

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 in adopting the 'best practices' that are followed in the area of Corporate Governance and has consistently endeavored to practice good Corporate Governance. The Company's philosophy on corporate governance is to conduct its business in a manner, which is ethical and transparent with all stakeholders in the Company, including shareholders, vendors, creditors and employees. The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. 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:

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

Name of Director	Category of Directorship	Attendance at last AGM	No. of Board Meetings Attended	No. of other Directorship	No. of Membership of other Board Committee
Mr. Shirish M. Anjaria	Chairman and Managing Director	Yes	9	1	-
Mr. Parag J. Dalal	Director	Yes	9	1	-
Mr. Dharmesh S. Anjaria	Director	Yes	9	1	-
Mr. Mukesh P. Shah*	Independent Non Executive	No	2	-	2
Mr. Dilip P. Palicha	Independent Non Executive	Yes	9	1	2
Mr. Viren C. Shah	Independent Non Executive	Yes	8	1	2
Mr. Jitesh Jain@	Independent Non Executive	No	1	-	-

* Mr. Mukesh P. Shah resigned from the directorship of the Company w.e.f. September 24, 2013.

@ Mr. Jitesh Jain was appointed as Independent Director of the Company w.e.f. March 22, 2014

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, 2013 (Act 2013) and the Listing Agreement.

Nine Board Meetings were held during the year 2013-2014. The dates on which the Board Meetings were held are as follows:

April 12, 2013, May 29, 2013, August 13, 2013, September 4, 2013, September 24, 2013, November 14, 2013, December 28, 2013, February 13, 2014 and March 22, 2014.

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 177 of the Companies Act, 2013, 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 are as under,

Name of The Director	Category	No. of Meetings attended
Mr. Mukesh Shah*	Non-Executive & Independent Director	2
Mr. Dilip Palicha	Non-Executive & Independent Director	5
Mr. Viren Shah	Non-Executive & Independent Director	4
Mr. Jitesh Jain*	Non-Executive & Independent Director	1

*Mr. Mukesh Shah had resigned from the Directorship & membership of the Committee w.e.f 24th September, 2013 and Mr. Jitesh Jain was inducted as an Independent Director & Member of Audit committee w.e.f 22nd March, 2014.

The Committee is presently chaired by Mr. Jitesh Jain, Chartered Accountant having more than decades of varied experience in the fields of Bank, Government and Corporate Audits, Project Preparation and Reporting, Management Consultancy and Finance and by qualification he is a B. Com., F. C. A., D.I.S.A. All the members of the Committee are Independent Directors having knowledge of Finance, Accounts and Company Law.

The Audit Committee met five times during the financial year 2013-2014 on the following date: May 29, 2013, August 12, 2013, November 14, 2013, February 13, 2014 and March 22, 2014.

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 were Mr. Mukesh Shah, Mr. Viren Shah and Mr. Dilip Palicha. Due to resignation of Mr. Mukesh Shah, the

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Technologies Ltd.

Committee was re-constituted and Mr. Jitesh Jain was inducted as a Member of Remuneration Committee. The committee is chaired by Mr. Viren Shah. The Remuneration Committee met once during the year. Company Secretary of the Company acted as the Secretary to the Remuneration Committee.

Remuneration Policy

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

The 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, 2014:

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

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

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Functions

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

Name of The Director	Category	No. of Meetings attended
Mr. Mukesh Shah*	Non-Executive & Independent Director	5
Mr. Dilip Palicha	Non-Executive & Independent Director	5
Mr. Viren Shah	Non-Executive & Independent Director	2
Mr. Jitesh Jain*	Non-Executive & Independent Director	1

*Mr. Mukesh Shah had resigned from the Directorship & membership of the Company w.e.f 24th September, 2013 and *Mr. Jitesh Jain was inducted as an Independent Director & Member of Investor Grievance Committee w.e.f 22nd March, 2014.

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, 1 query/complaint was 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, 2014 were Nil. The numbers of pending share transfers as on March 31, 2014 were Nil.

