

Corporate Governance Report

Your Company has been practicing the principle of good corporate governance since inception. Good corporate governance comprises of all activities that result in the control of the company in a regular manner which makes management transparent, accountable and fair. In accordance with Clause 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 agreement with stock exchange and best practices followed by reputed corporations on corporate governance. The details of compliance by the Company are as under:

1. Philosophy of the Company on the Code of Governance:-

The Company's philosophy on Corporate Governance envisage attainment of the highest levels of transparency, accountability and equity at all levels of its operation and in all its interactions with its stakeholders including shareholders, employees, Government Agencies and others. The Company strives for excellence with twin objective of enhancing customer satisfaction and shareholder's value.

The Company is committed to achieve the highest standards of Corporate Governance.

2. Board of Directors:-

• Composition of Board:

The strength of the Board as on 31st March, 2019 consists of Six Directors out of which three are Executive Director including women director and Three Non-Executive Directors. The Company has an Executive Director Chairman and therefore the Board consists of Three Independent Directors. The names of directors and their position are as follows:

Sr. No.	Name of the Director	Status	
1	Mr. R. Sundaresan	Executive Director	Chairman.
2	*Mr. Kantilal Shah	Non Executive Director	Independent Director
3	Mr. Charul Abuwala	Non Executive Director	Independent Director
4	Mr. Devesh Vasavada	Non Executive Director	Independent Director
5	Mr. Yogendra Chaturvedi	Executive Director & Chief Executive Officer	Non Independent Director
6	Ms. Daya Bhalia	Executive Director and Company Secretary	Non Independent Director

*Mr. Kantilal Shah has resigned from Post of Independent Director with effect from 1st April, 2019.

• Board Meetings:

The Board of Directors of the Company met five times during financial year ended 31st March 2019. The Board Meetings were held on 04th May 2018, 29th May 2018, 13th August, 2018, 29th October, 2018 and 5th February 2019. The maximum time gap between any two Board Meetings was not more than 120 days. None of the directors of the Company was a member of more than ten committees or the Chairman of more than five committees across all public limited companies in which he is a Director. None of the Directors of the Company has exceeded maximum number of directorship in other companies.

For the purpose of considering the limit of the Committees, only Audit Committee and Shareholders/ Investors Grievances Committee across all public limited companies has been considered in accordance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

• Directors Attendance records and Directorships held:

Attendance of each Director at the Board Meetings, last Annual General Meeting, and number of other Directorship of each Director in various companies as given below:

Name of the Director	Category	Attendance Particulars		No. of other directorships and committee member/ chairmanship*		
		Board Meetings	Last AGM	Other Directorships (excluding Directorship in Pvt. Co's.)	Committee Memberships	Committee Chairmanships
Mr. R Sundaresan	CH	4	Yes	1	1	0
**Mr. Kantilal Shah	NED	4	Yes	--	--	--
Mr. Charul Abuwala	NED	4	No	1	1	1
Mr. Devesh Vasavada	NED	2	Yes	--	--	--
Mr. Yogendra Chaturvedi	ED	5	Yes	1	--	--
Ms. Daya Bhalia	ED	5	Yes	--	--	--

CH - Chairman

ED - Executive Director

NED - Non Executive Director

*This includes the Chairmanship/Membership only in Audit Committee and Shareholders/ Investors Grievances Committee.

**Mr. Kantilal Shah has resigned from post of Independent Director with effect from 1st April, 2019.

Details of Directors being appointed/re-appointed at the Annual General Meeting:

As required under regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of membership of the Director and other relevant details in respect of Directors who are being recommended for reappointment are given hereunder:

Name of the Director	Age	Qualification	Experience	Directorship in other Listed Companies	*Chairman/ Member of the Committees of other Companies
Mr. Charul Abuwala	57	B.A., LL.B., Radar Maintenance Engineer, UK	Is Practicing Advocate and having vast experience in legal field.	Nil	Nil
#Mr. Lalit Shah	59	B.Com.	He has more than 30 Years of experience in the field of Taxation, Accountancy and Audit. He is a member of Chamber of Tax Consultants.	Nil	Nil
Ms. Daya Bhalia	35	B.Com, ACS, LLB	Ms. Daya Bhalia being the Company Secretary of the Company has varied experience in legal and Compliance Field and as an inducted woman director she will lend the required balance to the board.	Nil	Nil

*This includes the Chairmanship/Membership only in Audit Committee and Shareholder's/Investors Grievance Committee.

