

REPORT ON CORPORATE GOVERNANCE

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, 2019 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 they are 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 appointment letters. The format of such appointment letter is displayed on the web site of the Company (Refer Table - 1). The Company has taken Directors & Officers liability ('D and O insurance')

Insurance Policy for all the Directors as per LODR. 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, 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 Board has identified the following skills/ expertise/ competencies for the effective functioning of the Company which are currently available with the Board are 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 and Mergers and Acquisitions.

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 the Year were placed before the Board Meeting ("BM") held on April 24, 2019. 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 Composition and appointment (Contd.)

DETAILS OF DIRECTORS

S No	Name of the Director	DIN	Category of Directorships	Position	Name of other listed entities	Chairmanship of Committees	Member-ship of Committees	BM	ALCO	ARMC	BSMC	CSR	ITS	NRC	SRC	IDM	AGM #	*	**	***	Remuneration (₹ in crores)	% of increase	Ratio of remuneration
1	Sri Debendranath Sarangi	01408349	NE	I Chairperson	Volta Ltd - Independent Director	-	CSR, NRC	4				2		4		1	Present	5	3	-	0.0525		3.6
2	Sri Duruvasan Ramachandra	00223052	E	NI MD and CEO	CES Ltd - Independent Director	BSMC	ALCO, CSR, ITS	4	4			1	2			-	Present	1	2	-		11	45.33
3	Sri C R Muralidharan	02443277	NE	I Additional Director	GMR Infrastructure Ltd - Independent Director	-	-	-									3					-	-
4	Sri Diwakar B Gandhi	00298276	NE	I Additional Director	-	-	-	-									10					-	-
5	Sri Gerrit Lodewyk Van Heerde	06870337	NE	NI Director	Shriram Transport Finance Limited - Non-Independent Director	-	NRC	4						4		-	Present	3	-	-		-	-
6	Sri Khushru Burjor Jijina	00209953	NE	NI Director	-	-	-	-															
7	Smt Maya S Sinha	03056226	NE	I Director	Shreyas Shipping and Logistics Ltd - Independent Director	CSR	CSR, SRC	4				2			4	1	Present	12	5	1	0.0395	-	2.71
8	Sri Pranab Prakash Pattanayak	00506007	NE	I Director	-	ALCO	ARMC	3	3	3						-	Present	2	-	-	0.04	-	2.74
9	Sri Ranvir Dewan	01254350	NE	NI Director	-	-	ARMC	2								-	Present	2	-	-		-	-
10	Sri Shashank Singh	02826978	NE	NI Director	Zensar Technologies Ltd - Non-Independent Director	-	-	4								-	Present	5	2	-		-	-
11	Sri Subramaniam Krishnamurthy	00140414	NE	I Director	Kerala Ayurveda Ltd - Independent Director	SRC	ARMC	4	4				2		4	1	Present	2	1	1	0.0595	-	4.08
12	Sri Venkataraman Murali	00730218	NE	I Director	Take Solutions Ltd - Independent Director	ARMC	SRC	4	4						4	1	Present	3	1	1	0.0545	-	3.73
13	Sri Vipen Kapur	01623192	NE	I Director	-	NRC	SRC	4						4	4	1	Present	3	1	-	0.0545	-	3.73

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

Sri Khushru Burjor Jijina resigned from the Company w.e.f. May 7, 2018 due to his pre-occupation and other commitments

The term of office of the following Directors Sri Pranab Prakash Pattanayak, Sri Subramaniam Krishnamurthy, Sri Venkataraman Murali and Sri Vipen Kapur was completed on March 31, 2019. Sri C R Muralidharan, Sri Diwakar B Gandhi, Sri Pranab Prakash Pattanayak and Sri Venkataraman Murali were appointed as Additional Directors in the capacity of Non Executive Independent Director w.e.f. April 1, 2019 and shall hold office upto the conclusion of ensuing AGM. The term of office for Sri Pranab Prakash Pattanayak and Sri Venkataraman Murali would be second term as Independent Directors which shall be considered at the ensuing AGM.

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

ARMC was reconstituted with Sri Venkataraman Murali as the Chairperson, Sri Pranab Prakash Pattanayak, Sri C R Muralidharan and Sri Ranvir Dewan as the Members of the Committee w.e.f. May 1, 2019.

