicature of Bombay, vide its Order dated 15th October, 2010.

The Scheme provides that it shall become effective upon satisfaction of the conditions set out in the Scheme therein, including receipt of necessary approvals from Government Authorities. Accordingly, upon receipt of the requisite approvals, as aforesaid, the Effective Date of the Scheme was December 20, 2010.

In accordance with the terms of the Scheme of Arrangement an aggregate of 44,432,100 equity shares of Re 1 each of the Company were issued as fully paid up, to the members of DSSL whose names were recorded in the register of members on the record date, in the ratio of 3(three) equity shares of the Company of face value of Re 1 each for every 10(ten) equity shares of Rs 2 each held by such member in DSSL.

3. 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

	Nine months ended December 31, 2010	For the period ended March 31, 2010
Salary	Rs.5,40,000	Rs.6,00,000



4. Expenditure in Foreign Currency

	Nine months ended December 31, 2010	For the period ended March 31, 2010
Travelling Expenses	NIL	Rs. 54,105

5. Auditors Remuneration

	Nine months ended December 31, 2010	For the period ended March 31, 2010
Audit Fees & Consultancy	Rs.16,545	Rs. 13,788

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

	Nine months ended December 31, 2010		For the period ended March 31, 2010	
	Nos.	Amt (Rs.)	Nos.	Amt (Rs.)
Opening Stock (transferred pursuant to Scheme of Arrangement) (Refer Note No.2 above)	4,729	39,476,966	8,484	40,024,756
Purchases	4,145	146,068,236	3,264	189,250,857
Closing Stock	3,526	44,025,555	4,729	39,476,966

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

Particulars	Nine Months ended December 31, 2010 Amount (Rs.)	For the period ended March 31, 2010 Amount (Rs.)
a. Amounts payable to suppliers under MSMED (suppliers) as on December 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.

8. Segment Information

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

9. Related Party Disclosures

a. 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	Nine Months ended December 31, 2010	For the period ended March 31, 2010
M/s S.P. Corporation	Rent for Premises	Rs. 45,000	Rs. 60,000
M/s S.P. Corporation	Reimbursement of Expenses	Rs. 18,081	Rs. 18,955
Mr. Shirish M. Anjaria	Remuneration	Rs. 540,000	Rs. 600,000
Dynacons Systems & Solutions Limited	Investment in Share Capital	Rs. Nil	Rs. 15,000,000
Dynacons Systems & Solutions Limited	Amount payable as at end of period	Rs. 16,022,956	Rs. 22,003,653



10. Earnings per Share (Basic and Diluted)

	Nine months ended December 31, 2010	For the period ended March 31, 2010
Profit after Tax	567,491	(73,304)
No of Equity Shares	59,423,100	59,423,100
Earnings Per Share (of paid up Value of Re.1 each)	0.01	(0.00)

11. 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	Balance as at April 1, 2010	Charge/Credit for the current year	Balance as at December 31, 2010
Deferred Tax Liabilities			
- Depreciation	7,111,929	38,167	7,150,096
Total	7,111,929	38,167	7,150,096

12. 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. 45,000/-.

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.

14. 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.

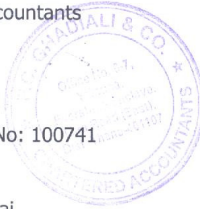


- b) The financial results are for a period of nine months starting with 1st April, 2010 and ending with 31st December, 2010 hence the previous year figures stated therein are not comparable.

SIGNATURES TO THE SCHEDULES 1-13 AND NOTES TO ACCOUNTS 14

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 : May 9, 2011

For and on behalf of the Board of Directors


Shirish Anjaria
Chairman &
Managing Director


Parag Dalal
Director


Dharmesh S. Anjaria
Director

Balance Sheet Abstract and Company's General Business Profile

I Registration Details			
Registration No.	:	L72900MH2009PLC191412	
State Code	:	11	
Balance Sheet Date	:	December 31, 2010	
II Capital Raised during the year			
<i>(Amount in Rs. Thousands)</i>			
Public Issue	:	Nil	
Rights Issue	:	Nil	
Bonus Issue	:	Nil	
Private Placement	:	Nil	
III Position of Mobilisation and Deployment of Funds			
<i>(Amount in Rs. Thousands)</i>			
Total Liabilities	:	268,383	Total Assets : 268,383
<u>Sources of Funds</u>		<u>Application of Funds</u>	
Paid-up Capital	:	59,423	Net Fixed Assets : 135,855
Reserves & Surplus	:	176,918	Investments : 50,000
Secured Loans	:	24,930	Net Current Assets : 82,454
Unsecured Loans	:	-	Misc. Expenditure : Nil
Deferred Tax Liability	:	7,112	Accumulated Losses : 73
IV Performance of Company			
<i>(Amount in Rs. Thousands)</i>			
Turnover	:	208,932	
Total Expenditure	:	208,924	
Profit/ Loss Before Tax	:	8	
Profit/ Loss After Tax	:	(73)	
Earning Per Share in Rs.	:	-	
Dividend Rate %	:	NA	
V Generic Names of Three Principal Products/Services of Company			
<i>(as per monetary terms)</i>			
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 and Managing Director


