

## ANNEXURE '3' TO THE DIRECTORS' REPORT ON CORPORATE GOVERNANCE

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:

The company's philosophy of Corporate Governance envisages the attainment of high level of transparency and accountability in the functioning of the company and the conduct of its business with high standards of integrity, ethical behaviour, compliance of law and effective controls in all area of operations including its interaction with employees, shareholders, deposit holders, creditors, customers, bankers and financial institutions and community at large by placing due emphasis on regulatory compliances. The business operations are conducted not to benefit any particular group but for maximising shareholders value in the long run on a sustained basis through ethical business conduct.

### (2) BOARD OF DIRECTORS:

#### Composition and Category:

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. As on March 31, 2010, the Company's Board consisted of 10 members. The present strength of the Board of Directors is 9, 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 22/09/2009	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. K.B. Lal Sr. Executive Director****	Executive	5	Yes	-	-	-	-
5.	Sh. Hemantpat Singhania	Non-Executive Independent	5	Yes	1	2	3	-
6.	Smt. Sudha Singhania	Non-Executive	5	No	-	1	-	-
7.	Smt. Manjula Viswanathan	Non-Executive	4	Yes	-	-	-	-
8.	Sh. R.L. Srivastava	Non-Executive Independent	5	Yes	1	-	2**	-
9.	Sh. R.C. Sharma	Non-Executive Independent	5	Yes	5	-	-	3
10.	Sh. P.K. Viswanathan	Non-Executive	5	Yes	-	-	-	-

\* During the financial year 2009-10 five Board Meetings were held on 23.05.2009, 18.07.2009, 22.09.2009, 19.12.2009 and 27.03.2010. The Company has held at least one Board Meeting in every three months.

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

\*\*\* Sh. Vivek Viswanathan has been re-appointed as Joint Managing Director of the Company w.e.f. 01.01.2010 for five years.

\*\*\*\*Sh. K.B. Lal, Sr. Executive Director ceased to be member of the Board of Directors w.e.f. 01.05.2010.

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

### **Board Procedure**

The Board meets atleast once a quarter to review the quarterly performance and the financial results. The Board meetings are scheduled well in advance and the notice of each Board meeting is given in writing to each Director. All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject. The Agenda and the relevant notes are sent in advance separately to each Director and only in exceptional cases, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted.

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 Secretary records the minutes of the proceedings of each Board and Committee meeting. 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 subsequent meeting.

The 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 read with the Rules issued thereunder 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 organisation 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 2009-10 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, 2010.

For and on behalf of the Board

Place : New Delhi  
Dated : 17th July, 2010

**RAJAT LAL**  
Managing Director

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