



## ANNEXURE '3' TO THE DIRECTORS' REPORT ON CORPORATE GOVERNANCE FORMING PART OF THE DIRECTORS' REPORT

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. The detailed report on Corporate Governance as prescribed by SEBI and incorporated in clause 49 of the listing agreement is set out below.

**(1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholders aspirations and societal expectations. Good governance practices stem from the culture and mindset of the organization and we are committed to meet the aspirations of all our stakeholders. This is demonstrated in shareholder returns, governance processes and an entrepreneurial, performance focused work environment. The demands of corporate governance require professionals to raise their competency and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. It has thus become crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the complex interrelationship among the board of directors, audit committee, accounting, corporate secretarial team, auditors and senior management - the CEO and CFO. Our employee satisfaction is reflected in the stability of our senior management, low attrition across various levels and substantially higher productivity.

**(2) BOARD OF DIRECTORS:**

**Composition and Category:**

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The present strength of the Board of Directors is 8, out of which 4 are independent directors. The Chairman of the Board is the Non-Executive Director. The Board meets the requirement of not less than one-third being independent directors. All our Directors inform the Company Secretary every year about the Board membership and Board Committee membership the Directors occupy in other companies including Chairmanship. They notify us of any change as and when it takes place. Our Company Secretary places these disclosures before the Board. The category, composition, attendance of each director at the Board Meetings, last annual general meeting and number of other directorship and chairmanship/ membership of committees of each director in various Companies is given hereunder:

Sl. No.	Name of Director	Category	Attendance at Board Meetings*	Attendance at last AGM Held on 22/09/2011	No. of other Directorship held		Membership/ Chairmanship in Committees of other Companies	
					Public	Private	Chairman	Member
1.	Sh. Onke Aggarwal Chairman	Non-Executive Independent	5	Yes	-	-	-	-
2.	Sh. Rajat Lal Managing Director	Promoter Executive	5	Yes	-	-	-	-
3.	Sh. Vivek Viswanathan Joint Managing Director	Promoter Executive	5	Yes	-	-	-	-
4.	Sh. Hemantpat Singhania	Non-Executive Independent	5	Yes	1	2	3	4
5.	Smt. Sudha Singhania	Non-Executive	5	Yes	-	1	-	-
6.	Sh. R.L. Srivastava	Non-Executive Independent	5	Yes	1	-	1**	1
7.	Sh. R.C. Sharma	Non-Executive Independent	4	Yes	5	-	-	6
8.	Sh. P.K. Viswanathan	Non-Executive	4	Yes	-	-	-	-

\*During the financial year 2011-12 five Board Meetings were held on 30.4.2011, 16.7.2011, 22.9.2011, 05.11.2011 and 28.01.2012.

\*\*Shri R.L. Srivastava is a Chairman and member of two committees of the same company.

The Company has held atleast one Board Meeting in every three months.

Brief profile of all the Directors, nature of their expertise in specific functional area etc. have been put on the Company's Website.

The composition and structure of the Board is reviewed regularly by the Board keeping in mind the overall size of the Board, the balance between non-executive, independent and executive directors, age, experience and other attributes of the directors and changes in the Board.

**Board Procedure**

All divisions/departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/approval/ decisions in the Board and Committee Meetings. All such matters are communicated to the Secretary in advance by the Departments /Divisions. Secretary segregates the ones that can be discussed and decided internally and ones which need to be put up before the board, in consultation with the Chairman, Managing Director and/ or Joint Managing Director.



The Board meets atleast once a quarter to review the quarterly performance, operational performance and the financial results of the company. The Board and Committee meetings are scheduled well in advance and a Calendar for the year of Board and Committee Meetings are circulated. The Notice and Agenda of each Board and Committee meeting is given in writing to each Director. All the items on the Agenda are accompanied by supporting papers giving comprehensive information on the related subject. The Agenda and the relevant supporting papers are sent in advance separately to each Director. The Agenda papers submitted to the Board clearly indicate what decision is required. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted with the permission of Chairman.

The information as specified in Annexure I to clause 49 of the Listing Agreement is regularly made available to the Board. To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board meeting on the overall performance of the company. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, capital expenditure budgets, new investments, compliance with statutory / regulatory requirements etc., are considered by the Board. The Board has established procedures to enable the Board to periodically review compliance reports of all laws applicable to the Company, prepared by the Company, as well as steps taken by the Company to rectify instances of non-compliance.

The Chairman and/or Managing Director or Joint Managing Director explains the proposal put up before the Board, the background and the expectations of the proposal in the short as well as the long term to contribute to the growth of the company. If need be, a presentation is made by the concerned executive and clarifications given. The Board then deliberates all these issues and come to a decision. The Chairman encourages participation and considers the views of all the Directors.

Secretary records the minutes of the proceedings of each Board and Committee meeting. The minutes recorded are self explanatory and decision arrived at the meeting are properly recorded. Draft minutes are circulated to all the members of the Board/ Committee for their comments. The minutes are entered in the Minute Book within 30 days from conclusion of the meeting and are confirmed at the subsequent meeting.

Board decisions are promptly and clearly communicated to the operating management for implementation. An Action Taken Report is submitted to the Board/Committee at the subsequent meetings till the decisions are fully implemented.

The Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s), is responsible for and ensures is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956, read with the Rules issued thereunder, any amendment thereof and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

#### **Details of Directors seeking re-appointment at the ensuing Annual General Meeting.**

In respect of Directors seeking appointment or re-appointment, the Notice for the Annual General Meeting contains all the relevant information, like brief resume of the Directors, nature of their expertise in specific functional areas and name of the companies in which they hold Directorship and Membership of any Committee of the Board.

#### **Code of Conduct for Board Members and Senior Management Team**

Code of Conduct for the Directors as well as for the members of the Senior Management of the company was adopted in the Board Meeting held on 4th April, 2005. The Code is intended to serve as a basis for ethical decision-making in conduct of professional work. The Code of Conduct states that each individual in the organization must know and respect existing laws, accept and provide appropriate professional views and be upright in his conduct and observe corporate discipline. The said Code of Conduct has been circulated to all the Directors and Members of Senior Management and the compliance of the same has been affirmed by them in respect of the Financial Year 2011-12 and a declaration to that effect signed by the Managing Director is detailed below and forms part of this report. A copy of Code of Conduct has also been put on the Company's Website - [www.sirshadilal.com](http://www.sirshadilal.com)

#### **DECLARATION REGARDING COMPLIANCE OF CODE OF CONDUCT**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with Sir Shadi Lal Enterprises Limited, Code of Business Conduct and Ethics for the year ended March 31, 2012.

For and on behalf of the Board

Place : New Delhi  
Dated : 14th July, 2012

**RAJAT LAL**  
Managing Director

CONTD.....