



## ANNEXURE-‘5’ TO THE DIRECTORS’ REPORT ON CORPORATE GOVERNANCE FORMING PART OF THE DIRECTOR’S REPORT

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. The detailed report on the Corporate Governance, as prescribed by SEBI and incorporated in Regulation 15 of SEBI (LODR) Regulations 2015, is set out below:

### (1) COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company continues to believe that good Corporate Governance is the function of adherence to ethical business practices and introduction of value based systems and procedures in the organization. The Corporate Governance in this way shall usher in an era of enhancement of intrinsic strength of the organization as also of its stakeholders. The Company further believes that such practices are founded upon the core values of transparency, empowerment, accountability, Independent monitoring and environmental consciousness. The Company makes its best endeavor to uphold and nurture these core values in all aspects of its operations.

### (2) BOARD OF DIRECTORS :

#### COMPOSITION AND CATEGORY:

The policy of the Company is to maintain optimum combination of Executive and Non-Executive Directors. The present strength of the Board of Director is 9 out of which 3 are Independent Directors. The Chairman of the Board is an Independent Director. The Board meets the requirement of not less than one- third being Independent Directors. All the Directors inform the Company Secretary every year about the Directors hip / Chairmanship of the Board and Board Committee membership which they hold in other companies. They also inform any change as and when it takes place. 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 Directors hip / Chairmanship and membership of Board Committees in other companies is given hereunder:

S. No.	Name	Category of Director	Attendance at Board meetings*	Attendance at last AGM	No. of other Directorships		Membership/ Chairmanship in Board Committees of other companies	
					Public	Private	Chairman	Member
1.	Sh. R.C. Sharma# (Chairman)	Non-Executive Independent	4	No	4	–	–	–
2.	Sh. Rajat Lal, Managing Director	Promoter, Executive	5	Yes	1	–	–	–
3.	Sh. Vivek Viswanathan, Joint Managing Director	Promoter, Executive	5	Yes	1	–	–	–
4.	Sh. Rahul Lal, Joint Managing Director	Promoter, Executive	2	No	–	–	–	–
5.	Sh. Hemantpat Singhania#	Non Executive, Independent	5	Yes	2	1	3	–
6.	Sh. Onke Aggarwal#	Non Executive Independent	5	Yes	–	–	–	–
7.	Smt. Radhika Viswanathan Hoon	Non-Executive	5	Yes	–	–	–	–
8.	Sh. Ajit Hoon	Non-Executive	4	Yes	2	–	–	–
9.	Sh. Neeraj Guta	Non-Executive Professional	–	No	5	2	–	–

\*During the financial year 2018-19 Five Board Meetings were held on 26.05.2018, 23.07.2018, 24.09.2018, 12.11.2018 and 04.02.2019

\*\* Mr. Neeraj Gupta was appointed as Additional Director in the Board Meeting held on 25.05.2019



Mr. Onke Aggarwal, Mr. Hemant Pat Singhania and Mr. R.C.Sharma were appointed as Independent Directors of the Company in the Annual General Meeting of the Company held on 22.09.2014 for five consecutive years from 22.09.2014 to 21.09.2019. The Company has appointed them as Independent Director for a further period of 5 years subject to approval of members in Annual General Meeting.

Brief profile of all the Directors, nature of their expertise in specific functional area etc. are available on the Company's website [www.sirshadilal.com](http://www.sirshadilal.com).

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

Mr. R.C. Sharma was reappointed as Chairman in the Board Meeting held on 25.05.2019

#### 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 company secretary in advance by the departments / divisions. The company secretary, in consultation with the Chairman, Managing Director and/ or joint Managing Director, segregates the ones that can be discussed and decided internally and ones that need to be put up before the Board.

The Board meets at least once in a quarter to review the quarterly performance, operational performance and the financial results of the Company. The Board and the Committee meetings are scheduled well in advance and a calendar for these meetings in a year is circulated at the beginning of the year. The notice and agenda of each meeting along with supporting papers giving comprehensive information on the agenda items is given in writing to each Director in advance. The agenda papers submitted to the Board clearly indicate what decision is required. In special and exceptional circumstances, additional or supplementary item(s) beyond the agenda are presented with the permission of Chairman.

#### THE KEY FUNCTIONS AND RESPONSIBILITIES OF THE BOARD ARE AS UNDER:

##### FUNCTIONS:

1. Reviewing and guiding on corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance targets, monitoring implementation, overseeing major capital expenditures, acquisitions and divestments and reviewing financing plans and progress thereon.
2. Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
3. Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
4. Aligning key managerial personnel and remuneration of Board of Directors with the longer term interests of the listed entity and its shareholders.
5. Ensuring a transparent nomination process to the Board of Directors with the diversity of thought, experience, knowledge, perspective and gender in the Board of Directors.

6. Monitoring and managing potential conflicts of interest of management, members of the Board of Directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
7. Ensuring the integrity of the listed entity's control systems, accounting and financial reporting systems, including the Independent Audit and compliance with the law and relevant standards.
8. Overseeing the process of disclosure and communications.
9. Monitoring and reviewing Board of Director's evaluation framework.

##### RESPONSIBILITIES:

1. Members of the Board of Directors and key managerial personnel disclose to the Board of Directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the Company.
2. The Board of Directors and senior management conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information, in order to foster a culture of good decision making.
3. The Board of Directors provide strategic guidance to the listed entity, ensure effective monitoring of the management and is accountable to the listed entity and the shareholders.
4. The Board of Directors set a corporate culture and the values by which executives throughout the Company shall behave.
5. Members of the Board of Directors act on fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
6. The Board of Directors encourage continuing - training of Directors to ensure that the members of Board of Directors are kept up to date.
7. Where decisions of the Board of Directors may affect different shareholder groups differently, the Board of Directors shall treat all shareholders fairly.
8. The Board of Directors maintain high ethical standards and shall take into account the interests of stakeholders.
9. The Board of Directors exercise objective Independent judgement on corporate affairs.
10. The Board of Directors consider assigning sufficient number of non-executive members of the Board of Directors, capable of exercising Independent judgment, to tasks where there is a potential for conflict of interest.
11. The Board of Directors ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the Company to excessive risk.

The Board's Nomination and Remuneration Committee oversees the Company's nomination process for Directors and in that connection it identifies and reviews individuals qualified to serve as a Director on the Board.

The information as specified in Schedule- II, Corporate Governance Part A of Regulation 17 (7) of SEBI (LODR) Regulation 2015 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 periodically review reports on compliance of all laws applicable to 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 needed, a presentation is made by the concerned executive and clarifications given. The Board then deliberates all these issues and comes to a decision. The Chairman encourages participation and considers the views of all the Directors.

Company Secretary records the minutes of the proceedings of each meeting of the Board of Directors and Committees. The minutes recorded are self explanatory and decisions 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 Company Secretary, while preparing the agenda, notes on agenda, minutes etc. of the meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 / 2013 read with the Rules issued there under, any amendment thereof and the secretarial standards recommended by the Institute of Company Secretaries of India.

#### **DETAILS OF DIRECTORS SEEKING REAPPOINTMENT 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 Directors hip and / or 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 and amended subsequently from time to time. 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 2018-19 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 Regulation 17(5) of the SEBI (LODR) Regulations, 2015 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, 2019.

For and on behalf of the Board

	<b>Rajat Lal</b>	<b>R.C. Sharma</b>
Place: New Delhi	<b>Managing Director</b>	<b>Chairman</b>
Dated: 22nd July, 2019	(DIN-00112489)	(DIN-00023274)

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