

CORPORATE GOVERNANCE REPORT

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Dynacons firmly believes and has consistently endeavored to practice good corporate governance. The Company's philosophy on corporate governance envisages the attainment of the highest levels of fairness, transparency, accountability and equity in all facets of its operations, and in all interactions with its stakeholders, including the shareholders, employees, customers, vendors and the society at large. With the objective of conducting its business in a highly professional and ethical manner and thereby enhancing trust and confidence of all its stakeholders, the Company has planned to devise a framework for compliance of Corporate Governance norms.

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

2. BOARD OF DIRECTORS

Composition and category

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

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

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

Name of Director	Category of Directorship	Attendance at last AGM	No. of Board Meetings Attended	No. of other Directorship	No. of Membership of other Board Committee
Mr. Shirish M. Anjaria	Chairman and Managing Director	Yes	5	1	-
Mr. Parag J. Dalal	Director	Yes	5	1	-
Mr. Dharmesh S. Anjaria	Director	Yes	5	1	-
Mr. Mukesh P. Shah	Independent Non Executive	No	4	4	2
Mr. Dilip P. Palicha	Independent Non Executive	Yes	4	-	-
Mr. Viren C. Shah	Independent Non Executive	No	3	2	2

Note: Memberships/Chairmanships in Audit Committee and Shareholders'/Investors' Grievance Committee of Indian public limited companies have been considered.

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

Five Board Meetings were held during the year 2012-2013. The dates on which the Board Meetings were held are as follows:

May 30, 2012, July 30, 2012, August 24, 2012, November 9, 2012 and February 14, 2013.

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

Particulars of Directors seeking appointment/re-appointment at the Annual general meeting have been given in the annexure to the Notice and Explanatory Statement.

3. AUDIT COMMITTEE

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

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

The Committee is chaired by Mr. Mukesh Shah, Chartered Accountant. All the members of the Committee are Independent Directors having knowledge of Finance, Accounts and Company Law.

The Audit Committee met Four times during the financial year 2012-2013 on the following date: May 30, 2012, August 8, 2012, November 8, 2012 and February 13, 2013.

The terms of reference of the Audit Committee includes:-

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the quarterly / annual financial statements before submission to the Board focusing primarily on the following:
 - Matters required to be included in the Director's Responsibility Statement.
 - Any change in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management
 - Significant adjustment arising out of audit.
 - Compliance with accounting standards.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Qualification in draft audit report.
- Any related party transaction, i.e., transaction of the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of Company at large.
- Reviewing with the management, statutory and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the finding of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity of a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.

4. REMUNERATION COMMITTEE

Brief description of terms of reference

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

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

Remuneration Policy

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

The Remuneration of the Executive Director is decided by the Remuneration Committee based on criteria such as industry benchmarks, the company's performance vis-à-vis the industry performance, track record of the Executive Directors.

Details of Remuneration to the Chairman cum Managing Director for the year ended March 31, 2013:

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

DYNACONS

Technologies Ltd.

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

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Functions

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

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

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

During the year under review, 30 queries/complaints were received from shareholders/investors which were replied/resolved to the satisfaction of the investors. Of the above, the complaints/queries outstanding as on March 31, 2013 were Nil. The numbers of pending share transfers as on March 31, 2013 were Nil.

6. REPORT ON CORPORATE GOVERNANCE

The quarterly compliance report has been submitted to both the Stock Exchanges post the shares of the Company were listed on Exchanges. The Company received its listing and trading approval for its Equity shares w.e.f. October 9, 2013.

7. GENERAL BODY MEETINGS

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

- **3rd AGM** : September 28, 2012 at 3.30 P.M. at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058.
Number of Special Resolutions passed : One
1) Power to borrow Funds as per Section 293(1)(d)

Extra-ordinary General Meeting (EGM) of the Company was held on April 30, 2012 at 4.00 P.M. at 78, Ratnajyot Industrial Estate, Irla lane, Vile Parle (W), Mumbai - 400056 for Appointment of Shirish Anjaria as a Chairman cum Managing Director.