Parag Dalal
Director


Dharmesh Anjaria
Director

Mumbai : May 9, 2011

CHAPTER V

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF DYNACONS TECHNOLOGIES LIMITED

CAPITAL

3. The Authorized Share Capital of the shall be in accordance with the clause V of the Memorandum of Association of the Company from time to time with power, to increase or decrease the Share Capital of the Company and to divide the share capital for the time being into several classes and to attach thereto respectively such preferential, qualified, or special rights, privilege or condition or as may be determined by or in accordance with the Articles of the Company and to very, modify or abrogate any such rights, privileges or conditions in such manner as may from the time being be permitted by the Articles of Association.
7. The company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts, as the resolution shall prescribe. The new shares (including equity shares) shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe and in particular, such equity shares may be issued with voting rights or with differential rights as to dividend, voting or otherwise in accordance with such rules and sub subject to such condition as may be prescribed in conformity with Section 87 of the Act. Whenever the capital of the company has been increased under the Provisions of these Articles, the Directors shall comply with the Provisions of Section 97 of the Act.
8. (1) Where, at any time after the expiry of two years from the date of formation of the Company or at any time after the expiry of one year from the date of allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:
 - (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid up on those shares at the date.
 - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favor of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any

reason to allot any shares to any person in whose favor any member any renounce the shares offered to him

- (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think. In their sole discretion, fit.
- (2) Not with standing anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons, (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
- (a) If a special resolution to that effect is passed by the Company in General Meeting; or
- (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by the members

who, being entitled- to do so, vote in person or where proxies are allowed, by proxy, exceed the votes, if any cast against proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

- 11. (a) The Company shall not have the power to buy its own shares unless the consequent reduction of capital is effected and sanctioned in pursuance of Article 12 and in pursuance of Section 100 to 104 Sections 402 or other applicable provisions (if any) of the Act.
- (b) Except to the extent permitted by Section 77 or other applicable provisions (if any) of the Act, the Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, provisions of security or otherwise, any financial assistance for the purpose of or in connection with the purchase or subscription made or to be made by any person of or for any shares in the Company.
- 12. The Company may, subject to the provisions of Sections 78, 80, 100 to 104 (both inclusive) of the Act, from time to time by special Resolution reduce its share capital and any Capital Redemption Reserve Account or other Premium Account in any manner for the time being authorized by law and in particular may pay off any paid-up shares capital upon the footing that it may be called up again or otherwise and may, if any so far as is necessary after its Memorandum by reducing the amount of its share

capital and of its shares accordingly. This Article is not to derogate from any power the Company would have if it were omitted.

13. Subject to the provisions of Section 94 of the Act, the Company may in the General Meeting alter the conditions of its Memorandum as follows:
 - (a) Consolidate and divide all or any of the share capital into shares of larger amounts than its existing shares;
 - (b) Sub-divide its shares or any of them into shares of smaller amounts than originally fixed by the Memorandum, so however, that in the sub-division the proportion between the amounts paid and the amount if any, unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived;
 - (c) Cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of share capital by the amount of the shares cancelled.
14. The rights conferred upon the holder of shares is with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of shares; of that class, be deemed to be varied by the creation issue of further shares ranking pari passu therewith.

MODIFICATION OF RIGHTS

15. If at any time the share capital is divided different classes, the rights and privileges attached to class of shares (unless otherwise provided by the terms issue of the shares of that class) may, subject to provisions of Section 106 and 107 of the Act, be modified-commuted, affected, abrogated or varied (whether or not Company is wound up) with the consent in writing of holders of not less than three-fourths of the issued shares; of that class, or with the sanction of a special resolution

Passed at a separate meeting of the holders of shares that class and all the provisions hereinafter contained to General Meeting shall mutatis mutandis apply to every such meeting.

16. The Board shall observe the restrictions as allotment contained in Section 69 and 70 of the Act, as case may be, and shall cause to be filed the returns as allotment according to Section 75 of the Act.

SHARES

17. Subject, to the provisions of the Section 81 of Act and these the shares in the capital of the Company the time being shall be under the control of the Direct who may issue, allot or otherwise dispose of the same or of them to such persons, in such proportion and on such to and conditions and either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) or at a discount and at such

time as they may from time to time think fit and with the sanction of the Company in General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration, as the Directors think fit, and may issue and allotted shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares. Provided that option or right to call of shares shall not be given to any person without the sanction of the Company "General Meeting".