NRC was reconstituted with Sri Diwakar B Gandhi as the Chairperson, Smt Maya S Sinha, Sri Venkataraman Murali and Sri Diwakar B Gandhi as the Members of the Committee w.e.f. May 1, 2019.

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

Sri Ramasubramanian Chandrasekar and Sri Y S Chakravarti are members of the ALCO and BSMC but not members of the Board

Sri Ramasubramanian Chandrasekar, Sri Y S Chakravarti, Sri Pratulla Kumar Mohanty, Sri R Jayaraman and Sri M Karthikeyan are members of the IT Strategy Committee 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 (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. The sitting fees for ALCO, ARMC, CSR, NRC, SRC, IDM and General Meeting is ₹ 50,000 per meeting per Independent Director and for ITS is ₹ 25,000 per meeting per Independent Director. For MD and CEO it is salary and other perquisites as per terms of his appointment

4 meetings of ALCO, ARMC, NRC, SRC, 2 meeting of CSR and ITS and 1 meeting of IDM were held during the year ended on March 31, 2019.

Ratio of Remuneration-Ratio of remuneration of each Director/ to median remuneration of employees

Percent increase-Increase in remuneration in FY19 over FY18 in the Company

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

REPORT ON CORPORATE GOVERNANCE (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 appraises the Board/ Committees by way of required presentations on the operations, financial results, strategy, internal audit, risk management and human resource. On specific needs, additional BMs are held by giving appropriate notice. 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 Chairman and Company Secretary draft the agenda for each BM in consultation with MD & CEO and CFO with inputs from Directors 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 Chairman. 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 evaluate 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 delegated some of its power to different Committee(s) constituted by it. The Committees are constituted as required under different regulations and business requirement of the Company. On constitution of Committees, the Board defines the terms of reference and names chairperson of the Committee and the Committee is named accordingly. The Committees are constituted or re-constituted depending on business or regulatory need. 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 (Contd.)

2.4 Board meetings and attendance of Directors

Four BMs were held during the Year - on April 26, 2018, July 25, 2018, October 25, 2018 and January 25, 2019 and the time gap between the two BMs did not exceed 120 days during the Year. 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 24, 2018 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

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 attended. Such fees paid to them during the Year are mentioned in the table 2.1. The Managing Director and CEO of the Company is paid remuneration as per terms of his appointment approved by the Members. 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

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 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

During the Year, the Committee met 4 times on April 25, 2018, July 24, 2018, October 24, 2018 and January 24, 2019.

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 it's 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 cybersecurity, (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 Committee met 4 times during the Year on April 25, 2018, July 24, 2018, October 24, 2018 and January 24, 2019. Attendance is given in table 2.1

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 70 meetings held during the Year.

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 the Year on April 25, 2018 and October 24, 2018.

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 2 during the Year on June 28, 2018 and December 20, 2018. Attendance is given in table 2.1



REPORT ON CORPORATE GOVERNANCE (Contd.)

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

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 the Year on April 25, 2018, July 24, 2018, October 24, 2018 and January 24, 2019.

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 4 times during the Year on April 25, 2018, July 24, 2018, October 24, 2018 and January 24, 2019. The Company has not received any complaint from the shareholder during the Year and no complaint was pending as on March 31, 2019.

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. 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 the Year 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 is available at the website of the Company (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 note no. 48 of the notes to accounts. There were no material RPTs during the Year. RPTs are reported in Note No. 48 of the Notes to 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 (Contd.)

