



# REPORT ON CORPORATE GOVERNANCE

## ANNEXURE 1

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The philosophy of the Company on Corporate Governance aims at enhancing the stake holders' value by efficiently conducting business, meeting obligation to stake holders by being guided by the principles of transparency, accountability, compliance with regulations and integrity.

### 2. BOARD OF DIRECTORS

#### 2.1 Composition and appointment

The Board of Directors of the Company ("Board") consist of Executive, Non-Executive, Independent and Non Independent Directors to ensure independent functioning of the Board. We feel that this is appropriate mix of executive, non executive and independent Directors to maintain independence and separate the functions of governance and management. Total number of Directors as on March 31, 2020 was ten. Six out of ten Directors, which is more than half of the number of members of the Board are Independent. One Independent Director is Woman. The Independent Directors meet the criteria of independence specified in Regulation 16 (1) (b) and other applicable regulations of LODR and each Independent Director is independent of the management. The Independent Directors meet the criteria for appointment formulated by the Nomination

and Remuneration Committee ("NRC") as approved by the Board. NRC has formulated a Policy on Appointment, Remuneration and Diversity of Board (Annexure – 13 ), which is displayed on the web site of the Company (Refer table 1). This ensures diversity of qualification, skill, experience, expertise, gender and age of the Board. The appointment of Directors is made through a transparent process as specified in the policy. Directors appointed are issued with appointment letters. The format of such appointment letter is displayed on the web site of the Company (Refer table 1). The Board periodically evaluates the need for change in size and composition of the Board. Independent Directors were appointed for a fixed period of five years from the date of their respective appointments and their appointments were approved by the members in respective meetings. Non Independent Directors were appointed as per provisions of law. On appointment, and during the year each Independent Director is familiarised with the Company, business, industry, roles and responsibilities, the details of which are displayed on the website of the Company (Refer table 1). The chairperson presides over BMs and meetings of the share holders. The MD and CEO acts as a link between the Board and the management team. The following chart or matrix identified by the Board as the required skills/ expertise/ competencies identified by the Board in the context of the NBFC sector and the Company.

**REPORT ON CORPORATE GOVERNANCE  
ANNEXURE 1 (Contd.)**

Sl. No.	Name of the Director	Skills / Expertise / Competencies identified by Board												
		Financial	Regulatory affairs	Capital market/ treasury	Sales/ Marketing / Recovery	Technology	Risk Management	Planning	Business Analysis	Investor servicing	Decision making	Diversifying the products	Human Resource Management / Leadership	Mergers and Acquisitions
1	Debendranath Sarangi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Yalamati Srinivasa Chakravarti	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	C R Muralidharan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Diwakar B Gandhi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Duruvasan Ramachandra	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Ignatius Michael Vijoen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Maya S Sinha	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Pranab Prakash Pattanayak	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9	Ranvir Dewan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Shashank Singh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11	Venkataraman Murali	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

All Directors are required to declare holding of equity shares or convertible instruments in their name or on beneficial basis by them in the Company as per para C (2) (f) of Schedule V of LODR. Accordingly all Directors declared no such holding by them. All Directors have made declaration about their category of directorships in the Company at the time of their appointment and make this declaration annually. All such annual declarations for FY21 were placed before the Board Meeting ("BM") held on June 11, 2020. None of the Directors is related inter se in terms of 'relative' defined under the Act. Monitoring and managing misuse of Company's assets, potential conflicts of interest of management, board members and shareholders, and related party transactions are done by the Board on quarterly basis.



**2.1 DETAILS OF DIRECTORS**

S No	Name of the Director	DIN	Category of Directorships	Position	Name of the listed entities	Chairmanship of Committees	Membership of Committees	BM	ALCO	ARMC	BSMC	CSR	ITS	NRC	SRC	IDM	AGM #	**	***	Remuneration (₹ in crores)	Percentage of increase during FY20	Ratio of remuneration of each Director to median remuneration of employees	
1	Sri Debendranath Sarangi	01408349	NE	Chairperson	Volta Ltd - Non Executive, Independent Director	-	CSR, NRC	5	1			2		4	1	1	Present	6	3	0.075	42.86	4.85	
2	Sri Y S Chakravarti	00052308	E	MD and CEO	-	-	ALCO, CSR, IT Strategy Committee, ARMC, SRC	3	4		2						Present	3	-	0.488	-	31.53	
3	Sri C R Muralidharan	02443277	NE	Director	GMR Infrastructure Ltd - Non Executive, Independent Director	SRC, IT Strategy Committee, NRC		5	3			1			1	1	Present	4	-	0.058	-	3.75	
4	Sri Diwakar B Gandhi	00298276	NE	Director	-	NRC	SRC	5						3	1	1	Present	9	-	0.055	-	3.55	
5	Sri Durvasan Ramachandra	00223052	NE	Director	CES Ltd - Non Executive, Independent Director	-		5		24							Present	3	2	0.292	-	18.86	
6	Sri Gerrit Lodewyk Van Heerde	06870337	NE	Director	-	-		1						1			-	-	-	-	-	-	
7	Sri Ignatius Michael Vijjoen	08452443	NE	Additional Director	Shriram Transport Finance Company Limited - Non Executive, Non Independent Director	-	NRC	3						1		NA	6	-	-	-	-	-	
8	Smt Maya S Sinha	03056226	NE	Director	Shreyas Shipping and Logistics Ltd - Non Executive, Independent Director	CSR	SRC	3	1			1		1	2	1	Present	10	3	1	0.045	13.92	2.91
9	Sri Pranab Prakash Patanayak	00506007	NE	Director	-	ALCO	ARMC	4	2	2							Not present	1	-	0.045	13.92	2.91	
10	Sri Ranvir Dewan	01254350	NE	Director	-	-	ARMC	3		3							Present	5	2	-	-	-	
11	Sri Shashank Singh	02826978	NE	Director	Zensar Technologies Ltd - Non Executive, Non Independent Director	-		5									Present	5	2	-	-	-	
12	Sri Venkataraman Murali	00730218	NE	Director	Take Solutions Ltd - Non Executive, Independent Director	ARMC	SRC	5		3					1	1	Present	3	1	1	0.055	0.92	3.55

BM - Board Meeting, ALCO - Asset Liability Management Committee, ARMC - Audit and Risk Management Committee, BSMC - Banking and Securities Management Committee, CSR - Corporate Social Responsibility Committee, ITS - Information Technology (IT) Strategy Committee, NRC - Nomination and Remuneration Committee, SRC - Stakeholders Relationship Committee, IDM - Independent Directors Meeting, AGM - Annual General Meeting

Sri Y S Chakravarti was appointed as Managing Director & CEO w.e.f. July 1, 2019

Sri Durvasan Ramachandra was appointed as an Additional Director w.e.f. July 1, 2019 and Director w.e.f. July 29, 2019. He was MD till June 30, 2019.

