

## **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.

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

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

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

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

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

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

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

### 3. AUDIT COMMITTEE

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

<b>Name of the Director</b>	<b>Category</b>	<b>No. of Meetings attended</b>
Mr.Mukesh Shah	Non-Executive & Independent Director	4
Mr.Dilip Palicha	Non-Executive & Independent Director	2
Mr.Viren Shah	Non-Executive & Independent Director	4

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

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

The terms of reference of the Audit Committee includes:-

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the quarterly / annual financial statements before submission to the Board focusing primarily on the following:
  - Matters required to be included in the Director's Responsibility Statement.
  - Any change in accounting policies and practices.
  - Major accounting entries based on exercise of judgement by management
  - Significant adjustment arising out of audit.
  - Compliance with accounting standards.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Qualification in draft audit report.
- Any related party transaction, i.e., transaction of the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of Company at large.
- Reviewing with the management, statutory and internal auditors, the adequacy of internal control systems.

- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the finding of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity of a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.

#### **4. REMUNERATION COMMITTEE**

##### **Brief description of terms of reference**

- To approve the annual Remuneration of the Directors and Employees of the Company.
- To review the performance of the Chairman and Managing Director and the 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 once during the year.

##### **Remuneration Policy**

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

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organization and record merit. The Remuneration of the Executive Directors is decided by the Remuneration Committee based on criteria such as industry benchmarks, the company's performance vis-à-vis the industry performance, track record of the Executive Directors.

**Details of Remuneration to the Chairman cum Managing Directors for the year ended March 31, 2012**

<b>Name of Director</b>	<b>Position</b>	<b>Salary</b>
Mr. Shirish Anjaria	Chairman & 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:

<b>Name of the Director</b>	<b>Category</b>	<b>No. of Meetings attended</b>
Mr. Dilip Palicha	Non-Executive & Independent Director	3
Mr. Viren Shah	Non-Executive & Independent Director	4
Mr. Mukesh Shah	Non-Executive & Independent Director	4

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

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

## 6. REPORT ON CORPORATE GOVERNANCE

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

## 7. GENERAL BODY MEETINGS

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

- **2<sup>nd</sup> 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

- **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 2011-2012, the Company did not raise any proceeds through Public Issue, Right Issue and/or Preferential Issue.

## 10. MEANS OF COMMUNICATION :

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

## 11. GENERAL SHAREHOLDER INFORMATION

### 11.1 Annual General Meeting :-

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

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

Financial Reporting for quarter ending: -

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

### 11.3 Book Closure Date

22<sup>nd</sup> September, 2012 to 28<sup>th</sup> September,2012. (Both days inclusive)

### 11.4 Dividend Payment Date

N.A.

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

Name	Code Nos.
The Bombay Stock Exchange Ltd., Mumbai	N.A.
The National Stock Exchange of India Ltd.	N.A.

(b) Listing of Global Depository Receipts N.A.

(c) Demat ISIN numbers in NSDL & CDSL INE741L01018

(d) Initial listing fees has been paid to all the above Stock exchanges.

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



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

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

### 11.7 Registrar and transfer Agents:

#### **Bigshare Services Pvt. Ltd.**

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

### 11.8 Share Transfer System :

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

### 11.9 Distribution of Shareholding as on March 31, 2012

No of Equity Shares	No of Folios	%	Total Holding in Rupees	%
1-5000	15967	94.16	13809805	23.24
5001-10000	576	3.40	3994079	6.72
10001-20000	219	1.29	3058038	5.15
20001-30000	92	0.54	2371433	3.99
30001-40000	24	0.14	821249	1.38
40001-50000	12	0.07	545151	0.92
50001-100000	30	0.18	2064138	3.47
100001 - 99999999	38	0.22	32759207	55.13
Total	16958	100	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, 2012

Total No. of shares	Shares in physical form	Percentage %	Share in demat form	Percentage %
59423100	24077790	40.52	35345310	59.48

### 11.12 Shareholding Pattern as on March 31, 2012

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

**11.13 Outstanding GDRs / ADRs : N .A**

**11.14 Compliance Officer : Dharmesh S. Anjaria**

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

Fax: 28475207

**Dynacons Technologies Ltd**

78, Ratnajyot Ind. Estate,

Irla Lane, Vile Parle (west),

Mumbai – 400 056

Email: investor@dtlindia.com

Cont No. 022-66889900

**11.16 Corporate Ethics:**

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