18. In addition to and without derogating from the power for that purpose conferred on the Directors under Article 17 the Company in general meeting may, by special resolution, determine to issue further shares out of the authorized capital of the Company and may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons - (whether members or holders of debentures of the Company or not) in such proportions and on such terms and conditions and either at a premium or at par, or (subject to compliance with the provisions of Section 79 of the Act), at a discount, as such general meeting shall determine and with full power to give any persons (whether a member or holder of debentures of the Company or not) option or right to call of share of any class of the Company either at a premium or at par or (Subject to compliance with the Provisions of Section 79 of the Act) at a discount, such option being exercisable at such terms and for such consideration as may be directly by such general meeting of the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares, subject to any direction given by the general meeting as aforesaid the provision of Articles 67 hereto shall apply to any issue of new shares. Provided that an option or right to call of shares shall not be given to any person(s) except with the sanction of the Company in General Meeting.
19. Subject to the provisions of the Act and these Articles, the Directors may allot and issue in the capital of the Company in payment or part payment for any property or assets of any kind whatsoever (including the goodwill of any business) sold or transferred or goods or machinery or know-how supplied, or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of the business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued shall be deemed to be fully paid-up or partly paid-up shares as aforesaid. The Directors shall cause returns to be filled of any such allotment as provided by Section 75 of the Act.
20. The Shares in the capital of the Company shall be numbered progressively according to their several denominations and except in the manner hereinafter mentioned, no share shall be sub-divided. Even forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
21. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares

within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is entered on the Register of Members shall for the purpose of these Articles be a member.

22. The money (if any) which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit call or otherwise, in respect of any shares allotted by them shall immediately on the insertion of the name of the allottee in the Register of Members as the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.
23. If by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installment every such installment shall when due, paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.
24. Except when required by law and in particular by Section 187-C of the Act, or ordered by a Court of Competent jurisdiction, the Company shall not be bound to recognize any person as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest, in any share or interest in any fractional part of share, or (except only as by these Articles or as ordered by Court of competent jurisdiction or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

UNDERWRITING AND BROKERAGE

25. The Company may subject to the provision of Section 76 and other applicable provision (if any) of the Act, at any time, pay a commission to any person in consideration of his subscribing or agreeing to subscribe or his procuring or agreeing to procure subscription whether absolutely or conditionally, for any shares in or debentures of the Company but so that the commission does not exceed, in the case of shares, 5% of the price at which the shares are issued and in the case of debentures, 2.5% of the price at which the debentures or partly in the one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

SHARE CERTIFICATE

26. The Certificates of title to the shares shall be issued under the seal of the Company which shall be affixed in the presence of and signed by (i) two Directors (Provided that if the composition of the Board permits, one of the aforesaid two Directors shall be a person other than the Managing or whole-time Director) and (ii) the Secretary or some other person appointed by the Board for the purpose. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue. A Director may sign the share certificates by affixing his signature thereon by means of any machine,

equipment or other mechanical means such as engraving in metal or lithography, but not by means of a rubber stamp. provided that the Directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose. Provided always that notwithstanding anything contained in this Article, the certificates of title to shares may be executed and issued in accordance with such other provisions of the Act, or the rules, made thereunder, as may be in force for the time being and from time to time. The Company shall have permission for Sub-Division/Consolidation of Share Certificate as per the discretion of the Board.

27. Every member or allottee of share(s) shall be entitled without payment for each lot of hundred shares of each class or denomination registered in his name in such form as the Directors shall prescribe or approve, specifying the number of shares or shares allotted to him and the amount paid thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or of its fractional coupons of requisite value; provided that if the letter of allotment or certificate issued is lost or destroyed the Board may, if the Directors so approve, impose such reasonable terms, if any, as it think fit as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating such evidence. In case of issue against letter of acceptance or remuneration or in case of Bonus Shares, the Board may issue certificates for less than 100 shares.
28. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribed or approve, provided that in respect of a share or shares held jointly by several person, the Company shall not be borne to issue more than one certificate and delivery of a certificate of shares one or several joint share holders shall be sufficient delivery to such all holders.
29. If any Certificates be worn out, defaced mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate loss or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deemed adequate, being given, an a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificate under the Article shall be issued without payment of the fees if the directors so decided, or on payment of such case (no exceeding Rs. 2/-for each certificate) as the Directors shall prescribed. Provided

that no fee shall be charges for issue of new certificate in replacements of those which are old defaced or worn out tor where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the directors shall comply with such rules or regulation or requirements stock exchange or the rules made under the Act, or the rules made under securities contract (regulation) Act, 1956, or any other act or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company,

CALLS

30. The Board may, from time to time, (by a Resolution passed at the meeting of the Board and not by Resolution by circulation) but subject to the conditions of allotment, make such calls as it thinks fit upon the members In respect of all money unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by the way of premium) and each member shall pay the around of every call so made on him to the person and at the times and places appointed by the Board. A call may be made payable by installments.
31. Where calls are made on shares, such calls shall be made on a Uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.
32. At least fourteen days' notice of every call, otherwise than on allotment, shall be given specifying the time of payment, and if payable to any person other than the Company, name of the person to whom the call shall be paid. A call may be revoked or postponed at the discretion of the Board.
33. A call shall be deemed to have been made at the time when the Resolution of the Board of directors authorizing such call was passed and may be made payable by those members whose names appear on the Register of Members on such date, or, at the discretion of the Board on such subsequent date as shall be fixed by the Board.
34. The Board may, from time to time, at its discretion extend the time fixed for the payment of any call; and may extend such time to all or any of the Members whom the Board may deem fairly entitled to such extension; but no Member shall be entitled to such extension as of right except as a matter of grace and favour.
35. If by the terms of issue of any share, any amount is made payable on allotment or at any fixed time or by installments at fixed time (whether on account of the nominal amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice has been

given and all the provisions herein contained in respect of calls shall relate and apply to such amount or installment accordingly.

36. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, or any such extension hereof as aforesaid, the holder for the time being or allottee of the share(s) in respect of which a call shall have been made or the installment shall be due shall pay interest on the same at such rate as shall be fixed from time to time as the Board shall fix from the day appointed for the payment thereof to the time of actual payment but the Board may waive payment or recovery of such interest wholly or in part from any member.
37. Neither a judgment nor a decree in favour of the Company for calls or other money due in respect of any shares nor any par payment or satisfaction thereunder nor the receipt by the Company or of a portion any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any money shall preclude the Company from thereafter proceeding to enforce a of forfeiture such shares as hereinafter provided.
38. Subject to the provisions of the Act and these Articles at the trial or bearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares money is sought to be recovered is entered on the Register of Members as the holder of the shares in respect of which such money is sought to be recovered that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly posted to the member or his representative in pursuance of those Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that, a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call made was duly, convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
39. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advances.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would not for such payment, become presently payable.

The Provisions of these Articles shall mutatis mutandis apply to the calls of debentures of the Company.

FORFEITURE, SURRENDER, LIEN

40. If any member fails to pay the whole or any part of any call or installment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, or any such extension thereof as aforesaid the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remain unpaid or a or in judgment decree thereof respect remains unsatisfied in whole or in part, serve a notice on such member or on the person (if any) entitled to the shares by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (Legal or otherwise) that, may have been incurred by the Company by reason of such non-payment. All fully paid shares shall be free from all lien and that in the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.
41. The notice shall name a day (not being less than 14 days from the date of the notice on or before which and the place or places at which such call, installment or such part thereof and such other moneys as aforesaid and such interest therein at such rate as the Board shall determine from the day on which such installment or other money ought to have been paid and expenses as aforesaid are to be paid, and if payable to a person other than the Company, the person to whom, such payment is to be made. The notice shall also state that in the event of non-payment at or before the time and (if payable to any person other than the Company) at the place appointed the shares in respect of which the call was made or installment is payable will be liable to be forfeited.
42. If the requirements of any such notice as aforesaid is not complied with any of the shares in respect of which such notice has been given may at any time thereafter but before payment of ill calls or installments, interest and expenses and other money due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
43. When any share shall have been so forfeited, an entry of the forfeiture, with the date thereof, shall be made in the Register of Members and notice of the forfeiture shall be given to the member in whose name they stood immediately prior to the forfeiture but not forfeiture shall be in any manner invalidated by any omission or neglect to make any such entry or to give such notice as aforesaid.
44. Any shares so forfeited shall be deemed to be the property of the Company and may be sold re-allotted or otherwise disposed of either to the original holder thereof, or to any other person upon such terms and in such manner as the Board shall think fit.

45. The Board may, at any time before any shares so forfeited shall have been sold re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
46. Any person whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest, expenses and other money owing upon on in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date, of the forfeiture but shall not, be under any obligation to do so.
47. The forfeiture of a share shall involve the extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company in respect of the shares forfeited and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
48. The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as it thinks fit.
49. The Company shall have a first and paramount lien upon all the shares / debentures (other than fully paid-up shares / debentures) registered in the name of each members (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and conditions that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares / debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
50. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made unless a sum in respect of which the lien existing is presently payable and until the expiration of seven days after a notice in writing of the intention to sell shall have been served on such member, his executors or administrators or other legal representatives as the case may be, and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after service of such notice. To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as aforesaid, the certificates in respect of the shares sold shall stand canceled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in lien thereof to the purchaser or purchasers concerned.

51. The net process of any such sale, after payment of the costs of such, sale, shall be received by the Company and applied in or towards the satisfaction of such part of the amount in respect of which the lien exists as is presently payable and the residue, (if any), shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale be paid to such member or the person (if any) entitled by transmission to the shares at the date of the sale.
52. A certificate in writing under the hands of two Directors" that the call in respect of a share was made, and notice thereof given and that default in payment of the call was made, and that the forfeiture of the share was made by a resolution of the Board to that effect shall be conclusive evidence of the facts stated therein as against all persons claimed to be entitled to such shares.
53. Upon any sale after forfeiture or for enforcing a lien in the exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and the Company may receive the consideration, if any given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration if any, nor shall his title to the share be affected by an irregularity or invalidity in the proceedings in reference to the forfeiture sale, re-allotment or disposal of the shares and name has been entered in the Register of Members in respect of, such shares, the validity of the sale shall not be impeached by any person.
54. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall, on demand by the Company, have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereof.