#Mr. Lalit Shah was duly appointed as Additional Independent Director of the Company w.e.f. 6th June 2019 with the approval of Board of Directors at its meeting held on 27th May 2019.

• Disclosure of Relationship between directors inter-se:

None of the Directors are related to each other.

• Skills/expertise/competence of the Board:

The Board comprises of persons with varied experiences in different areas who bring in the required skills, competence and expertise that allows them to make effective contribution to the Board and its committees. The following list summarizes the key skills, expertise and competence that the Board thinks is necessary for functioning in context of the Company's business and sector and which in the opinion of the Board, its Members possess: -

Commercial -

Finance -

Shares and Securities Market -

General management and Human Resources -

Legal, including laws related to corporate governance.

3. Board Committees:-

The Company has constituted Five committees of Directors, namely

1. Shareholders/Investor Grievances Committee.
2. Audit Committee.
3. Nomination and Remuneration Committee.
4. Corporate Social Responsibility Committee and
5. Investment and Finance Committee to deal with matters requiring urgent decisions and monitoring of the activities falling within their terms of reference, comprising mainly of executive Directors. Each of these committees has their respective charters approved by the Board. The minutes of the meeting are recorded and placed before the Board for its information.

• Shareholders /Investor Grievances Committee:-

The said committee approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also monitors redressal of investor's grievances. The Committee oversees performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services.

During the year, Four meetings were held on 14th May 2018, 3rd August 2018, 9th October 2018, 05th February 2019.

The Composition of the said committee as on 31st March 2019 and its attendance is as follows:

Sr. No	Name of the Member	Status in Committee	Director status	No. of meeting held	No. of meeting attended
1	Mr. Charul Abuwala	Chairman	Non Executive Independent Director	4	4
2	Mr. Devesh Vasavada	Member	Non Executive Independent Director	4	2
3	Mr. Yogendra Chaturvedi	Member	Executive Director	4	4

The Board has designated Ms. Daya Bhalia, Director and Company Secretary as the Compliance Officer.

In pursuance of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated the guidelines and Code of Conduct for Prevention of Insider Trading.

The total number of complaints / requests / queries received and replied to the satisfaction of the investors during the year under review was 7.

The Shares held by Non Executive Directors as on 31.03.2019 are given below:

Sr. No.	Name of the Director	Status	No of Shares	% Holding
1	Mr. Kantilal Shah	Non Executive Director	Nil	-
2	Mr. Charul Abuwala	Non Executive Director	Nil	-
3	Mr. Devesh Vasavada	Non Executive Director	Nil	-

• **Audit Committee: -**

The Board of Directors has constituted Audit Committee of Directors to exercise powers and discharge function as stipulated in section 177 of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges and other statutory / regulatory provisions.

During the year 2018-2019, the Committee met Five times. The Committee Meetings were held on 4th May 2018, 29th May 2018, 13th August 2018, 29th October 2018 and 5th February 2019.

The Composition of Audit Committee as on 31st March 2019 and its attendance is as under –

Sr. No.	Name of the Member	Status in Committee	Director status	No. of meeting held	No. of meeting attended
1	Mr. Devesh Vasavada	Chairman	Non Executive Independent Director	5	3
2	Mr. Charul Abuwala	Member	Non Executive Independent Director	5	5
3	*Mr. Kantilal M Shah	Member	Non Executive Independent Director	5	4
4	Mr. Yogendra Chaturvedi	Member	Executive Director	5	5

Ms. Daya Bhalia, Director and Company Secretary acts as Secretary of the Committee.

*Mr. Kantilal Shah ceased to be a member of the Committee with effect from 1st April, 2019.

The terms of reference of the Audit Committee include: -

- i) 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.
- ii) Recommending for appointment, remuneration and terms of appointment of auditors of the Company.
- iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
- v) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

- vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- viii) Approval or any subsequent modification of transactions of the company with related parties.
- ix) Scrutiny of inter-corporate loans, investments and guarantee.
- x) Valuation of undertakings or assets of the company, wherever it is necessary.
- xi) Evaluation of internal financial controls and risk management systems.
- xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- xiii) Reviewing the adequacy of internal audit function, if any, 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.
- xiv) Discussion with internal auditors, if any, any significant findings and follow up there on.
- xv) Reviewing the findings of any internal investigations by the internal auditors, if any, into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- xviii) To review the functioning of the Whistle Blower mechanism.
- xix) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is vested with powers to investigate any activity of Company or seek information from any employee.