- **2nd AGM** : September 29, 2011 at 4.00 P.M at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058.
Number of Special Resolutions passed : Nil

- **1st AGM** : September 28, 2010 at 2.00 Noon at 78, Ratnajyot Industrial Estate, Irla lane, Vile Parle (W), Mumbai - 400056
Number of Special Resolutions passed : Two.
1) Appointment of Shirish Anjaria as a Chairman cum Managing Director.
2) Deletion of existing articles of the Articles of Association and adoption of new set of Articles

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

8. CODE OF CONDUCT

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

9. DISCLOSURES

- a) Materially significant related party transactions i.e. transactions of the company of material nature with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large : **None**
- b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years: **Nil**
- c) A qualified Practicing Company Secretary carried out a reconciliation of share capital Audit, the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

- d) The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors reviewed these procedures periodically as per guidelines of SEBI / Stock Exchange.
- e) The Company has established a mechanism called "Whistle Blower Policy" for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. No person has been denied access to the Audit Committee.
- f) During the financial year 2012-2013, the Company did not raise any proceeds through Public Issue, Right Issue and /or Preferential Issue.

10. MEANS OF COMMUNICATION :

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

11. GENERAL SHAREHOLDER INFORMATION

11.1 Annual General Meeting :-

- | | |
|-----------------|--|
| - Date and Time | September 30th 2013 at 3:30 P.M. |
| - Venue | Hotel Karl Residency, 36, Lallubhai Park Road, Andheri (West), Mumbai – 400058 |

11.2 Financial Calendar: -

April'13 – March'14

(Tentative calendar -post listing of shares on Stock Exchanges)

Financial Reporting for quarter ending: -

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

11.3 Book Closure Date

24th September, 2013 to 30 September, 2013. (Both days inclusive)

11.4 Dividend Payment Date

N.A.

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

Name	Code Nos.
The Bombay Stock Exchange Ltd., Mumbai	N.A.
The National Stock Exchange of India Ltd.	N.A.
(b) Listing of Global Depository Receipts	N.A.
(c) Demat ISIN numbers in NSDL & CDSL	INE741L01018

(d) Annual listing fees for the year 2013 - 2014 have been duly paid to all the above stock Exchanges.

11.6 Stock Market Data*

Month	Bombay Stock Exchange (BSE) (₹)		National Stock Exchange (NSE) (₹)	
	Month's high price	Month's low price	Month's high price	Month's low price
Oct. 2012	4.50	1.85	4.20	1.75
Nov. 2012	2.60	1.63	2.60	1.70
Dec. 2012	1.69	1.16	1.65	1.20
Jan. 2013	1.40	0.97	1.35	1.00
Feb. 2013	1.05	0.67	1.00	0.60
Mar. 2013	0.79	0.56	0.80	0.40

Note: The Company received its listing and trading approval for its Equity shares w.e.f. October 9, 2013.

11.7 Registrar and transfer Agents:

Bigshare Services Pvt. Ltd.

SEBI Regn. No. INR 00001385
E-2, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (E), Mumbai- 400 072
Tel : 022-28470652/3
Fax: 022-28475207

11.8 Share Transfer System :

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

11.9 Distribution of Shareholding as on March 31, 2013

No of Equity Shares	No of Folios	%	Total Holding in ₹	%
1-5000	15824	94.21	13641988	22.96
5001-10000	570	3.39	3959858	6.66
10001-20000	216	1.29	3039584	5.12
20001-30000	88	0.52	2277035	3.83
30001-40000	27	0.16	921280	1.55
40001-50000	11	0.07	502335	0.85
50001-100000	26	0.16	1816581	3.05
100001 & above	34	0.20	33264439	55.98
Total	16796	100	59423100	100

11.10 Shareholding of Directors

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

11.11 Dematerialization of Shares as on March 31, 2013

Total No. of shares	Shares in physical form	Percentage %	Shares in demat form	Percentage %
5,94,23,100	2,40,75,240	40.51	3,53,47,860	59.49

11.12 Shareholding Pattern as on March 31, 2013

Category	No of Shares held	Percentage of Shareholding
Indian Promoters	28180652	47.42%
Private Corporate Bodies	4070090	6.85%
Indian Public	26627699	44.81%
Clearing Member / Transit	81622	0.14%
NRIs/OCBs	463037	0.78%
Total	59423100	100.00%

11.13 Outstanding GDRs / ADRs

: N.A

11.14 Compliance Officer

: Dharmesh S. Anjaria
Krisha Mehta
(resigned w.e.f. 14th Feb, 2013)

11.15 Address for Investor Correspondence

: Bigshare Services Pvt. Ltd.

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

Dynacons Technologies Ltd

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

11.16 Corporate Ethics:

The consistent endeavor of Dynacons Technologies Ltd is to enhance the reputation of the Company and irrespective of the goals to be achieved, the means are as important as the end.