TRANSFER AND TRANSMISSION OF SHARES

55. The Company shall keep a book to be called the. "Register of Transfers" and there in shall be fairly and distinctly entered the particulars of every transfer or transmission of any shares. The same can be maintained by Registrar & transfer Agent appointed by the Company.
56. The Company shall keep a book to be called the "Register of Renewed and Duplicate Certificates" and therein shall be fairly and distinctly entered the particulars of the issue of renewed and duplicate certificates in exchange for those which are subdivided or consolidated or its replacement of those which are defaced, torn or old worn out or rendered useless.

57. "The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and all statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
58. (1) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or by the transferee.
- (2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (3) that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Issuer on any account whatsoever.
- (4) For the purpose of sub-clause (2) above, notice to the transferee shall be deemed to have been given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
59. The common form of transfer shall be used and the instrument of transfer shall be in writing and all provisions of section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of share and registration thereof.
60. The Company shall not register a transfer of shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any of the transferee has been delivered to the Company within the prescribe period along with the certificate relating to the shares, or if no such share certificate is in existence along with the certificate relating to the shares, or if no such share certificate is in existence, along with the letter of allotment, of the shares. PROVIDED that, where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the transfer or and by or on behalf of the transferee has been lost, the Company may if the Board thinks fit, register the transfer on such terms as to indemnity as the Board may think fit provided further that nothing in this Article shall prejudice any shares in the Company has been transmitted by operation of law.
61. No share shall in any circumstances be subscribed for or transferred to any person of unsound mind or insolvent.
62. Minors may be allotted fully paid shares in the Company provided the names of their guardians not minors are entered in the Register of Members.

63. Subject to the provisions of Section 111 of the Act, and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion, and by giving reasons decline to register acknowledge any transfer of shares whether fully paid not and the right refusal shall not be effected by the circumstances that the proposed transferee is already a member of the Company but in such cases the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transfer notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except, when the Company has a lien on that shares. Transferor of shares/ debentures in whatever lot shall not be refused.
64. If the Company refuses to register the transfer of any share or transmission of any right herein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to transferee and transferor or to the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section III of the Act or any statutory modification or re-enactment thereof shall apply.
65. A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, along with legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.
66. The instrument of transfer after registration shall be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall, on demand be returned to the person depositing the same. The Board may cause to be destroyed all transfer deeds instruments or transfer lying with Company for a period of five years or more.
67. The Board shall have power on giving not less than seven days previous notice by advertisement as required by Section 154 of the Act, to close the transfer books of the Company, the Register of Members or the Register of Debenture-holder at such time or times and for such period or periods of time not exceeding in the whole 45 days in each year not exceeding 30 days at a time, as to it may seem fit.
68. The executors or administrators or a holder of a Succession certificate in respect of the estate of a deceased member, not being one of two or more joint, holders shall be the only person recognized by the Company as having any title to the shares registered in the name of such deceased member and the Company shall not be bound to recognize such executors or administration unless such executors or administrators shall have first obtained Probate or Letters of Administration as the case may be, from a duly constituted Court in India, provided that in any case where the Board in its absolute discretion thinks fit, it may dispense with the production of Probate or Letters of Administration of Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and

under Article 69 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

69. Subject to the provisions contained in Article 69 hereof, any person becoming entitled to a share in consequence of the death, lunacy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these Articles, upon producing proper evidence of the grant of Probate or Letters of Administration or Succession Certificate or such other evidence that he sustains the character in respect of which he purports to act under this Article or of his title, to the shares as the Board thinks sufficient may, with the consent of the Board (which it shall not be under any obligation to give), either by registered as a .member in respect of such shares, or elect, to have some person nominated by him as approved by the Board registered as a member in respect of such shares provided that if such person shall elect to have nominee registered, he shall rectify his election by executing in favour of his nominee an instrument of transfer in accordance with these Articles and until he does so he shall not be free from any liability in respect of such shares. This Article is herein referred to as "the Transmission Article".
70. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
71. A person entitled to a share by transmission shall subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.
72. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.
73. No fee shall be charge any fee for registration of transfer or transmission, probate, succession, certificate, and letters of administration, certificate of death or marriage, power of attorney or similar other document.
74. The Company shall Incur no liability or responsibility whatsoever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest (to or in such shares notwithstanding that the Company may have notice of equitable right, title or interest) or may have received a notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of

the Company, and save as provided in the Act, the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board so think fit.

74 A DEMATERIALISATION OF SECURITIES

- 1) For the purpose of this Article :- “Beneficial Owner” means a persons or persons whose name is recorded as such with depository ; “SEBI” means the Securities and Exchange Board of India; “Depository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act 1992 ; and “Security; means such security as may be specific by the SEBI Board from time to time.
- 2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer Securities in a dematerialise from pursuant to the Depositories Act, 1996.
- 3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law , in respect of any security in the manner provided by the Depositories Act , 1996, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates to securities.