Sri Gerrit Lodewyk Van Heerde retired and not re-appointed w.e.f. July 29, 2019

Sri Ranvir Dewan resigned from the Company w.e.f. December 2, 2019

ALCO was reconstituted with Sri Pranab Prakash Patanayak as the Chairperson, Sri Y S Chakravarti and Sri Ramasubramanian Chandrasekar as Members of the Committee w.e.f. August 1, 2019

ARMC was reconstituted with Sri Venkataraman Murali as the Chairperson, Sri Pranab Prakash Patanayak and Sri C R Muralidharan as Members of the Committee w.e.f. December 5, 2019

CSR was reconstituted with Ms Maya S Sinha as the Chairperson, Sri Debendranath Sarangi and Sri Y S Chakravarti as Members of the Committee w.e.f. August 1, 2019

BSMC was reconstituted with Sri Ramasubramanian Chandrasekar as the Chairperson, Smt Krihika Doraiswamy and Sri R Jayaraman as Members of the Committee w.e.f. August 1, 2019

NRC was reconstituted with Sri Diwakar B Gandhi as the Chairperson, Sri Debendranath Sarangi and Sri Ignatius Michael Vijjoen as Members of the Committee w.e.f. August 1, 2019

ITS was reconstituted with Sri C R Muralidharan as Chairperson, Sri Y S Chakravarti, Sri Ramasubramanian Chandrasekar, Smt Anitha S, Sri R Jayaraman and Sri M Karthikeyan as Members of the Committee w.e.f. August 1, 2019

Sri Ramasubramanian Chandrasekar is member of the ALCO but not member of the Board

Sri Ramasubramanian Chandrasekar, Smt Anitha, Sri R Jayaraman and Sri M Karthikeyan are members of the ITS but not members of the Board

Sri Ramasubramanian Chandrasekar, Smt Krihika Doraiswamy and Sri R Jayaraman are members of the BSMC but not members of the Board

Non - Executive ("NE"), Executive ("E"), Non Independent ("NI"), Independent ("I"), Managing Director and Chief Executive Officer ("MD and CEO")

**\*Number of directorships held in other companies** (including alternate directorship) held in other companies except Shriram City Union Finance Ltd. **\*\*Membership of the Committees of the Board of Directors of other companies.** **\*\*\*Chairmanship of the Committees of the Board of Directors of other companies.**

**Remuneration** : Independent Directors are paid sitting fees only for being a member and attending respective meetings of ALCO, ARMC, CSR, NRC, SRC, IDM and General Meeting ₹ 50,000 per meeting attended and ₹ 25,000 per meeting for ITS attended. The remuneration of MD and CEO is as per terms of his appointment.

During FY20 four meetings of ALCO/ARMC/NRC, two meetings of SRC and one meeting of ITS/IDM were held.

Percent increase-increase in remuneration in FY20 over FY19

Ratio of remuneration-Ratio of remuneration of each Director/fo median remuneration of employees

Name of Other listed entities - Name of other listed entities where directorship is held and category of directorship

## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1 (Contd.)

### 2.2 Board process

BM takes place at least once in each calendar quarter with specific agenda to review, in addition to other matters, the performance and financial results. Management team makes presentations on the operations, financial results, strategy, internal audit, risk management and human resource at the meetings of the Board and Committees. Additional BMs are held by giving appropriate notice on specific needs. The maximum time gap between two BMs does not exceed 120 days. The calendar of BMs for the next financial year are decided in advance. Notice and Agenda of each BM is given to each Director in advance. In addition to Directors and Senior Management team, persons who can give insight to respective subjects are invited to the BMs. In special and exceptional circumstances, additional or supplementary item(s) is/are permitted. The Chairperson and Company Secretary draft the agenda for each BM in consultation with MD & CEO and CFO with inputs from Directors and the respective functional heads of the Company. Where it is not practicable to attach any document to the agenda of BM, the same is tabled at the BM. In cases of business exigencies or urgent matters, agenda with required papers and draft of the resolution to be passed are circulated. The information as per the requirement of corporate governance norms are made available to the Board including the information as mentioned in regulation 17 (7) of LODR. The Board is also free to take up any matter for discussion in agreement of specified number of Directors and in consultation with the Chairperson. The required decisions taken in the BM are communicated to the concerned functional heads of the Company and an action taken report is placed at each BM. The Board has complete access to all the information and employees of the Company.

The deliberations and decisions occurring in every BM are entered in the minute book. The draft minutes are circulated within specified time to the members of the Board. The minutes are prepared by suitably incorporating the suggestions and changes given by members and are finalised by the Chairperson. The minutes are signed by the chairperson of the same meeting or by the chairperson of the succeeding meeting within the specified time line. The minutes of the BM are circulated to all the members of the Board.

The process specified above for BMs are followed for the meetings of all the Committees constituted by the Board as far as practicable. The minutes of the meetings of the Committees are placed before the BM for discussion, action if any and noting. The minutes of the subsidiary company of the Company are placed before the BM on quarterly basis. The performance evaluation of all independent directors is done by the entire Board excluding the concerned independent director based on the criteria of performance evaluation laid down by the NRC. The Board also evaluates the fulfillment of the independence criteria as specified in LODR and their independence from the management. The criteria of performance evaluation of independent directors as laid down by the NRC is attached as Annexure - 13.

### 2.3 Functioning of the Board

The Board is the apex body constituted by share holders for overseeing the overall functioning of the Company. The day to day affairs of the Company is managed by senior management team headed by the Managing Director and Chief Executive Officer, who functions under the overall direction, supervision, and control of the Board. The Board and Committees review and guide on the matters specified in different regulations in addition to strategies, plans, risk management, budgets, setting performance objectives and monitors implementation and corporate performance. The Board monitors the effectiveness of practices with respect to governance, disclosure, communication and compliance with regulatory requirements. Board has constituted committees with specific terms of reference by delegating some of its power, where ever required. Committees constituted are as per requirements of business and as mandated under laws. On constitution of Committees, the Board defines the terms of reference and appoints members and the chairperson of the Committee. Committees are named according to broad term of reference. The Committees are constituted or re-constituted depending on business or regulatory need. The Committees are reconstituted with change in members as the need be. The Board thus exercises close control over the functioning of the Company with a view to enhancing the stakeholder value. The Board periodically reviews the compliance by the Company of all applicable laws, as well as steps taken by the Company to rectify non-compliance, if any. Independent Directors play an important role in the governance process of the Board.



## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1 (Contd.)

### 2.4 Board meetings and attendance of Directors

Five BMs were held during FY20 - on April 24, 2019, June 29, 2019, July 29, 2019, October 25, 2019 and January 30, 2020 and the time gap between the two BMs did not exceed 120 days during FY20. The attendance and other relevant details of each Director are mentioned in table 2.1

None of the Directors is a member of more than 10 Committees and Chairman of more than 5 Committees across all listed entities as required under regulation 26 (1) of LODR. Directors submitted their requisite disclosures to the Company regarding their directorship and Committee positions in other Companies. The quorum for the BMs is as per provisions of law. The BMs are attended by in addition to, the members of the Board, senior management team and persons who can give insight to different subjects. Board Members attend the BMs being present personally or through video facilities. The meetings of Committees are held as per provisions of law. The number meetings held during the Year is mentioned in the table 2.1. As far as possible, same process is followed for meetings of Committees as BMs.

### 2.5 Meeting of Independent Directors

A meeting of Independent Directors was held on October 25, 2019 as required under Regulation 25 (3) of the LODR and Schedule IV of the Act to discuss the matters specified therein. The attendance and other relevant details of each Director are mentioned in table 2.1

### 2.6 Code of Conduct for Directors and senior management

The Board has laid down "Code of Conduct for Board Members and Senior Management" ('CCBS') for the members of the Board and for designated senior management personnel as required under regulation 17 (5) of the LODR. The CCBS is displayed on the web site of the Company (refer table 1). All the Board members and the designated senior management personnel affirmed compliance with the Code. A declaration to this effect signed by the Managing Director and CEO is attached as Annexure – 12.

### 2.7 Remuneration of Directors

We affirm that the remuneration of the Directors is governed by the policy of the Company named "Policy on Appointment, Remuneration and Diversity of Board" displayed on the web site of the Company (refer table - 1).

Non Executive Independent Directors get sitting fees for each of the meeting of the Board and Committee (where he/she is a member) attended. Such fees paid to the Directors during FY20 are mentioned in the table 2.1. The Managing Director (MD) and CEO of the Company is paid remuneration as per terms of his appointment approved by the Members. The details of remuneration of the MD and CEO is mentioned in Annexure – 9 and there are no stock option provided to MD and CEO. No other remuneration is paid to the Directors except mentioned above. No member of the Board is granted stock options.

## 3. COMMITTEES OF THE BOARD

The Board has constituted different committees as per guidelines set out in regulation 18, 19, 20, 21 and other applicable regulations of LODR, RBI regulations, the Act and as required for business purposes. The Board defines terms of reference, appoints members and chairperson and make any changes thereof of each committee as and when required. The committees are constituted or reconstituted based on business, regulatory and change requirement. The committees constituted by the Board are Asset Liability Management Committee, Audit and Risk Management Committee, Banking & Securities Management Committee, Corporate Social Responsibility Committee, IT Strategy Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. Brief terms of reference and the number of meetings of the committees held during the Year are provided below. The related attendance of members and composition of each Committee are mentioned in table 2.1.

### 3.1. Asset Liability Management Committee

This Committee was constituted as required under RBI notification no. DNBS. (PD).CC No. 15/02.01./2000-2001 dated June 27, 2001 applicable to Non Banking Finance Companies.

#### 3.1.1 Brief Terms of Reference

- (i) Formulate, review monitor and recommend Policy on Investment, Asset-Liability Management, Private Placement of NCDs, Securitisation, Interest Rate Approach and Gradation of Risk and other related matters, (ii) Formulation of business strategy in line with the Budget, (iii) provide frame work for measuring, monitoring and managing assets

## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1 (Contd.)

liabilities/interest risk/liquidity risk/ business risk/ other risk, (iv) decide risk management objectives and ensuring adherence to the limits set by the Board, (v) monitor the asset liability gap, (vi) any other subject as may be specified by RBI from time to time.

### 3.1.2 Composition and Meetings

Composition of the Committee and attendance are mentioned in the table 2.1. During FY20, the Committee met 4 times on April 24, 2019, July 29, 2019, October 25, 2019 and January 30, 2020.

## 3.2 Audit and Risk Management Committee

The Audit and Risk Management Committee constituted as required under Section 177 of the Act, regulation 18 and 21 of the LODR and regulation of the RBI

### 3.2.1 Brief description of the terms of reference

(i) Review financial reporting process, financial conditions, financial statements, results of operations and ensure financial statements are correct, sufficient and credible, (ii) Review internal control and its adequacy, financial controls, risk management systems, risk assessment reports, management letters, audit report, (iii) Recommend appointment, re-appointment, terms of appointment/ reappointment and remuneration of statutory auditors and review performance and independence of auditor, (iv) review effectiveness of audit process, adequacy and structure of internal audit, internal audit report, investigation report and follow up action thereon, (v) Review repayment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors and scrutiny of inter-corporate loans, inter corporate investments and if necessary valuation of assets or undertaking, (vi) review and recommend monitor different policies including Risk Management Policy and formulate Related Party Transaction ("RPT") Policy and approve RPTs as required, (vii) review cyber security, (viii) approve appointment of Chief Financial Officer (CFO) and Seek information from employees, obtain legal or professional advice. The Company Secretary of the Company acts as the Secretary for the Committee..

### 3.2.2 Composition and Meetings

The Composition of the Committee and attendance are mentioned in the table 2.1. The Committee met

4 times during FY20 on April 24, 2019, July 29, 2019, October 25, 2019 and January 30, 2020.

## 3.3 Banking & Securities Management Committee

The Banking and Securities Management Committee is formed for the purpose of banking, borrowing, securities management and other day-to-day business requirement purposes. There were 67 meetings held during FY20.

## 3.4 Corporate Social Responsibility Committee

The Corporate Social Responsibility ("CSR") Committee was constituted as required under section 135 of the Act.