6.2 Appointment/reappointment of Directors

One third of the Directors liable to retire by rotation, retires by rotation and if eligible seek re-appointment at AGM. As per provisions of the Act and Articles of Association of the Company, Sri Gerrit Lodewyk Van Heerde holding (DIN – 06870337) will retire by rotation at the ensuing AGM and has expressed that he would not be available for directorship in the Company. The notice of the AGM contains this. Sri C R Muralidharan (DIN – 02443277), Sri Diwakar B Gandhi (DIN – 00298276), Sri Pranab Prakash Pattanayak (DIN – 00506007) and Sri Venkataraman Murali (DIN – 00730218) who were appointed as addition directors with effect from April 1, 2019, retire at the ensuing AGM. Sri C R Muralidharan, Sri Diwakar B Gandhi, Sri Pranab Prakash Pattanayak and Sri Ventakaraman Murali have expressed their intention and confirmed their eligibility to be appointed as Directors of the Company. Sri Pranab Prakash Pattanayak (DIN – 00506007) and Sri Venkataraman Murali (DIN – 00730218), who were appointed as Independent Directors of the Company for a period of five years commencing from April 1, 2014, if appointed/reappointed in the ensuing AGM. It shall be their second term in office as Independent Directors of the Company. The details on their appointment as directors forms a part of the Notice of the ensuing AGM. The notice of the 33rd AGM states details about the appointment of above named Directors. The profile of the directors as per Regulation 36(3) of LODR are referred to in the Notice of AGM.

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
2016	30 th AGM	Narada Gana Sabha (Mini Hall), No 314 (Old No 254) T T K Road, Alwarpet, Chennai – 600 018	July 28, 2016	10.00 am	*
2017	31 st AGM		June 30, 2017	10.00 am	**
2018	32 nd AGM		July 25, 2018	10.00 am	***

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

**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

The following special resolutions were passed for amendment in Memorandum of Association by insertion of clause 12A, 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	

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

REPORT ON CORPORATE GOVERNANCE (Contd.)

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

All business set out in the notice of 33rd AGM shall be conducted through remote e-voting in compliance with sections 108, 110 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 postal ballot and the notice of 33rd 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 scrutiniser appointed by the Board shall submit his report on results of the respective voting to the Chairman after completion of his scrutiny within permissible time. The facility of voting shall be made available at the 33rd AGM with the assistance of scrutinisers for the members, who have not casted their votes through remote e-voting.

6.4 Materially significant related party transactions

During the Year, 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 48 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) Act. 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 (Refer Table - 1). 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 (Refer Table - 1).

6.9 Audit of Reconciliation of share

Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 mandates for audit of reconciliation of share capital. Accordingly, this audit for reconciliation of share capital admitted with National Securities Depository Limited (“NSDL”) and the Central Depository Services (India) Ltd (“CDSL”) with the total issued and listed capital were carried out on a quarterly basis during the Year by M/s P.Sriram & Associates, PCS 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

The Company communicated with shareholders and investors through multiple channels of communications such as individual letters, publication in news papers, disclosure to BSE/NSE, display on its web site etc. The annual and quarterly financial results during the Year were published in newspaper in english in “Business Standard” and in Tamil in “Makkal Kural” within 48 hours of

REPORT ON CORPORATE GOVERNANCE (Contd.)

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 www.shriramcity.in contains a separate section "INVESTOR", where shareholder/security holder information are displayed. The annual report of the Company is also displayed at 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 processed in centralised web based complaints redressal system controlled by SEBI known as SEBI Complaint redress system ("SCORES"). The Company has designated email ids sect@shriramcity.in and scufncd18@shriramcity.com exclusively for respective investor servicing, which appear in the investor section of the web site of the Company. 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 Audit and Risk Management Committee and Board.

6.11 Details of 33rd AGM

a. Date and Time	Monday July 29, 2019 at 10 am
b. Venue	Narada Gana Sabha (Mini Hall), No.314, T T K Road, Alwarpet, Chennai 600 018.
c. Book Closure	July 23, 2019 to July 29, 2019 (both days inclusive)
d. Dividend	Interim dividend of ₹ 6.00 per equity share declared by the Board at its meeting held on October 25, 2018 was paid on November 20, 2018. The payment of final dividend upon declaration by the shareholders at the AGM, will be made on or after August 3, 2019 to those members, whose name appear on the Register of members as on record date.

6.12 Financial Year

The financial year under review was from April 1, 2018 to March 31, 2019. The next financial Year is from April 1, 2019 to March 31, 2020. The financial year of the Company is from April 1 to March 31.

6.13 Details of listing on stock exchanges

The Company paid annual listing fees for the Year to BSE and NSE and annual custodian fees to NSDL and CDSL 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 (Contd.)