If a person opts to hold his security with a depository the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in his record the name of the allottee as the beneficial owner the security.

- 4) All securities held by depository shall be dematerialised and in a fungible form. Nothing contained in Sections 153, 153A, 187A, 187H, 187C and 372A of the Act shall apply to a depository in respect of the securities held by its on behalf of the beneficial owners.
- 5)
 - a) Notwithstanding anything to the contrary contained in the Act or those Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner .
 - b) Save as otherwise provided in {a} above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

- c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall, be entitled to all rights and benefits and subject to all the liabilities in respect of depository.
- 6) Notwithstanding anything contained in the Act or this articles in the contrary, where securities are held in a depository the records of the beneficial ownership may be served by such depository on the Company by the means of electronic mode or by delivery of floppies or discs.
- 7) Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor or transferee both of whom are entered as beneficial owners on the record of a depository.
- 8) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository immediately on allotment of such securities.
- 9) Nothing contained in the Act or these articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
- 10) The Register and Index of beneficial owners maintained by a depository under the Depository Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for these article.

BORROWING POWERS

76. Subject to the provisions of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Board shall have the power from time to time at its discretion by a resolution by circulation, to accept deposits from Members either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any time together with the money already borrowed from the Company - (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business), shall not without the consent of the Company in General Meeting, exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose. Such consent shall be obtained by an ordinary resolution which shall provide for the total amount upto which money may be borrowed by the Board. The expression "temporary loans" in this Article means loan repayable on demand or within six months from the date of the loan such as short term loans, cash credit arrangements discounting of bills and the issue of other short-term loans of seasonal character.

GENERAL MEETINGS

- 83 (1) Subject to the provisions of sections 166 and 710 of the Act, the Company shall, in addition to any other meetings, hold a general meeting (hereinafter called an "Annual General Meeting") at the intervals and in accordance with the provisions herein specified. The Company shall hold its first Annual General Meeting within eighteen months from the date of its incorporation of the Company and if such Annual General Meeting is held within that period, it shall not be necessary for the Company to hold any Annual General Meeting in the year of its incorporation or in the following year, but subject to the aforesaid provisions, the Annual General Meeting shall be held at least once in every calendar year and not more than fifteen months shall elapse between the date of one Annual General Meeting and the next; Provided however that if the Registrar of Companies shall have for any special reason extend the time within which any Annual General Meeting shall be held by a further period not exceeding three months, the Annual General Meeting may be held within the additional time fixed by the Registrar.
- 2) Every Annual General Meeting shall be called at a time during business hours and on such day (not being public holiday) as the Board may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the city, town or village in which the Registered Office of the Company is situated as the Board may determine. The Company may by a resolution passed at one Annual General Meeting, fix the time for its subsequent Annual General Meeting. The notice calling the meeting shall specify it as the Annual General Meeting.
84. (1) All General Meeting other than the Annual General Meetings shall be called "Extra Ordinary General Meetings", The Board of Directors may call an Extra Ordinary General Meeting whenever they think fit.
- (2) The Board of Directors shall, on the requisition of such number of members of the Company holding, in regard to any matter at the date of deposit of the requisition, not less than one-tenth of such of the paid-up capital of the Company upon which all calls or other money then due shall have been paid as at that date carries the right of voting in regard to that matter, forthwith proceed duly to call on Extra Ordinary General Meeting of the and the provisions hereinbelow contained shall be applicable to such meeting.
- (3) The requisition shall set out in the matters for the consideration of which the meeting is to be called shall be signed by the requisitionists, and shall be deposited at the Registered Office of the Company,
- (4) The requisition may consist of several documents of the like form, each signed by one or more requisitionists.

- (5) Where two more distinct matters are specified in the requisition, the provisions of clause (1) above shall apply separately in regard to each such matter and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.
 - (6) If the Hoard does not, with.in twenty-one days from the date of the deposit of a valid requisition in regard to any matter, proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days' from the date of the deposit of the requisition, the meeting may be called by the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company as is referred to in Clause (2) above whichever is less.
 - (7) A meeting called under Clause (6) above by the requisitionists or any of them shall, be called in the same manner, as nearly as possible, as that in which meetings are to be held after the expiration of three months from the date of the deposit of the requisition.
 - (8) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company, and any sum so repaid shall, be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.
 - (9) If at any time there are not within India sufficient directors capable or acting to form a quorum, or if the number of Directors be reduced as prescribed by these Articles and the continuing Directors fall or neglect to increase the number of Directors to that number or to convene a General Meeting, any Directors or any two or more members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call an Extra Ordinary General Meeting in the same manner as nearly as possible as that in which meetings may be called by the Director.
85. (1) A General Meetings of the Company may he called by giving not less than twenty-one days' notice in writing.
- (2) However a General Meetings may be called after giving shorter notice than 21 days, if the consent is accorded thereto.
- (i) in the case of an Annual General Meeting by all the members entitled fo vote thereat; and
 - (ii) in the case of other meeting by members of the Company holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives a right to vote at that meeting PROVIDED that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members

shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.