### 3.4.1 Brief description of the terms of reference

(i) Formulate, amend, change and recommend to the Board CSR Policy, implement and monitor CSR Policy of the Company, (ii) recommend the amount of expenditure and report utilisation of money on CSR projects/programs/activities and approve CSR projects, all the activities thereto and expenditure thereon.

### 3.4.2 Composition and Meetings

The Committee met 2 times during FY20 on April 24, 2019 and October 25, 2019.

## 3.5 IT Strategy Committee

The Committee was formed as required under RBI/ DNBS/2016-17/53 Master Direction DNBS.PPD. No.04/66.15.001/2016-17 dated June 08, 2017 and other applicable regulations of RBI.

### 3.5.1 Brief description of terms of reference :

(i) Approve and monitor implementation of IT strategy balancing risk and benefits etc, (ii) Formulate, evaluate and review effectiveness of IT outsourcing policy, contingency plan, (iii) Evaluate IT risks and materiality assessing significant risks and reporting to the Board of such risks, (iv) review independent audit report on IT policies and procedures and action taken on such reports

### 3.5.2 Composition and Meetings :

The Committee met on November 18, 2019

## 3.6 Nomination and Remuneration Committee

This Committee was constituted as required under Section 178 of the Act, regulation 19 of the LODR and regulations of RBI



## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1 (Contd.)

### 3.6.1 Brief description of terms of reference :

(i) Identify fit and proper persons to be directors/ members of senior management and should such a need arise, (ii) recommend removal of director from the Board, (iii) Performance evaluation of directors, Board and Committee on an annual basis, (iv) Scrutiny of the declarations/undertakings by the Directors, (v) Formulation of the attributes for fit & proper person and independence of directors, (vi) Remuneration of directors and key managerial personnel (“KMP”), Management of employee talent, welfare, incentive scheme and stock option scheme.

### 3.6.2 Composition and Meetings :

The Committee met 4 times during FY20 on April 24, 2019, June 29, 2019, July 29, 2019 and January 30, 2020.

## 3.7 Stakeholders Relationship Committee

The Committee was constituted as required under Section 178 of the Act, regulation 20 of the LODR and regulations of RBI. The Committee looks into redressal of grievances of shareholders, debenture holders, other security holders.

### 3.7.1 Brief description of terms of reference:

(i) Investor/customer services/relations and resolution of grievances, (ii) Issue and listing of securities, (iii) Investor Education and Protection Fund (“IEPF”) matters, (iv) Review of security holding patterns, (v) Monitor Code of Conduct for Insider Trading.

### 3.7.2 Composition and Meetings :

The Committee had met twice during FY20 on April 24, 2019 and January 30, 2020. There were no outstanding shareholder complaint at the beginning of FY20 and the Company has not received any complaint from the shareholder during FY20. No complaint was pending as on March 31, 2020.

## 4 SUBSIDIARY COMPANY

M/s Shriram Housing Finance Limited, CIN : U65929TN2010PLC078004 (“SHFL”) is the only subsidiary of the Company. SHFL is managed by its Board of Directors consisting of 4 Directors out of which 2 Independent Directors and 2 non Independent Directors. Since, SHFL is an unlisted non material subsidiary, the Company is not required to nominate one of its

independent directors on the Board of SHFL. However, the Board nominated Sri Venkataraman Murali, an independent director of the Company as a director on the Board of SHFL. The financial statements, in particular the investments made by SHFL were reviewed during FY20 by ARMC of the Company. The minutes of the meetings of BM and ARM of SHFL were placed before the BM and ARMC of the Company quarterly. A statement containing all the significant transactions and arrangements entered into by SHFL was placed before ARMC of the Company. The Policy on Material Subsidiaries and Events and Policy on Preservation and Archival of Documents is available at the website (refer table – 1)

## 5 RELATED PARTY TRANSACTIONS

Related party is determined based on Section 188 of the Act, regulation 23, Part A of Schedule V and other applicable regulations of the LODR, RBI regulations and applicable accounting standard. The ARMC of the Company and the Board have approved policy on RPTs, which is displayed on the web site of the Company (refer table 1). The RPTs were reported to the ARMC and the Board on quarterly basis. Requisite approvals of ARMC and the Board were taken for RPTs. The details of transactions with entity(ies) belonging to promoter/ promoter group which holds 10% or more shareholding in the Company is given in the notes to accounts of the financial statements. There were no material RPTs during FY20. RPTs are reported in the Notes to accounts of the financial statements.

## 6 SHARE HOLDER INFORMATION AND DISCLOSURES

### 6.1 Corporate

The Company was incorporated on March 27, 1986 as Shriram Hire-Purchase Finance Private Limited with Registrar of Companies, Tamil Nadu, Chennai and got fresh certificate of incorporation consequent to change of name to Shriram City Union Finance Limited with effect from April 10, 1990. The Company made an initial public offering in December, 1994. The corporate identification number (CIN) allotted to the Company by Ministry of Corporate Affairs (MCA) is L65191TN1986PLC012840. The Company is registered as a Non Banking Finance Company (“NBFC”) with RBI with registration number - 07-00458. The equity shares of the Company are listed in M/s BSE Ltd (“BSE”) and M/s National Stock Exchange of India Limited (“NSE”).

## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1 (Contd.)

### 6.2 Appointment/reappointment of Directors

One third of the Directors liable to retire by rotation, retires by rotation and if eligible seek reappointment at AGM. As per provisions of the Act and Articles of Association of the Company, Sri Shashank Singh holding (DIN – 02826978) will retire by rotation and being eligible has sought for re-appointment at the ensuing AGM. He has expressed his intention and confirmed his eligibility to continue as Director of the Company if appointed at the ensuing AGM. The notice of the AGM contains this. Sri Ignatius Michael Viljoen who was appointed as additional director with effect from July 29, 2019 who hold office until the conclusion of 34th AGM has expressed his intention and confirmed his eligibility to be appointed as Director of the Company. Sri Debendranath Sarangi (DIN – 01408349) and Smt Maya S Sinha (DIN – 03056226) will complete their term on July 27, 2020. Both have expressed their intention and confirmed their eligibility separately to be appointed as Directors of the Company. The details on their appointment as directors forms a part of the Notice of the ensuing AGM. Sri Debendranath Sarangi and Smt Maya S Sinha were appointed for a period of five years as Independent Directors from July 28, 2015. It would be the second term as independent directors, if Sri Debendranath Sarangi and Smt Maya S Sinha are appointed in the ensuing AGM. The details on their appointment as directors form a part of the Notice of the ensuing AGM. The notice of the 34th AGM states details about the appointment of above named Directors.

