

## 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 number of Independent Directors is one-half of the total number of Directors. The Company, therefore, meets with the requirements of Clause 49 (1) (A) of the Listing Agreement with the stock exchanges.

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	1	1	2
#Mr. Dilip P. Palicha	Independent Non Executive	No	1	1	2
#Mr. Viren C. Shah	Independent Non Executive	No	1	1	2

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

#### **Note: # Independent Directors were appointed w.e.f. January 25, 2011.**

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 2010-2011. The dates on which the Board Meetings were held are as follows:

April 30, 2010, August 24, 2010, November 15, 2010, January 18, 2011, January 25, 2011,

The Board Meetings are held at the Registered Office of the Company. The brief agenda were sent in advance to the directors. Additional meetings of the Board are held when deemed necessary by the Board.

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

### 3. AUDIT COMMITTEE

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

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

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 one times during the financial year 2010-2011 on the following dates: February 03, 2011.

The terms of reference of the Audit Committee includes:-

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

#### 4. REMUNERATION COMMITTEE

##### Brief description of terms of reference

- To approve the annual Remuneration of the Directors and Employees of the Company.
- To review the performance of the Chairman and Managing Director and the Wholetime Directors after considering the company's performance.
- To review, assess and recommend the remuneration of the Chairman and Managing Director and the Whole-time 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 twice during the year.

### Remuneration Policy

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

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organization and record merit.

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

### Details of Remuneration to the Chairman cum Managing Directors for the year ended March 31, 2011

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

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

## 5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

### Functions

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

Name of the Director	Category	No. of Meetings attended
Mr. Dilip Palicha	Non-Executive & Independent Director	1
Mr. Viren Shah	Non-Executive & Independent Director	1
Mr. Mukesh Shah	Non-Executive & Independent Director	1

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

During the year under review, 2 complaints were received from shareholders/investors which were replied/resolved to the satisfaction of the investors. Of the above, the complaints outstanding as on March 31, 2011 were Nil. The numbers of pending share transfers as on March 31, 2011 were Nil.

## 6. REPORT ON CORPORATE GOVERNANCE

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

## 7. GENERAL BODY MEETINGS

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

- **1<sup>st</sup> 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 Article of Association and adoption of new set of Articles

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

## 8. CODE OF CONDUCT

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

## 9. DISCLOSURES

- 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: **N.A.**
- c) A qualified Practicing Company Secretary carried out a Secretarial Audit reconcile, the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.: **N.A.**
- d) The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically as per guidelines of SEBI / Stock Exchange.
- e) The Company has established a mechanism called "Whistle Blower Policy" for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy. No person has been denied access to the Audit Committee.
- f) During the financial year 2010-2011, the Company did not raise any proceeds through Public Issue, Right Issue and/or Preferential Issue.

## 10. MEANS OF COMMUNICATION

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

## 11. GENERAL SHAREHOLDER INFORMATION

### 11.1 Annual General Meeting :-

- Date and Time	September 29, 2011 at 4:00 P.M.
- Venue	Hotel Karl Residency, 36, Lallubhai Park Road, Andheri (West), Mumbai 400058.

### 11.2 Financial Calendar: - **April'11 – March'12** (Tentative calendar-post listing of shares on stock Exchanges)

Financial Reporting for quarter ending: -	
- June 30	First week of August
- September 30	Second week of November
- December 31	Second week of February
- March 31	First week of May
- Annual Result	End August

### 11.3 Book Closure Date

23<sup>rd</sup> September, 2011 to 29<sup>th</sup> September, 2011. (Both days inclusive)

### 11.4 Dividend Payment Date

N. A.

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

<b>Name</b>	<b>Code Nos.</b>
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 & CDS	INE741L01018

(d) Annual listing fees for the year 2010-2011 have been duly paid to all the above Stock Exchanges.

**Note :** In-principal approvals has been obtained for listing shares of your Company from Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

**11.6 Stock Market Data : N. A.**

Your Company has received in-principal listing approval from Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd. However, final approval for listing its shares on Stock Exchanges is awaited from SEBI.

**11.7 Registrar and transfer Agents :**

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

**11.8 Share Transfer System**

The Company's shares 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, 2011**

No of Equity Shares	No of Folios	%	Total Holding in Rs.	%
1-5000	15967	94.16	13809805	23.24
5001-10000	576	3.40	3994079	6.72
10001-20000	219	1.29	3058038	5.15
20001-30000	92	0.54	2371433	3.99
30001-40000	24	0.14	821249	1.38
40001-50000	12	0.07	545151	0.92
50001-100000	30	0.18	2064138	3.47
100001 & above	38	0.22	32759207	55.13
Total	16958	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, 2011**

Total No. of shares	Shares in physical form	Percentage %	Shares in demat form	Percentage %
59423100	24078348	40.52	35344752	59.48

**11.12 Shareholding Pattern as on March 31, 2011**

Category	No of Shares held	Percentage of Shareholding
Indian Promoters	28180652	47.42%
Private Corporate Bodies	3216721	5.41%
Indian Public	27492283	46.27%
Clearing member/ Transit	74099	0.13%
NRIs/OCBs	459345	0.77%
<b>Total</b>	<b>59423100</b>	<b>100.00%</b>

**11.13 Outstanding GDRs /ADRs**

: N.A

**11.14 Compliance Officer**

: Dharmesh S. Anjaria

**11.15 Address for Investor Correspondence**

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

**Dynacons Technologies Ltd**

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

**11.16 Corporate Ethics:**

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

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE  
COMPANY'S CODE OF CONDUCT**

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the Company – [www.dtlindia.com](http://www.dtlindia.com)

Further certified that the Members of the Board of Director and Senior Management personnel have affirmed having complied with the Code applicable to them during the year ended March 31, 2011.

**Shirish Anjaria**

Chairman & Managing Director

Mumbai : May 30, 2011

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**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

The Board of Directors

**Dynacons Technologies Ltd.**

Mumbai.

We have examined the compliance of the conditions of Corporate Governance by Dynacons Technologies Limited for the year ended 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For **P. C. GHADIALI & CO.**

Firm Regn. No. : 103132W

**Chartered Accountants**

**C. K. PALAN**

Partner

Membership No: 100741

Place : Mumbai

Dated : May 30, 2011

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