86. (1) Every notice of a meeting of the Company shall specify the place, the date and hour of the meeting and shall contain a statement of the business to be transacted there at.
- (2) In every notice there shall appear with reasonable prominence a statement that a member entitled to attend vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member of the Company.
87. (1) In the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special with the exception of business relating to :-
- (i) the consideration of the Accounts, Balance Sheet and Profit and Loss Account and the Report of Board of Directors and the Auditors.
 - (ii) the declaration of dividend;
 - (iii) the appointment of Directors in the place of those retiring;
 - (iv) the appointment of and the fixing of the remuneration of the Auditors.
- (2) In the case of any other meeting all business shall be deemed special.
- (3) Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular, the nature of the concern or interest if any, therein of every Director and of the Manager, if any, of the Company provided that where any item of special business as aforesaid to be transacted at a meeting of the Company, the extent of the share-holding interest in the other Company of every Director and the Manager, if any, of the Company shall also be set out in the explanatory statement, if the extent of such share-holding interest is not less than 20 percent of the paid-up share capital of that other Company.
88. Notice of every meeting shall be given to every member of the Company in any manner authorized by subsections (1) to (4) of Section 53 of the Ant and by these Articles, it shall be given to the persons entitled to a share in consequence of the death or insolvency of a member by finding it through the post, in a prepaid letter addressed to them by name; or by the titled of the Representative of the Deceased or assignees of the insolvent or by any like description at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been supplied by giving the notice or in any manner in which it might have been given if the death or insolvency had not occurred. Provided that where notice of

a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the explanatory statement need not be annexed to the notice as required by Section 173 of the said Act, but it shall be mentioned in the advertisement that the statement, has been forwarded to the members of the Company.

89. Notice of every meeting of the Company and every other communication relating to any General Meeting of the Company which any member of the Company is entitled to have sent, to him, shall be given to the Auditor or Auditors for the time being of the Company, in the manner authorized by Section 53 of the Act as in the case of any member or members of the Company.
90. The accidental omission to give notice of any meeting to or the non-receipt of any notice by member or other person to whom it should be given shall not invalidate the proceedings at the meeting or the resolutions passed thereat.
91. (1) Where by any provision contained in the Act, or in these Articles Special Notice is required of any resolution notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved exclusive of the days on which the notice is served or deemed to be served and the day of the meeting.

(2) The Company shall, immediately after the notice of the intention to move any such resolution has been received by it give its members notice of the resolution in the same manner as it gives notice of the meeting or if that is not practicable, shall be given notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by the Articles, not less than seven days before the meeting.

PROCEEDINGS AT GENERAL MEETINGS

92. Five members entitled to vote and present in person shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum requisite be present at the commencement of the meeting.
93. If within half an hour after the time appointed for the holding of a General Meeting a quorum be not present, the meeting, if convened on the requisition of members shall be dissolved and in every other case, shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other time and place as the Board may by notice to its members appoint. If at such adjourned meeting a quorum be not present within half an hour, those members present shall be a quorum and may transact the business for which the meeting was called.

94. No business shall be transacted any adjourned meeting other than the business which ought to have been transacted at the meeting from which the adjournment took place.
95. The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting. If there be no Chairman or if at any meeting, the said chairman not present within is minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of their members as Chairman, and if no such Director be present or if all the Directors present decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.
96. (1) No business shall be discussed at any General Meeting except the election of a Chairman whilst the Chair is vacant.
- (2) If a poll is demanded on the election of the Chairman it shall be taken forthwith in accordance with the provisions of the Act and these Articles, the chairman so elected on a show of hands exercising all the powers of the Chairman under the Act and these Articles.
- (3) If some other person is elected Chairman as a result of the poll he shall be Chairman for the rest of the meeting.
97. The Chairman, with the consent of any meeting at which a quorum is present may adjourn any meeting from time to time and from place to place in the city or town or village in which the Registered Office of the Company is situate.
98. When a meeting as adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of the original meeting Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
99. At any General Meeting, a resolution put to the vote of the meeting shall unless a poll is (before or on the declaration of the result on a show of hands) demanded, be decided on a show of hands and unless a poll is so demanded a declaration by the Chairman that a Resolution has or a show of hands been carried, either unanimously or by a particular majority or lost and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact without proof of the number of proportion or the votes recorded in favour of or against such Resolution.
100. Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll, may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by at least five members having the right to vote on the resolution and present in person or by proxy, or by a representative duly authorized under section 187 of the Act in case the member is Company or a corporation either registered in India or Abroad or

by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution or by any member or members present in person or by proxy and holding shares in this Company, conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid-up on all the shares conferring that, right. This demand for a poll may be withdrawal at any time by the person or persons who made the demand.