### 6.3 General body meetings / Postal Ballots

The date, time and venue of last three AGMs held and special resolutions passed thereat are as follows. No Extraordinary General Meetings (“EGMs”) was held during the last three years.

Year ended March 31	AGM	Location	Date	Time	Special Resolutions passed
2017	31st AGM	Narada Gana Sabha (Mini Hall), No 314 (Old No 254) T T K Road, Alwarpet, Chennai – 600 018	June 30, 2017	10.00 am	*
2018	32nd AGM		July 25, 2018	10.00 am	**
2019	33rd AGM		July 29, 2019	10.00 am	***

\*Borrowing powers under section 180 (1) (c) of the Act for an amount not exceeding ₹ 30,000 crores and private placement of securities.

\*\*Increase in borrowing powers under section 180(1) (c) of the Act for an amount not exceeding ₹ 36,000 crores and private placement of securities

\*\*\* Appointment of Sri Pranab Prakash Pattanayak (DIN- 00506007) as an Independent Director, Appointment of Sri Venkataraman Murali (DIN-00730218) as an Independent Director, Increase in borrowing powers under section 180(1) (c) of the Act for an amount not exceeding ₹ 40,000 crores and private placement of securities

The following special resolutions were passed under Section 180 (1) (a) of the Act through postal ballot for creation of security on the assets/ receivables of the Company and for securitisation.

Type of voting	Votes casted in favour			Votes casted against			Date of declaration of results
	No of shareholders	No of votes	Percentage of votes	No of shareholders	No of votes	Percentage of votes	
E	58	4,17,43,594	97.01	14	12,86,011	2.99	July 28, 2015
PBF	166	12,81,551	99.94	9	553	0.04	
E	72	4,99,04,913	92.14	32	42,46,650	7.84	July 28, 2016
PBF	72	9,777	0.02	7	292	0.00	
E	100	5,85,57,370	99.85	6	80,871	0.14	June 12, 2018
PBF	74	8,009	0.01	5	127	0.00	
E	64	54,781,018	95.30	37	2,697,401	4.69	July 25, 2018
PBF	58	4,074	0.01	4	95	0.00	
E	57	5,50,04,731	94.64	36	31,09,304	5.35	July 29, 2019
PBF	60	5,002	0.01	1	5	0.00	

Electronic (“E”) and Postal Ballot Forms (“PBF”)



## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1 (Contd.)

Sri P Sriram, M/s P. Sriram & Associates, Company Secretaries in practice was appointed as the scrutinizer for carrying the process of postal ballot in fair and transparent manner.

All business set out in the notice of 34th AGM shall be conducted through remote e-voting in compliance with sections 108, and other applicable Sections of the Act, relevant rules and regulation 44 (3) of the LODR provided by the Company through CDSL. The notice of 34th AGM state the process of respective voting. The voting rights are based on the number shares of the Company held by the member on the cut off date. The scrutinizer appointed by the Board shall submit his report on results of the respective voting to the Chairperson or any other person authorised by the Chairperson after completion of his scrutiny within permissible time.

### 6.4 Materially significant related party transactions

During FY20, there were no materially significant RPTs entered into, which were in potential conflict with the interest of the Company at large. The details of RPTs are presented in note no 46 of the financial statements attached hereto.

### 6.5 Accounting treatment

The details of accounting treatment followed during the Year are mentioned in the Notes to Financial Statements.

### 6.6 Risk management

Our business is subject to uncertainties and risks. The impact of these risks may impact our performance. If any of the risks materialise, our business, financial and prospectus could be materially and adversely affected. The risk management function of the Company help in identifying, analysing, assessing, mitigating, monitoring and governing risks. The Company has risk management policy. A separate section in this report titled "Management Discussion and Analysis" discusses about risk and its mitigating factors is attached to this report (Annexure - 3). Risk management is reviewed by ARMC of the Company on quarterly basis.

### 6.7 Details of non-compliance and penalties, strictures imposed

There were no instances of non compliance by the Company on any matter relating to capital market during last three Years. No penalties, strictures were imposed on the Company by stock exchanges or SEBI or any other statutory authority (ies) last 3 years.

### 6.8 Whistle Blower, Vigil Mechanism and Prohibition of Insider Trading

The Company promotes ethical behaviour in all its business activities. Accordingly, the Company has formulated "Whistle blower and Vigil Mechanism Policy" in line with regulation 22 of the LODR and RBI regulations for employees to report concerns about unethical behavior providing for adequate safeguard against victimisation of directors/employees, who avail of the mechanism. This policy is disclosed in the web site of the Company. No person is denied access to the ARMC. The Company has formulated "Code for Fair Disclosure and Conduct", which is displayed on the web site of the Company.

### 6.9 Audit of Reconciliation of share Capital

Audit of reconciliation of share capital is mandated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996. Accordingly, this audit for reconciliation of share capital admitted with NSDL and CDSL with the total issued and listed capital were carried out on a quarterly basis during FY20 by M/s P.Sriram & Associates ("PSA"). PSA was appointed by the Board. The audit reports did not have any adverse comment and the same were submitted quarterly to BSE and NSE within stipulated time.

### 6.10 Means of communication

Multiple modes are adopted by the Company for communication with shareholders, debenture holders, fixed depositors such as individual letters, publication in news papers, disclosure to BSE/NSE, display on its web site, emails, annual reports etc. The annual and quarterly financial results of FY20 were published in newspaper in English in "Business Standard" and in Tamil in "Makkal Kural" within 48 hours of conclusion of the Board Meetings at which the respective financial results were approved. The same results are displayed at Company's website (Refer table 1). The Company's website contains a separate section "INVESTOR", where shareholder/ security holder information are displayed. The annual report of the Company is also displayed at the same section of the website of the Company (Refer Table -1). The Annual Report of the Company containing director's report, standalone financial statements, consolidated financial statements, auditor's report thereon and other important information are circulated to members and others entitled thereto. The investor complaints are

## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

processed in centralised web based complaints redressal system controlled by SEBI known as SEBI Complaint redress system (“SCORES”). The Investor section of the web site contains specified email ids for investor servicing ,i.e. [sect@shriramcity.in](mailto:sect@shriramcity.in), [scufncd18@shriramcity.com](mailto:scufncd18@shriramcity.com), [customersupport@shriramcity.com](mailto:customersupport@shriramcity.com), [shriramcity@shriramcity.in](mailto:shriramcity@shriramcity.in) The Company has been filing the information related to corporate governance, shareholding pattern, reconciliation of share capital audit and quarterly financial results in the website of NEAPS (National Electronic Application Processing System) viz <https://www.connect2nse.com/LISTING> and on BSE Listing Centre <https://listing.bseindia.com>. The presentations made by the Company to analysts are displayed on the web site of the Company (Refer Table -1). The SRC of the Board examines and redresses grievances of the shareholders and investors. The status of grievances of shareholders and investors are reviewed by the ARMC and Board.

