

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 is aimed at achieving transparency and professionalism in all decisions and activities of the Company and to conduct its business in a manner, which is ethical and transparent with all stakeholders in the Company, including shareholders, vendors, creditors and employees.

Dynacons believes in achieving excellence in Corporate Governance by conforming to the prevalent guidelines on Corporate Governance, and excelling in, wherever possible by reviewing periodically the existing systems and controls for further improvements.

2. BOARD OF DIRECTORS**Composition and category**

The present strength of Board of Directors is **SIX** Directors comprising of an Executive Chairman cum Managing Director, two Executive Directors and three Non-Executive Directors. All the three Non-Executive Directors are Independent Directors. The day to day management of the affairs of the Company is entrusted with the senior management personnel, headed by the Managing Director, who functions under the overall supervision, direction and control of the Board of Directors of the Company.

The Independent Directors have made disclosures confirming that there are no material, financial and/or commercial transactions between Independent Directors and the Company which could have potential conflict of interest with the Company at large.

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 following table gives details of composition of the Board of Directors and also the number of other Board of Directors of which they are a 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/ Chairmanship of Other Committee #
Mr. Shirish M. Anjaria	Chairman and Managing Director	Yes	9	1	-
Mr. Parag J. Dalal	Executive Director	Yes	9	1	-
Mr. Dharmesh S. Anjaria	Executive Director	Yes	9	1	-
Mr. Mukesh P. Shah*	Director	No	5	-	2
Mr. Dilip P. Palicha@	Director	No	1	1	2
Mr. Viren C. Shah	Director	Yes	8	1	2
Mr. Vishal G. Chapper	Director	Yes	4	-	2

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

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

@ Mr. Dilip Palicha was appointed as an Independent Director of the Company w.e.f. March 21, 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 Act and the Listing Agreement.

Nine Board Meetings were held during the year 2013-2014. The Board Meetings are held at the Registered Office of the Company.

The dates on which the Board Meetings were held are as follows:

April 29,2013, May 30,2013 , August 13,2013, August 26,2013, September 17,2013, September 24,2013, November 14,2013, February 14, 2014 and March 21,2014 .

Particulars of Director 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. Viren Shah	Non-Executive & Independent Director	5
Mr. Vishal Chapper	Non-Executive & Independent Director	4
Mr. Dilip Palicha*	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. Dilip Palicha was inducted as an Independent Director & Member of Audit committee w.e.f 21st March, 2014.

The Committee is presently chaired by Mr. Vishal Chapper, Chartered Accountant. Mr. Chapper is a qualified Chartered Accountant and has a sound knowledge of in the field of Finance and is working as a Finance Controller for the middle- east country for Bureau Veritas. Based on his experience, he was appointed as a Chairman of Audit Committee meeting.

The Audit Committee met five times during the financial year 2013-2014 on the following dates: May 30,2013, August 13,2013, November 14, 2013, February 14, 2014 and March 21, 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 of payment of 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 overall compensation policy, service agreements, performance incentive and other employment conditions of Executive Director(s).

The Remuneration Committee consists of Non Executive Directors with the Chairman being an Independent Director. The members of Committee were Mr. Mukesh Shah, Mr. Viren Shah and Mr. Vishal Chapper. Due to resignation of Mr. Mukesh Shah, the Committee was re-constituted and Mr. Dilip Palicha 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 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 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, 2014

Name of Director	Salary
Mr. Shirish Anjaria, Chairman cum Managing Director	₹ 4,80,000/-
Mr. Parag Dalal, Whole Time Director	₹ 9,60,000/-
Mr. Dharmesh S. Anjaria, Whole Time Director	₹ 9,60,000/-

The Company has not issued any Stock options to the Directors. 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. Vishal Chapper. 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. Vishal Chapper	Non-Executive & Independent Director	6
Mr. Viren Shah	Non-Executive & Independent Director	6
Mr. Mukesh Shah*	Non-Executive & Independent Director	3
Mr. Dilip Palicha*	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. Dilip Palicha was inducted as a Independent Director & Member of Investor Grievance Committee w.e.f 21st March, 2014.