6.15 Stock market price data

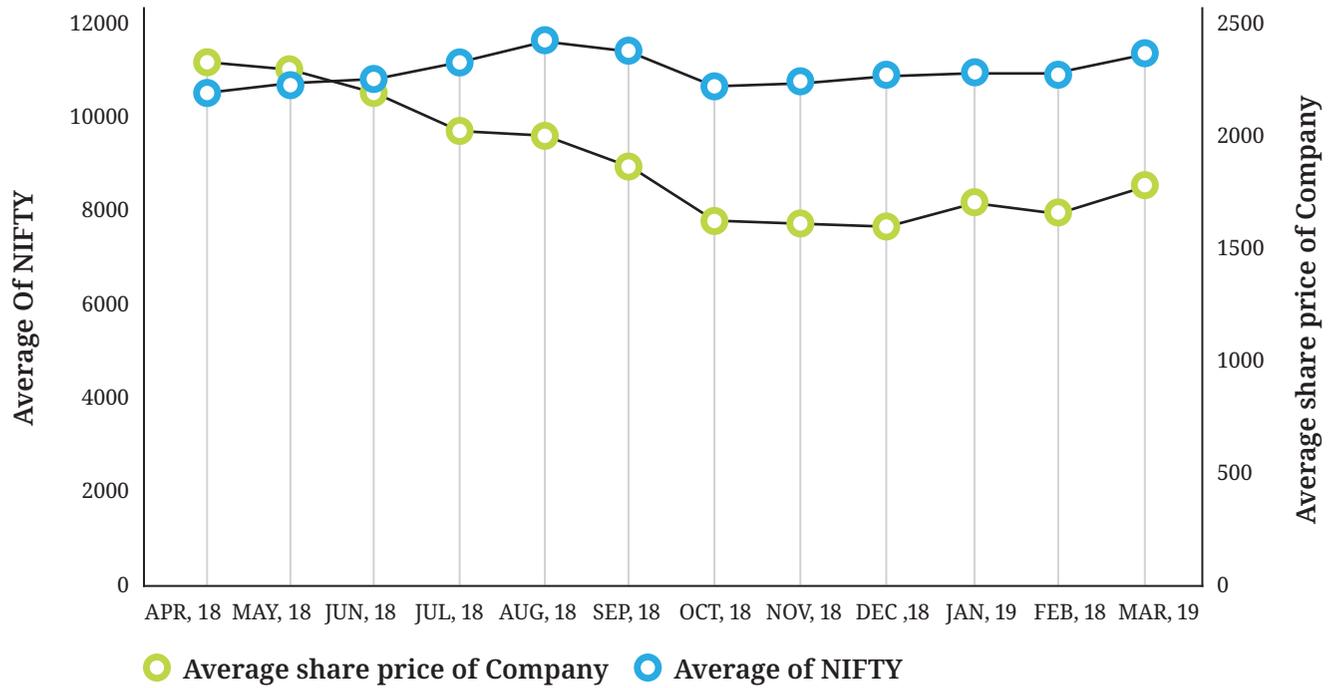
The volume and market price (high and low) of equity shares of the Company traded during each month during the Year are given below.

Month	NSE			NIFTY (in ₹)			Per share price (in ₹)			Volume of Shares traded			BSE		
	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average
APR '18	2408.65	2193.45	2301.05	10739.35	10128.40	10433.88	2412.15	2182.70	2297.43	548351	35160.36	33019.07	34089.72		
MAY '18	2394.95	2145.70	2270.33	10806.60	10430.35	10618.48	2399.95	2137.55	2268.75	8718	35556.71	34344.91	34950.81		
JUNE'18	2356.25	1971.05	2163.65	10856.70	10589.1	10722.90	2365.95	1960.20	2163.08	126696	35739.16	34903.21	35321.19		
JULY'18	2091.10	1900.15	1995.63	11356.50	10657.3	11006.90	2084.55	1876.80	1980.68	48742	37606.58	35264.41	36435.50		
AUG '18	2024.85	1915.80	1970.33	11738.50	11244.70	11491.60	2026.3	1897.60	1961.95	264752	38896.63	37165.16	38030.90		
SEP '18	2019.20	1653.35	1836.28	11589.10	10930.45	11259.78	2026.85	1652.00	1839.43	6808	38389.82	36227.14	37308.48		
OCT '18	1671.85	1519.65	1595.75	11008.30	10030.00	10519.15	1677.30	1535.45	1606.38	4107	36526.14	33349.31	34937.73		
NOV'18	1637.65	1530.00	1583.83	10876.75	10380.45	10628.60	1643.40	1526.00	1584.70	3463	36194.30	34431.97	35313.14		
DEC'18	1606.85	1519.40	1563.13	10967.30	10488.45	10727.88	1621.20	1539.65	1580.43	1713	36484.33	34959.72	35722.03		
JAN '19	1773.40	1574.25	1673.83	10961.85	10651.80	10806.83	1763.65	1546.25	1654.95	54887	36578.96	35513.71	36046.34		
FEB '19	1729.60	1520.80	1625.20	11069.40	10604.35	10836.88	1708.70	1504.25	1606.48	2425	36975.23	35352.61	36163.92		
MAR '19	1850.20	1647.20	1748.70	11623.90	10863.50	11243.70	1859.65	1647.80	1753.73	303791	38672.91	36063.81	37368.36		