#### 6.11 Details of 34th AGM

a. Date and Time	July 31, 2020 at 10 a.m.
b. Venue	The Company will conduct meeting through VC/OVAM from Chennai pursuant to the MCA circular dated May 5, 2020. For details please refer to the Notice of AGM.
c. Dividend	Interim dividend of ₹ 6.00 per equity share declared by the Board at its meeting held on October 25, 2019 was paid on November 18, 2019. The Board has not recommended any final dividend .The Interim dividend paid during FY20 shall be dividend for the year

#### 6.12 Financial Year

The financial year for FY20 was from April 1, 2019 to March 31, 2020. The next financial year is from April 1, 2020 to March 31, 2021. The financial year of the Company is from April 1 to March 31.

#### 6.13 Details of listing on stock exchanges

The annual listing fees to BSE and NSE and annual custodian fees to NSDL and CDSL for the FY20 for the Company were paid on time. The equity shares of the Company with ISIN – INE722A01011 are listed in BSE with stock code 532498 and NSE with stock code SHRIRAMCIT. The details of listed secured redeemable non-convertible debentures (NCDs) of the Company are displayed on the website of the Company (refer Table -1).The Company submitted the documents/information to the respective Trustees to the issues and allotment of NCDs were made on time during the Year in compliance of Regulation 55 of the LODR.



## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1 (Contd.)

### 6.15 Stock market price data

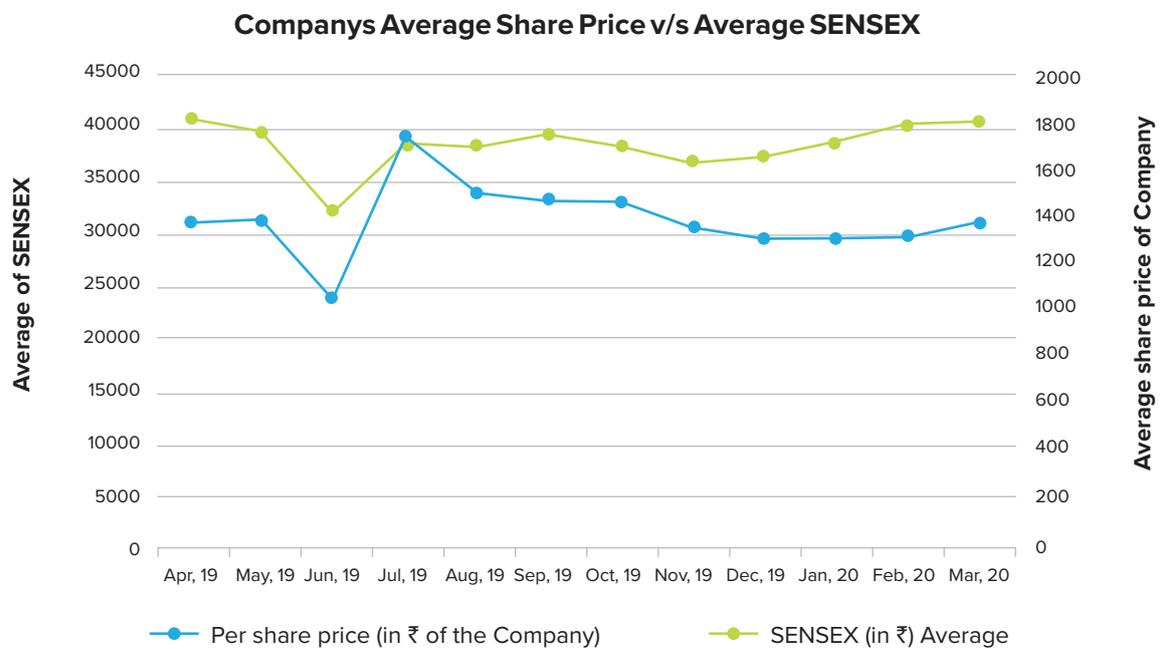
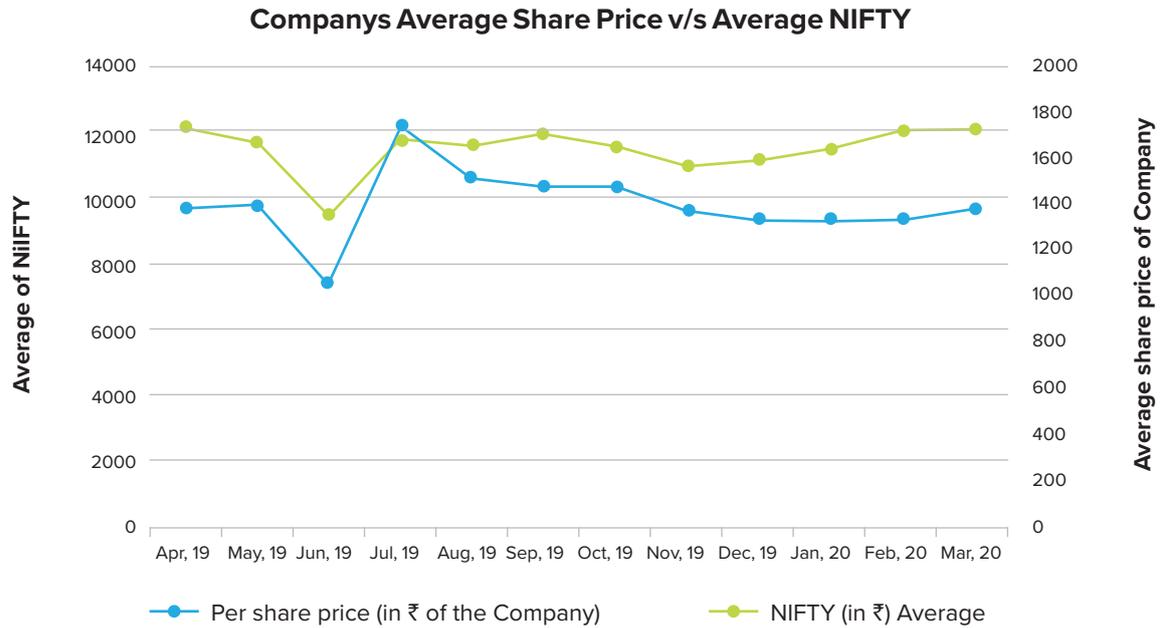
The volume and market price (high and low) of equity shares of the Company traded during each month during FY20 are given below.

