

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. During the year under review, the Board of Directors continued its pursuit of achieving these objectives through the adoption and monitoring of corporate strategies, prudent business plans, monitoring of the major risks of the company's business and ensuring that the company pursues policies and procedures to satisfy its legal and ethical responsibilities.

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 Executive Directors and three Non-Executive Directors. All the three Non-Executive Directors are Independent Directors. The Non-Executive 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.

The composition of the Board of Directors and also the number of other Board of Directors of which he is a member/Chairperson 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	6	1	-
Mr. Parag J. Dalal	Executive Director	Yes	6	1	-
Mr. Dharmesh S. Anjaria	Executive Director	Yes	6	1	-
Mr. Mukesh P. Shah	Independent Non Executive	Yes	5	-	-
Mr. Dilip P. Palicha	Independent Non Executive	Yes	4	-	-
Mr. Viren C. Shah	Independent Non Executive	No	5	-	-

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.

Six Board Meetings were held during the year 2009-2010. The dates on which the Board Meetings were held are as follows:

April 7, 2009, July 31, 2009, August 20, 2009, October 29, 2009, January 23, 2010 and March 10, 2010.

The Board Meetings are held at the Registered Office of the Company. The agenda along with the explanatory notes are 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	4
Mr. Dilip Palicha	Non-Executive & Independent Director	3
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 Non-Executive Directors having knowledge of Finance, Accounts and Company Law. Company Secretary of the Company acted as the Secretary to the Audit Committee.

The Audit Committee met four times during the financial year 2009-2010 on the following dates: July 30, 2009, August 19, 2009, October 27, 2009 and January 20, 2010.

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 Wholetime Directors

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. 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 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 all the Directors for the year ended March 31, 2010

Name of Director	Position	Salary
Mr. Shirish Anjaria	Chairman & Managing Director	Rs. 9,90,000/-
Mr. Parag Dalal	Wholetime Director	Rs. 7,95,000/-
Mr. Dharmesh S. Anjaria	Wholetime Director	Rs. 7,95,000/-

The Company has not issued any Stock options to the Executive Directors. The Non-Executive 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 Company Secretary of the Company is the Compliance Officer of the Company. 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	3

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, 8 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, 2010 were Nil. The numbers of pending share transfers as on March 31, 2010 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 Annual General Meetings of the Company were held as under :-

14th AGM : September 30, 2009 at 12.00 noon at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058.
Number of Special Resolutions passed : None

13th AGM : September 30, 2008 at 12.00 noon at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058.
Number of Special Resolutions passed : None

12th AGM : September 27, 2007 at 12.00 noon at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai - 400058.
Number of Special Resolutions passed : None

8. CODE OF CONDUCT

The Board of Directors has laid down Code of conduct for all Board Members and Senior Management of the Company. The copies of Code of Conduct as applicable to the Executive Director (including Senior Management of the Company) and Non Executive Directors are uploaded on the website of the Company – www.dynacons.com

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 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.
- 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 2009-2010, 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 adoption 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.dynacons.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 28, 2010 at 12:00 noon
- Venue	Hotel Karl Residency, 36, Lallubhai Park Road, Andheri (West), Mumbai 400058.

11.2 Financial Calendar: -

April'09 – March'10

Financial Reporting for quarter ending: -	
- June 30	End July
- September 30	End October
- December 31	End January
- March 31	End April
- Annual Results	End August

11.3 Book Closure Date September 22, 2010 to September 28, 2010. (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	532365
The National Stock Exchange of India Ltd.	DYNACONS

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

(c) Demat ISIN numbers in NSDL & CDSL INE417B01024

(d) Annual listing fees for the year 2009-2010 have been duly paid to all the above Stock Exchanges.

11.6 Stock Market Data

	Bombay Stock Exchange (BSE) (in Rs.)		National Stock Exchange (NSE) (in Rs.)	
	Month's high price	Month's low price	Month's high price	Month's low price
April 2009	0.50	0.40	0.50	0.40
May 2009	0.61	0.40	0.75	0.40
June 2009	0.82	0.60	0.95	0.55
July 2009	0.79	0.57	0.80	0.60
Aug. 2009	0.76	0.60	0.75	0.60
Sep. 2009	1.35	0.65	1.50	0.65
Oct. 2009	0.98	0.71	0.95	0.70
Nov. 2009	0.82	0.68	0.80	0.65
Dec. 2009	0.97	0.69	1.00	0.70
Jan. 2010	0.95	0.73	0.95	0.70
Feb. 2010	0.83	0.71	0.85	0.70
Mar. 2010	1.11	0.70	1.00	0.75

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 are 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. The Share related information is available on-line.

11.9 Distribution of Shareholding as on March 31, 2010

No of Equity Shares	No of Folios	%	Total Holding in Rs.	%
1-5000	10356	60.61	20,918,872	7.06
5001-10000	3311	19.38	28,341,970	9.57
10001-20000	1820	10.65	31,786,750	10.73
20001-30000	478	2.80	12,497,172	4.22
30001-40000	346	2.03	13,233,522	4.47
40001-50000	172	1.01	81,94,686	2.77
50001-100000	334	1.95	24,401,716	8.24
100001 & above	269	1.57	156,779,312	52.94
Total	17086	100.00	296,154,000	100.00

11.10 Shareholding of Directors

Sr.No.	Name of Directors	No. of Shares	Percentage (%)
1	Mr. Shirish Anjaria	9023709	6.09
2	Mr. Dharmesh Anjaria	8905500	6.01
3	Mr. Parag Dalal	8680000	5.86

11.11 Dematerialization of Shares as on March 31, 2010

Total No. of shares	Shares in physical form	Percentage %	Shares in demat form	Percentage %
148077000	30259440	20.43	117817600	79.57

11.12 Shareholding Pattern as on March 31, 2010

Category	No of Shares held	Percentage of Shareholding
Indian Promoters	40764208	27.52%
Private Corporate Bodies	16069141	10.85%
Indian Public	89311839	60.32%
NRI/OCBs	1560619	1.06%
Trust	40000	0.03%
Transit	331193	0.22%
Total	148077000	100.00%

11.13 Outstanding GDRs /ADRs : N.A

11.14 Compliance Officer : Mr. Ravishankar Singh

11.15 Address for Investor Correspondence : 78, Ratnajyot Ind. Estate,
Irla Lane, Vile Parle (west),
Mumbai – 400 056

11.16 Corporate Ethics:

The consistent endeavor of Dynacons Systems & Solutions 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. The Company has adopted "the Code of Conduct for prevention of Insider Trading", which contains policies prohibiting insider trading. As per SEBI / Stock Exchanges Guidelines, the Company has also promulgated Code of Conduct to be followed by Directors and Management.

**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.dynacons.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, 2010.

Shirish Anjaria

Chairman & Managing Director

Mumbai, August 24, 2010

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The Board of Directors

Dynacons Systems & Solutions Ltd.

Mumbai.

We have examined the compliance of the conditions of Corporate Governance by Dynacons Systems & Solutions Limited for the year ended 31st March, 2010 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 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 : August 24, 2010

August 24, 2010

The Board of Directors
Dynacons Systems & Solutions Ltd
Mumbai

As required under Clause 49 (V) of the Listing Agreement with Indian Stock Exchanges, we hereby state that:

- a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee the following:
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any and
 - iii) There have been no instances of fraud of which we have become aware.

For **Dynacons Systems & Solutions Ltd**

Shirish Anjaria
Chairman &
Managing Director

Dharmesh Anjaria
Chief Financial Officer &
Executive Director