The committee meets at frequent intervals, to approve inter-alia, transfer/ transmission of Equity shares, non-receipt of annual Report, attending to complaints of investors routed by SEBI/Stock Exchanges 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, 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 Annual General Meetings of the Company were held as under :-

- **18th AGM** : September 30, 2013 at 3.00 P.M. at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058.
Number of Special Resolutions passed: 3
Details of Special Resolution are as follows:
1) Appointment of Shirish Anjaria as a Chairman cum Managing Director.
2) Appointment of Parag Dalal as a Whole Time Director.
3) Appointment of Dharmesh Anjaria as a Whole Time Director.
- **17th AGM** : September 28, 2012 at 3.00 P.M. at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058.
Number of Special Resolutions passed : 0
- **16th AGM** : September 29, 2011 at 3.00 P.M. at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058.
Number of Special Resolutions passed : 1
Details of Special Resolution are as follows:
1) Issue of Share and Warrants on Rights Basis
- **Court Convened Meeting of Members** of the Company was held on July 28, 2010 at 12.00 noon at Karl Residency, 36, Lallubhai Park Road, Andheri (W), Mumbai -400058 for the approval of the Scheme of Arrangement.

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 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 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.
- f) During the financial year 2013-2014, 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.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 30 , 2014 at 3:00 P.M.
- Venue	Hotel Karl Residency, 36, Lallubhai Park Road, Andheri (West), Mumbai 400058.

**11.2 Financial Calendar: -
(Tentative)**

Financial Reporting for quarter ending: -	April'14 – March'15
- 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 of May

11.3 Book Closure Date

September 24, 2014 to September 30, 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	532365
The National Stock Exchange of India Ltd.	DSSL
(b) Listing of Global Depository Receipts	N. A.
(c) Demat ISIN numbers in NSDL & CDSL	INE417B01040
(d) Annual listing fees for the year 2014-2015 have been duly paid to all the above Stock Exchanges.	

11.6 Stock Market Data

Month	Bombay Stock Exchange (BSE) (in ₹)		National Stock Exchange (NSE) (in ₹)	
	Month's high price	Month's low price	Month's high price	Month's low price
April 2013	4.77	3.10	4.30	2.30
May 2013	3.46	3.00	3.05	2.40
June 2013	3.12	2.85	3.20	2.80
July 2013	3.42	3.09	3.15	2.65
Aug. 2013	3.27	2.35	3.20	2.85
Sep. 2013	3.08	2.53	3.15	3.00
Oct. 2013	3.23	2.65	3.30	3.15
Nov. 2013	2.95	2.40	3.00	3.00
Dec. 2013	2.85	2.21	3.00	3.00
Jan. 2014	3.48	2.78	3.00	2.75
Feb. 2014	3.31	2.58	2.95	2.65
Mar. 2014	3.15	2.41	2.80	2.15

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-demat 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, 2014

No of Equity Shares	No of Folios	% of Total	Total Holding in ₹	% of Total
1-5000	14007	91.98	15141530	25.56
5001-10000	699	4.59	5219640	8.81
10001-20000	272	1.79	4047630	6.83
20001-30000	74	0.49	1827010	3.09
30001-40000	66	0.43	2387600	4.03
40001-50000	22	0.14	981750	1.66
50001-100000	40	0.26	2896580	4.89
100001 & above	48	0.32	26729060	45.13
Total	15228	100	59230800	100

11.10 Shareholding of Directors

Sr.No.	Name of Directors	No. of Shares	Percentage (%)
1	Mr. Shirish Anjaria	360948	6.09
2	Mr. Dharmesh Anjaria	356220	6.01
3	Mr. Parag Dalal	347200	5.86
4	Mr. Dilip Palicha	Nil	Nil
5	Mr. Viren Shah	Nil	Nil
6	Mr. Vishal Chapper	49277	0.83

11.11 Dematerialization of Shares as on March 31, 2014

Total No. of shares	Shares in physical form	Percentage %	Shares in demat form	Percentage %
59,23,080	43400	0.73	58,79,680	99.26

11.12 Shareholding Pattern as on March 31, 2014

Category	No of Shares held	Percentage of Shareholding
Indian Promoters	1782444	30.09%
Private Corporate Bodies	330828	5.59%
Indian Public	3746218	63.25%
NRI/OCBs	62110	1.05%
Trust	Nil	-
Clearing Member / Transit	1480	0.02%
Total	5923080	100.00%

11.13 Outstanding GDRs / ADRs

: N.A.

11.14 Compliance Officer

: Mr. Ravishankar Singh

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 System & Solution Ltd.
CIN: L72200MH1995PLC093130
78, Ratnajyot Ind. Estate,
Irla Lane, Vile Parle (west),
Mumbai – 400 056
Email : investor@dynacons.com
Cont.No. 022 - 66889900

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, 2014.

Shirish Anjaria
Chairman cum Managing Director

Place : Mumbai
Date : May 30, 2014

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, 2014 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
Date : May 30, 2014