Month	NSE						BSE							
	Per share price (in ₹ of the Company)			Volume of Shares traded	NIFTY (in ₹)			Per share price (in ₹ of the Company)			Volume of Shares traded	SENSEX (in ₹)		
	High	Low	Average		High	Low	Average	High	Low	Average		High	Low	Average
Apr-19	1819.9	1652.15	1736.025	244768	11787.15	11575.95	11681.55	1850	1657.35	1753.675	3907	39275.64	38564.88	38920.26
May-19	1629.45	1415	1522.225	321166	11945.9	11148.2	11547.05	1625	1421.1	1523.05	32090	39831.97	37090.82	38461.4
Jun-19	1619.95	1349	1484.475	992276	12088.55	11672.15	11880.35	1619.4	1346.85	1483.125	59925	40267.62	38960.79	39614.21
Jul-19	1583.4	1364.45	1473.925	196521	11946.75	11085.4	11516.08	1581.35	1369.4	1475.375	4559	39908.06	37397.24	38652.65
Aug-19	1439.9	1308.25	1374.075	448509	11109.65	10741.35	10925.50	1431.25	1312.45	1371.85	1677	37641.27	36472.93	37057.1
Sep-19	1361.5	1302.85	1332.175	276383	11600.2	10704.8	11152.50	1356.8	1301.65	1329.225	1896	39097.14	36093.47	37595.31
Oct-19	1349.95	1303.85	1326.9	134123	11877.45	11126.4	11501.93	1352.95	1298.15	1325.55	2707	40129.05	37531.98	38830.52
Nov-19	1355.2	1320	1337.6	451012	12151.15	11840.45	11995.80	1357.3	1320	1338.65	3200	41130.17	40116.06	40623.12
Dec-19	1412.9	1350.15	1381.525	159056	12271.8	11856.8	12064.30	1414.4	1351.4	1382.9	1548	41681.54	40239.88	40960.71
Jan-20	1430.65	1352.65	1391.65	103766	12362.3	11962.1	12162.20	1432.3	1349.7	1391	3069	41952.63	40676.63	41314.63
Feb-20	1465.3	1345	1405.15	329149	12201.2	11201.75	11701.48	1469.9	1346.15	1408.025	1836	41565.90	38297.29	39931.6
Mar-20	1427.05	698.25	1062.65	311584	11303.3	7610.25	9456.78	1425	712.15	1068.575	27685	38623.70	25981.24	32302.47

Average price per share = (High price per share + Low price per share)/2

## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1 (Contd.)

### 6.16 Movement of share price of the Company in comparison to NIFTY and SENSEX





## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 (Contd.)

#### 6.17 Contact Details

Particulars		Name	Address	Contact person name	Telephone number	Fax Number	E-mail id
Registrar and Transfer Agents (RTA)	Equity Shares & Dividend	Integrated Registry Management Services Private Limited	2nd Floor, Kences Towers , No. 1 Ramakrishna Street, Off North Usman Road, T. Nagar, Chennai – 600 017	Ms. Anusha N	+ 91 44 2814 0801 /02/03	+ 91 44 2814 2479	<a href="mailto:csdstd@integratedindia.in">csdstd@integratedindia.in</a>
	Public issue of NCDs allotted in 2019			Mr. K Balasubramanian			<a href="mailto:csdstd@integratedindia.in">csdstd@integratedindia.in</a> or <a href="mailto:scuf@integratedindia.in">scuf@integratedindia.in</a>
Trustees for NCDs		Catalyst Trusteeship Limited	GDA House, First Floor, Plot No. 85, S No. 94 & 94, Bhusari Colony (Right), Kothrud, Pune – 411 038	Ms. Rakhi Kulkarni	+ 91 20 2528 0081	+ 91 20 2528 0275	<a href="mailto:dt@ctltrustee.com">dt@ctltrustee.com</a> or <a href="mailto:grievance@ctltrustee.com">grievance@ctltrustee.com</a>
		Ministry of Corporate Affairs ("MCA")	'A' Wing, Shastri Bhawan, Rajendra Prasad, New Delhi – 110 001		+91 11 2338 4660/ 2338 4659		
		Securities and Exchange Board of India ("SEBI")	Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051		+91 22 2644 9000/ 4045 9000	+91 22 2644 9019 – 22 / 4045 9019-22	<a href="mailto:sebi@sebi.gov.in">sebi@sebi.gov.in</a>
		Reserve Bank of India ("RBI")	16th Floor, Central Office Building Shahid Bhagat Singh Marg, Mumbai – 400 001		+91 22 2260 1000		
Stock Exchanges		National Stock Exchange of India Limited ("NSE")	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051		+91 22 2659 8100 - 8114	+91 22 2659 8120	
		BSE Ltd ("BSE")	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001		+91 22 2272 1233	+91 22 2272 1919	<a href="mailto:corp.comm@bseindia.com">corp.comm@bseindia.com</a>
Depository		National Securities Depository Limited ("NSDL")	Trade World, A wing, 4th floor, Kamala Mills Compound, Lower Parel, Mumbai – 400 013		+91 22 2499 4200 Toll free 1800 222 990	+91 22 2497 6351	<a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a>
		Central Depository Services (India) Limited ("CDSL")	Marathon Futurex, A – wing, 25th floor, N M Joshi Marg, Lower Parel, Mumbai – 400 013		+91 22 2305 8640/8624/8639/ 8663 Toll free 1800 22 5533		<a href="mailto:helpdesk@cdslindia.com">helpdesk@cdslindia.com</a>

## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1 (Contd.)