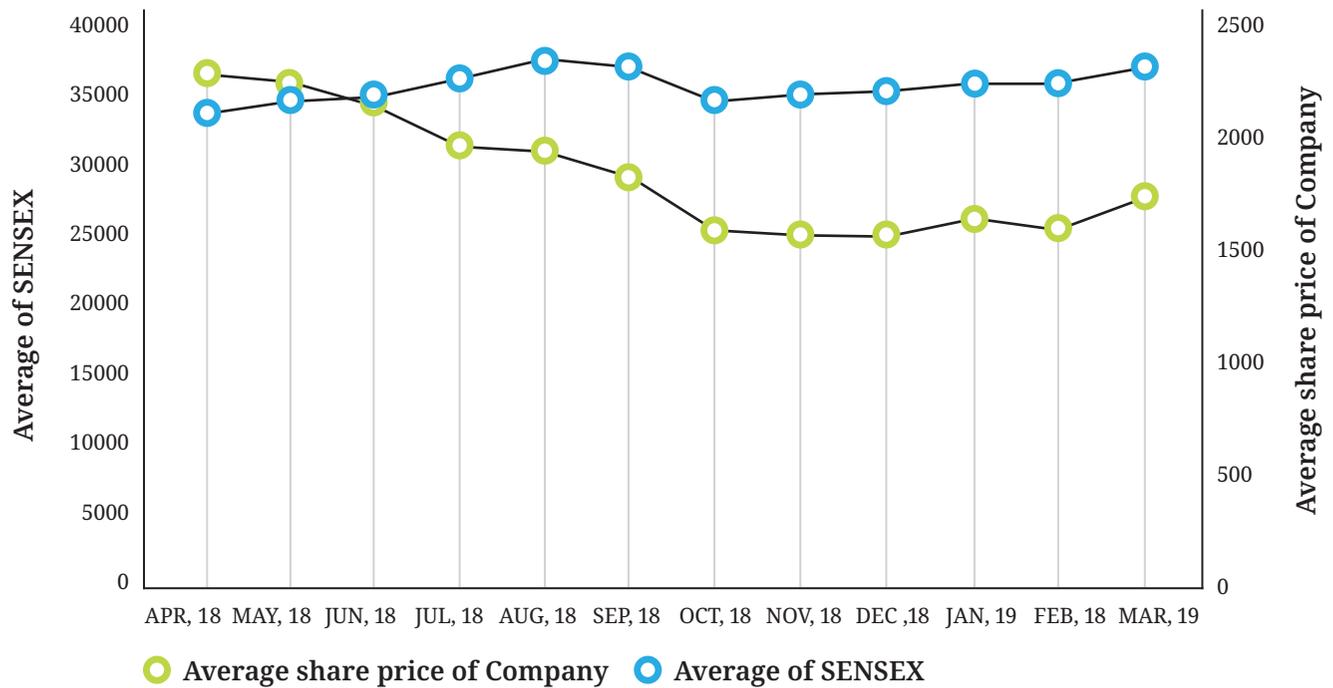
Average price per share = (High price per share + Low price per share)/2

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

Companys Average Share Price v/s Average NIFTY



Companys Average Share Price v/s Average SENSEX



REPORT ON CORPORATE GOVERNANCE (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	csdstd@integratedindia.in
	Public issue of NCDs allotted in 2019			Mr. K Balasubramanian			scuf@integratedindia.in
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	dt@ctltrustee.com or grievance@ctltrustee.com
		Ministry of Corporate Affairs	'A' Wing, Shastri Bhawan, Rajendara 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	sebi@sebi.gov.in
		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		Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001		+91 22 2272 1233	+91 22 2272 1919	corp.comm@bseindia.com
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	info@nsdl.co.in
	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		helpdesk@cdslindia.com

REPORT ON CORPORATE GOVERNANCE (Contd.)