Besides the Committee Members, Senior Executives of accounts, finance, internal audit, statutory auditors were standing invitees for on the spot clarification / explanation.

• **Nomination and Remuneration Committee:**

In Compliance with Section 178 of Companies Act 2013 the Board renamed the Remuneration Committee as 'Nomination and Remuneration Committee'.

During the year 2018-2019, the Committee met Two times. The Committee Meetings were held on 29th May 2018 and 13th August 2018.

Composition of the committee as on 31st March 2019 and its attendance is as follows

Sr. No.	Name of the Member	Status in Committee	Director status	No. of meeting held	No. of meeting attended
1	Mr. Devesh Vasavada	Chairman	Non Executive Independent Director	2	2
2	Mr. Charul Abuwala	Member	Non Executive Independent Director	2	2
3	Mr. R. Sunderasan	Member	Executive Chairman	2	2

The terms of reference of the committee are as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Details of Remuneration paid to Directors for the year ended March 31, 2019: -
(a) Non Executive Directors

Name of Director	Sitting Fees (Rs)
Mr. Kantilal Shah	45000
Mr. Charul Abuwala	52000
Mr. Devesh Vasavada	27000
Total	124000

(b) Executive Directors

Particulars	Mr. R Sundaresan Chairman and Executive Director	Ms. Daya Bhalia Company Secretary and Executive Director
Salary	Rs. 6, 50, 000	Rs. 10,78,400
Perquisites	-	-
Variable Pay	-	-
Sitting Fees	-	-
Notice Period and Severance Fees	One Months Notice or One month's Salary in lieu there of	One Months Notice or One month's Salary in lieu there of

Particulars	Mr. Yogendra Chaturvedi Executive Director
Salary	Rs. 13,67,000
Perquisites	-
Variable Pay	-
Sitting Fees	-
Notice Period and Severance Fees	One Months Notice or One month's Salary in lieu there of

• Corporate Social Responsibility Committee:

Pursuant to Section 135 of the Companies Act 2013, the Corporate Social Responsibility (CSR) Committee was duly constituted.

During the year one meeting of CSR Committee was held on 29th March 2019.

Composition of the committee as on 31st March 2019 and its attendance is as follows:

Sr. No.	Name of the Member	Status in Committee	Director status	No. of meeting held	No. of meeting attended
1	Mr. Devesh Vasavada	Chairman	Independent Director	1	1
2	Mr. R Sundaresan	Member	Executive Chairman	1	1
3	Mr. Yogendra Chaturvedi	Member	Executive Director	1	1

The Company formulated CSR Policy which is uploaded on the website of the company.

Weblink: <http://www.shardulsecurities.com/Corporate%20Social%20Responsibility%20Policy.pdf>

The Terms of reference of the committee broadly comprises of following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013;
- To recommend the amount of expenditure to be incurred on the activities referred to in Corporate Social Responsibility Policy in a financial year;
- To monitor the Corporate Social Responsibility Policy of the company from time to time.
- Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.

• Investment and Finance Committee

Pursuant to Section 179 of the Companies Act 2013, the Investment and Finance Committee was duly constituted.

During the year one meeting of Investment and Finance Committee was held on 19th July 2018.

Composition of the committee as on 31st March 2019 and its attendance is as follows:

Sr No.	Name of the Member	Status in Committee	Director status	No. of meeting held	No. of meeting attended
1	Mr. R Sundaresan	Chairman	Executive Chairman	1	1
2	Mr. Yogendra Chaturvedi	Member	Executive Director	1	1
3	Ms. Daya Bhalia	Member	Executive Director	1	1

The Terms of reference of the committee broadly comprises of following:

- To borrow monies from bank or any other financial institution;
- To invest the funds of the company;
- To grant loans or give guarantee or provide security in respect of loans;
- To sign, execute any document or give authority to any authorized signatory and to do any other act, deeds, things to give effect to any of the above matters.

• **INDEPENDENT DIRECTORS' MEETING**

During the year under review, the Independent Directors met on February 5, 2019, inter alia to discuss:

- review the performance of non-independent directors and the Board as a whole;
- review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

4. Remuneration Policy:-

• **Remuneration to Non- Executive Directors**

The Non- Executive Directors are paid remuneration by way of sitting fees. The Total amount of sitting fees paid during the Financial Year 2018-2019 is Rs 124,000. The Directors do not have any material pecuniary relationship or transactions with the Company.