### 6.20 Share transfer system:

Company's shares are held by the holders in dematerialised form and few share holders hold it in physical form. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Transfer of shares held in dematerialised form are effected through the depositories with no involvement of the Company. In terms of Regulation 40 of SEBI LODR as amended from time to time, securities can be transferred only in dematerialised form w.e.f. April 1, 2019 except in case of request received for transmission or transposition of securities. Transfer of shares held in physical form are effected through the RTA. Valid transfer requests received on or before March 31, 2019 were processed by the RTA and within stipulated time. The documents for transfer of securities held in physical form can be lodged with respective RTAs. The Board has delegated the authority to approve transfer, transmission etc of shares and securities of the Company to its BSMC. As stipulated under Regulation 40(9) of the LODR, the Company obtained half yearly certificates of compliance with share transfer formalities from M/s P. Sriram & Associates, Company Secretary in practice and filed copies of the said certificates with BSE & NSE during the Year within stipulated time. There were no deviations reported in the said certificates.

### 6.21 Updation of Demographic Details :

Updation of Nomination, Permanent Account Number ('PAN'), Bank account details and other required details can be made by applying in the specified form with necessary enclosure to the RTA or Depository Participant as the case may be. SEBI has made PAN card as mandatory for transfer/transmission of securities.

### 6.22 Distribution of shareholding as at March 31, 2020

No. of equity shares held	Shareholders		Shares	
	Number	%	Number	%
UPTO 500	8,041	93.62	4,75,246	0.72
501-1000	259	3.02	1,90,715	0.29
1001-2000	99	1.15	1,45,024	0.22
2001-3000	51	0.59	1,31,240	0.20
3001-4000	18	0.21	61,152	0.09
4001-5000	14	0.16	63,017	0.10
5001-10000	27	0.31	1,89,215	0.29
10001 AND ABOVE	80	0.93	6,47,47,313	98.10
<b>Total</b>	<b>8,589</b>	<b>100.00</b>	<b>6,60,02,922</b>	<b>100.00</b>

### 6.23 Shareholding pattern (in %) as at March 31, 2020

Promoters	Mutual Funds	Banks and FIs	FII	Bodies Corporate	Individuals	Limited Liability Partnership	Foreign Company	Foreign Portfolio Investor	NRIs	Others	Alternative Investment Fund	Total
33.9198	5.2728	0.0285	0.0125	10.2266	1.9254	0.0304	20.3352	27.3695	0.0928	0.1418	0.6447	<b>100</b>

### 6.24 Dematerialisation of shares and liquidity

The Company's equity shares are tradable compulsorily in dematerialised form in BSE and NSE, which are managed by NSDL and CDSL. The connectivity with NSDL and CDSL is established through the RTA. As on March 31, 2020, 6,58,73,294 nos of equity shares (99.80% of the shares), existed in dematerialised form. The Company's shares are liquid and are actively traded in both NSE and BSE.

### 6.25 Outstanding GDR/ADR/Convertible warrants, conversion date and impact on equity

The Company has not issued any GDRs / ADRs. The Company has granted stock options to the eligible employees of the Company under Employees Stock Option Scheme, 2006. The details of the scheme are set out under annexure to Report of Directors.



## REPORT ON CORPORATE GOVERNANCE ANNEXURE 1 (Contd.)

### 6.26 Location

The Company is in the business of Non Banking Finance and operates through various offices in India.

### 6.27 Address for correspondence

Registered Office :123, Angappa Naicken Street, Chennai 600 001, Ph: +91 44 2534 1431

Secretarial Office :144, Santhome High Road, Mylapore, Chennai 600 004.

Ph : +91 44 4392 5300 Fax No : +91 44 4392 5430 Email : [sect@shriramcity.in](mailto:sect@shriramcity.in)

### 6.28 Calendar for the financial Year 2020 – 2021 (tentative)

Annual General Meeting	September, 2021
Unaudited results for the quarter ending June 30, 2020	Last week of July, 2020
Unaudited results for the quarter / half –Year ending September 30, 2020	Last week of October, 2020
Unaudited results for the quarter ending December 31, 2020	Last week of January, 2021
Audited results for the Year ending March 31, 2021	Last week of May, 2021

### 6.29 Adoption of Mandatory and Non Mandatory requirements under LODR

The Company has complied with all mandatory requirements and has also adopted the non mandatory requirements deemed appropriate. The report of the auditors of the Company does not contain any qualification on the financial statements. The posts of Chief Executive Officer (“CEO”) and Chairman of the Company are held by two separate persons.

## 7. COMPLIANCE ON FINANCIAL REPORTING

The Company complies with the requirements of Financial Reporting. The MD & CEO and CFO give annual certification on financial reporting and internal control to the Board in terms of regulation 17(8) read with Part B of Schedule II of the LODR. The said certificate issued for FY20 is attached to this report as Annexure - 4. The CEO & MD and CFO also issue certificate on financial results every quarter, while placing the quarterly financial results before the BM in terms of Regulation 33 (2) (a) of the LODR.

## 8. COMPLIANCE WITH CORPORATE GOVERNANCE

We have complied with the requirements of Corporate Governance. A certificate from the auditors of the Company, M/s GDA Apte & Co., Chartered Accountants confirming compliance with the conditions of corporate governance as stipulated under Part E of Schedule V of the LODR is attached to this report (Annexure No - 2).The certificate is without any adverse remarks, reservation

## 9. ELIGIBILITY FOR APPOINTMENT/CONTINUANCE AS A DIRECTOR

Each director has declared to the Company stating that he/she is not disqualified or debarred by the Board / Ministry of Corporate Affairs (“MCA”) or any such statutory authority from being appointed as a director on the board of company or to continue as director of company.

**REPORT ON CORPORATE GOVERNANCE  
ANNEXURE 2****G D Apte & Co.,**  
Chartered Accountants

**To**  
**The Members,**  
**Shriram City Union Finance Limited**

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

We as the Statutory Auditors of Shriram City Union Finance Limited (the Company) have examined the compliance of conditions of Corporate Governance by, for the year ended March 31, 2020, as stipulated under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (the Regulation)

The compliance of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Regulations. It is neither an audit nor an expression of opinion on the Financial Statements of the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and in accordance with the explanations given to us, we certify that the Company has at March 31, 2020 complied with the applicable conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**For G. D. Apte & Co.**  
Chartered Accountants  
Firm Registration No: 100515W  
UDIN : 20121007AAAAAP3931

**Anagha M. Nanivadekar**  
Partner  
Membership No.: 121007  
Place: Chennai  
Date: June 11, 2020