6. REPORT ON CORPORATE GOVERNANCE

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

7. GENERAL BODY MEETINGS

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

- **4th AGM** : September 30, 2013 at 3.30 P.M. at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058.
Number of Special Resolutions passed : Two
 1. Investment by FII including their sub-accounts and NRI/POI for acquisition of shares of the Company
 2. Approval of Issue of shares through preferential basis as per Capital & disclosure requirement as per section 81(1A)

- **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 : Nil.
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.
- **2st AGM** : September 29, 2011 at 4.00 P.M at 78, Ratnajyot Industrial Estate, Irla lane, Vile Parle (W), Mumbai - 400056
Number of Special Resolutions passed : Nil.

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.
- f) During the financial year 2013-2014, the Company had raised Rs. 1,90,00,000 by allotting 1,90,00,000 Equity shares of Re.1 each through 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.dtlindia.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 2014 at 3:30 P.M.
- Venue	Hotel Karl Residency, 36, Lallubhai Park Road, Andheri (West), Mumbai – 400058

11.2 Financial Calendar: - **April '14 – March '15** (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, 2014 to 30 September, 2014. (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	534674
The National Stock Exchange of India Ltd.	DYNATECH
(b) Listing of Global Depository Receipts	N.A.
(c) Demat ISIN numbers in NSDL & CDSL	INE741L01018

(d) Annual listing fees of the year 2014 - 2015 have been duly paid to all the above stock Exchange.

11.6 Stock Market Data

Month	Bombay Stock Exchange (BSE) (₹)		National Stock Exchange (NSE) (in Rs.) (₹)	
	Month's high price	Month's low price	Month's high price	Month's low Price
Apr-13	0.76	0.38	0.75	0.60
May-13	0.04	0.25	0.60	0.60
Jun-13	0.27	0.22	-	-
Jul-13	0.27	0.18	-	-
Aug-13	0.37	0.26	-	-
Sep-13	0.72	0.38	-	-
Oct-13	1.12	0.73	0.55	0.40
Nov-13	0.96	0.72	0.45	0.35
Dec-13	0.76	0.36	0.50	0.35
Jan-14	0.37	0.31	0.45	0.30
Feb-14	0.42	0.36	0.40	0.25
Mar-14	0.48	0.39	0.60	0.25

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-demmat procedures. Share Certificates are either dematted or returned within the time prescribed by the authorities.

11.9 Distribution of Shareholding as on March 31, 2014

No of Equity Shares	No of Folios	%	Total Holding in ₹	%
1-5000	15620	94.19	13486653	17.20
5001-10000	567	3.42	3938233	5.02
10001-20000	214	1.29	3007669	3.84
20001-30000	84	0.51	2156772	2.75
30001-40000	26	0.16	861789	1.10
40001-50000	12	0.07	550729	0.70
50001-100000	29	0.17	2018115	2.57
100001 & above	32	0.19	52403140	66.82
Total	16584	100	78423100	100

11.10 Shareholding of Directors

Sr.No.	Name of Directors	No. of Shares	Percentage (%)
1	Mr. Shirish Anjaria	2707212	3.45
2	Mr. Dharmesh Anjaria	2671750	3.41
3	Mr. Parag Dalal	2604100	3.32
4	Mr. Dilip Palicha	Nil	Nil
5	Mr. Jitesh Jain	Nil	Nil
6	Mr. Viren Shah	Nil	Nil

11.11 Dematerialization of Shares as on March 31, 2014

Total No. of shares	Shares in physical form	Percentage %	Shares in demat form	Percentage %
7,84,23,100	330,800	0.42	78,092,300	99.58

11.12 Shareholding Pattern as on March 31, 2014

Category	No of Shares held	Percentage of Shareholding
Indian Promoters	28180652	35.93%
Private Corporate Bodies	2703535	3.45%
Indian Public	27989953	35.69%
Clearing Member / Transit	92561	0.12%
NRIs/OCBs	19456399	24.81%
Total	78423100	100

11.13 Outstanding GDRs / ADRs

: N.A

11.14 Compliance Officer

: Dharmesh S. Anjaria

11.15 Address for Investor Correspondence

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

Dynacons Technologies Ltd
CIN : L72900MH2009PLC191412
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.