• **Remuneration to Executive Directors**

The appointment and remuneration of Executive Directors including, Whole-time Director is governed by the Board of Directors and shareholders of the Company. The remuneration package of Executive Director comprises of salary, allowances and contribution to Provident and other Retirement Benefit Funds as approved by the Shareholders at the General Meetings. Annual increments are linked to performance and are decided by the Nomination and Remuneration Committee and recommended to the Board for approval thereof. The remuneration policy is directed towards rewarding performance, based on review of achievements and is aimed at attracting and retaining high competency.

Currently, the Company does not have a scheme for grant of stock options.

5. Performance evaluation:-

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction.

6. Familiarization Programme for Independent Director:-

The Company had conducted various programmes during the financial year to familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the company operates, business model of the company, etc. Further, the Directors were encouraged to attend the training programmes being organized by various regulators/ bodies/ institutions on above matters. The details of the policy relating to conducting familiarization programmes are displayed on the website of the Company, web link of the same is <http://www.shardulsecurities.com/program%20for%20independent%20directors.pdf>

7. Subsidiary Company monitoring framework:-

The Company has one material non listed Indian subsidiary named “Shriyam Broking Intermediary Limited as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The company has formulated the material subsidiary policy and uploaded on the website of the company and Weblink of same is <http://www.shardulsecurities.com/policy%20for%20determining%20material%20subsidiary.pdf>

8. Disclosure on related party transactions with related parties: -

During the period under review, the Company has not entered into any material transaction with any of its related parties. None of the transactions with any related parties were in conflict with the interests of Company at large.

Details of the transactions with related parties have been disclosed in note no. 22 of notes forming part of financial statements.

As required under regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated policy on dealing with Related Party Transactions. The Policy is available on the website of the Company.

Weblink of same is: <http://www.shardulsecurities.com/related%20party%20transaction%20policy.pdf>

9. Whistle blower policy:-

The Company has established a whistle blower policy and vigil mechanism for directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of the company’s code of conduct policy. The mechanism provides for adequate safeguards against victimization of directors and employees. None of the personnel have been denied access to the Audit Committee of the Board. The details of Whistle Blower Policy are available on the website of the Company www.shardulsecurities.com.

Weblink of the same is: <http://www.shardulsecurities.com/vigil%20mechanism%20policy.pdf>

10. Code of Business Conduct & Ethics:-

The Company has adopted the model Code of Business Conduct & Ethics for Directors and Senior Management and the same is posted on the Company’s website namely: www.shardulsecurities.com

11. Compliance with Mandatory Requirements: -

The Company has complied with the mandatory requirement of the Code of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

12. Means of Communications: -

The quarterly results are published in the Performa prescribed by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in one English language Newspaper (Business Standard) and one Marathi language Newspaper (Mumbai Mitra). Management Discussion and Analysis forms part of the Directors’ Report. The quarterly results are also available on the Company’s website namely www.shardulsecurities.com.

13. Details of Total Fees paid to Statutory Auditors

The details for total fees for all services paid by the Company and its subsidiaries, on consolidated basis, to the statutory auditors and all entities in the network firm/network entity of which a statutory auditor is a part, are as follows.

(Rs. In Lakhs)

Type of Services	F.Y 2018-19	F.Y. 2017-18
Statutory Audit Fees	2.90	2.90
Tax Audit Fees	0.70	0.70
Other Services	0.35	0.35
Total	3.95	3.95

Declaration on Compliance of the Company's Code of Conduct:

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non compliance thereof during the year ended 31st March 2019.

Place: Mumbai

Date: 27th May 2019

Yogendra Chaturvedi

Executive Director & CEO

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(As per clause C of Schedule V of the **Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015** read with regulation 34(3) of the said Listing Regulations).

To,

The Members,

Shardul Securities Limited

CIN: L50100MH1985PLC036937

Regd. Off: G-12, Tulsiani Chambers 212,

Nariman Point, Mumbai – 400021,

Maharashtra, India

As required by clause 10(i) of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 we certify that none of the Directors on the Board of **Shardul Securities Limited** have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

**For Dharendra Maurya & Associates
Company Secretaries**

**Dhirendra Maurya
Proprietor**

Mem. No: 22005

C.P. No.: 9594

Place: Mumbai

Date: 27th May 2019