6.20 Share transfer system:

Transfer of shares held in dematerialised form are done through the depositories with no involvement of the Company. Transfer of shares held in physical form are processed by RTA and duly endorsed share certificates are issued within stipulated time subject to documents lodged being valid. The transfer documents can be lodged with respective RTAs as mentioned above for transfer of securities existing in physical form. The Board has delegated the authority to approve transfer, transmission etc of shares and securities of the Company to its Banking and Securities Management Committee. 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. By virtue of notification SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 there was amendment in Regulation 40 of SEBI (LODR) Regulations, 2015 wherein it has become mandatory for registration of transfer of shares/securities in dematerialised form. BSE & NSE issued circular LIST/COMP/15/2018-19 dated July 05, 2018 and NSE/CML/2018/26 dated July 9, 2018 respectively in order to implement the notification of SEBI to transfer the shares/securities mandatorily in dematerialised form from December 5, 2018. SEBI vide press release 51/2018 dated December 3, 2018 extended the timeline for mandatory transfer of shares/securities in dematerialised form from April 1, 2019 instead of December 5, 2018.

6.22 Distribution of shareholding as at March 31, 2019

No. of equity shares held	Shareholders		Shares	
	Number	%	Number	%
UPTO 500	10689	94.28	7,11,652	1.08
501-1000	312	2.75	2,24,247	0.34
1001-2000	135	1.19	1,91,595	0.29
2001-3000	42	0.37	1,06,467	0.16
3001-4000	16	0.14	55,370	0.08
4001-5000	16	0.14	73,219	0.11
5001-10000	40	0.35	2,81,191	0.43
10001 AND ABOVE	87	0.78	6,43,48,576	97.51
Total	11,337	100.00	6,59,92,317	100.00

6.23 Shareholding pattern (in %) as at March 31, 2019

Promoters	Mutual Funds	Banks	FII	Bodies Corporate	Individuals	Limited Liability Partnership	Foreign Company	Foreign Portfolio Investor	NRIs	FI- Others	Others	Alternative Investment Fund	Total
33.7747	5.8703	0.0049	0.0557	10.2724	2.5158	0.0340	20.3386	26.1291	0.2656	0.0021	0.0889	0.6779	100

6.24 Dematerialisation of shares and liquidity

The Company's equity shares are tradable compulsorily in dematerialised form in BSE and NSE. The connectivity with NSDL and CDSL is established through the RTA. As on March 31, 2019, 6,59,92,317 nos of equity shares (99.77% of the shares), existed in dematerialised form. The Company's shares are liquid and are actively traded in both NSE and BSE.

REPORT ON CORPORATE GOVERNANCE (Contd.)

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.

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

6.28 Calendar for the financial Year 2019 – 2020 (tentative)

Annual General Meeting	September, 2020
Unaudited results for the quarter ending June 30, 2019	Last week of July, 2019
Unaudited results for the quarter / half –Year ending September 30, 2019	Last week of October, 2019
Unaudited results for the quarter ending December 31, 2019	Last week of January, 2020
Audited results for the Year ending March 31, 2020	Last week of May, 2020

6.29 Adoption of Mandatory and Non Mandatory requirements under LODR

The Company has complied with all mandatory requirements as per regulation 17 (7) and 27 (1) read with Part A and E respectively of Schedule II of the LODR 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 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 the Year 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 directors 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

To
The Members,
Shriram City Union Finance Limited

G.D. Apte & Co.
Chartered Accountants

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, 2019, as stipulated under SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (the Regulations).

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 as at March 31, 2019 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

Umesh S Abhyankar

Partner

Membership No. : 113053

Place : Chennai

Date : April 24, 2019

UDIN : 19113053AAAABM2058