101. A poll demanded on any question (other than the election of the Chairman or on a question of adjournment, which shall be taken forthwith) shall be taken at such place in the city, town or village in which the Registered Office of the Company is situated and at such time not being later than forty-eight hours from the time when the demand was made as the Chairman may direct. Subject to the provisions of the Act the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken including the power to take the poll by open voting or by secret ballot and either at once or after the interval or adjournment” or otherwise and the result of the poll shall be deemed to be the decision of the meeting of the resolution on which the poll was taken.
102. When the poll is to be taken the Chairman of the meeting shall appoint two scrutineers to scrutinize the votes given on the poll and to report thereon to him. The Chairman shall have the power at any time before the result of the poll is declared to remove the scrutineers arising from such removal or from any other cause. Of the scrutineers appointed under this Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed.
103. The demand for a poll shall not prevent the continuance of a meeting for transaction of any business other than the question on which the poll has been demand.
104. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of this meeting at which the show of hands has taken place, or at which the poll is demanded, shall be entitled to a second or casting vote in addition to the vote or votes to which he may be entitled as a member.
105. The Company shall cause minutes of all proceedings of every, General Meeting to be kept in accordance with the provisions of the Act, by making, within thirty days of the conclusion of each such meeting, .entries thereof in books kept for that purpose with pages consecutively numbered. Each page of every such book shall be initialed or signed and the last page of the records of proceedings of each meeting in such book shall be dated and signed by the Chairman of the meeting within the aforesaid period of thirty days or in the event of the death or inability of the Chairman within that period, by a Director duly- authorized by the Board for that purpose. In no case the minutes of the proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise. Any such minutes kept as aforesaid shall be evidence of the proceeding record therein.

106. The books containing the aforesaid minutes shall be kept at the Registered Office and be open during business hours for the inspection of any member without charge subject to such reasonable restrictions as the Company may by these Articles or in General Meeting impose in accordance with Section 196 of the Act. Any member shall be entitled to furnished within seven days after he had made a request in that behalf to the Company, with a copy of the minutes on request of thirty-seven paise for every one hundred words or fractional part thereof required to be copied.

WINDING UP

211. If the Company shall be wound up and the assets available for distribution among the members as such shall be Insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up the excess shall be distributed among with members in proportion to the capita] paid up at the commencement of the winding up or which ought to have been paid upon the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
212. (1) If the Company shall be would up, whether voluntarily or otherwise, the Liquidators may with, the sanction of a Special Resolution but subject to the rights attached to any preference share capital, divide amongst the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, vast any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them, as the Liquidators, with the like sanction shall think fit.
- (2) If thought expedient any such division may, subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or sped al rights or may be excluded altogether or in part but in case any such division shall be determined, any contributory who would be prejudiced thereby shall have right to dissent and ancillary rights as if such determined were a Special Resolution passed pursuant-
to Section 494 of the Act.
- (3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the Special Resolution, by notice in writing, intimate to the liquidator to sell his proportion and pay the net proceeds and the liquidator shall if practicable, act accordingly.

213. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may, subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidator be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, and consequential rights conferred by the said section.

CHAPTER XVI

MATERIAL CONTRACTS AND DOCUMENTS

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Information Memorandum) which are or may be deemed material have been entered or to be entered into by our Company. Copies of the following documents will be available for inspection at the registered office of the Company on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 11:00 a.m. and 1:00 p.m. upto seven days from the date of filing of this Information Memorandum with the Stock Exchanges

1. Memorandum and Articles of Association of the Company along with Certificate of Incorporation and Certificate of Commencement of Business issued by Registrar of Companies, Maharashtra, Mumbai
2. The Order of the Hon'ble High Court of Bombay on October 15th, 2010 sanctioning the Scheme of Arrangement for demerger of the Marketing and Distribution Business of DSSL in to the Company.
3. Letters issued by BSE and NSE dated November 30th, 2009 and January 13th 2010 respectively according their no objection to the Scheme under clause 24 (f) of the Listing Agreement.
4. Return of Allotment filed by the Company for allotment of Shares pursuant to the Scheme
5. Copy of Tripartite Agreement with National Securities Depository Ltd and Central Depository Services (India) Ltd
6. Memorandum of Understanding with the Registrar and Share Transfer Agent
7. Annual Report containing the Audited Accounts of the Company 31st March, 2010
8. Resolution for appointment of Managing Director.

CHAPTER XVII

DECLARATION

No statement made in this Information Memorandum contravenes any of the provisions of the Companies Act, 1956 and the rules made thereunder. All the legal requirements connected with the said issue as also the guidelines, instructions etc. issued by SEBI, Government and any other competent authority in this behalf have been duly complied with. All the information contained in this document is true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

For **DYNACONS TECHNOLOGIES LIMITED**

Shirish Anjaria
Chairman cum Managing Director

Place: Mumbai

Date: