

## Report on Corporate Governance

Sundaram Finance Limited has been following robust governance practices since its inception. The strong edifice of the Company, built in 1954, is supported by the pillars of Customer Faith, Investor Trust and Employee Loyalty. Your Company continues to maintain the highest standards of integrity and transparency in operations, excellence in service to all stakeholders and strong Corporate Governance standards.

### I. BOARD OF DIRECTORS

All the members of the Board are eminent persons with considerable expertise and experience in general management spanning the automobile, engineering, banking, finance, accounts and audit, information technology, consulting and road transport sectors. The Company is immensely benefited by the range of experience and skills that the Directors bring to the Board.

The composition of the Board is in conformity with the listing requirements as on 31st March 2018.

The details of directors' attendance at Board Meetings, AGM and details of other directorships, committee chairmanships / memberships held by the Directors during the year are as follows:

Name of the Director	DIN	Attendance Particulars		Directorships in other public limited companies				Committees in which Chairman/Member of other public limited companies*	
		Board Meetings	AGM	Chairman		Director		Chairman	Member
				Listed	Unlisted	Listed	Unlisted		
<b>Promoter Directors</b>									
Sri S. Viji Non-executive Chairman	00139043	10	Yes	1	1	1	2	1	2
Sri S. Ram Non-executive Director	00018309	10	Yes	2	1	–	3	1	1
Sri T.T. Srinivasaraghavan Managing Director	00018247	10	Yes	–	–	1	7	1	2
Sri Harsha Viji Deputy Managing Director	00602484	10	Yes	–	–	1	3	–	2
<b>Independent Non-Executive Directors</b>									
Sri N. Venkataramani	00001639	8	Yes	–	–	2	6	3	1
Sri P.N. Venkatachalam	00499442	9	Yes	–	–	1	8	2	7
Sri S. Mahalingam	00121727	10	Yes	1	1	2	3	2	6
Sri S. Prasad	00063667	10	Yes	–	–	3	2	3	2
Ms Shobhana Ramachandhran	00273837	10	Yes	–	–	3	4	–	1
Sri Rajiv C. Lochan	05309534	9	Yes	–	–	–	2	–	–
<b>Non-Executive Director</b>									
Sri S. Ravindran	00045076	10	Yes	–	–	1	2	–	1
<b>Executive Director</b>									
Sri A.N. Raju Director (Operations)	00036201	9	Yes	–	–	–	2	1	–

\* Audit Committee and Stakeholders' Relationship Committee considered.

## II. BOARD MEETINGS

The Board of Directors formulates the broad business and operational policies, periodically reviews the performance and engages itself with strategic issues concerning the Company.

During the year under review, 10 meetings of the Board of Directors were held.

28.04.2017	21.08.2017	24.11.2017
29.05.2017	22.09.2017	29.01.2018 *
18.07.2017	27.10.2017	30.03.2018

\* 2 meetings

All Directors and Senior Management Personnel have re-affirmed compliance with the Code of Conduct approved and adopted by the Board of Directors.

The Managing Director, on behalf of the Board, has periodically reviewed compliance reports pertaining to all laws applicable to the Company and submitted his consolidated report indicating therein that the Company was fully compliant with all applicable laws.

## III. AUDIT COMMITTEE

The Audit Committee reviews the financial accounting policies, adequacy of internal control systems and systems audit and interacts with the statutory auditors, internal auditors and systems auditors. Senior Executives and functional heads are invitees to the committee meetings. Besides, the Committee reviews the audit plans, interim and annual financial results, management discussion and analysis of financial condition and results of operations, related party transactions, observations of the management and internal / external auditors on internal control and follow-up reports of the management.

Composition of the Audit Committee and attendance of the members at Committee meetings are as follows:

Name of the Member		No. of Meetings Attended	Meeting dates
Sri S. Prasad	Chairman	8	24.04.2017 22.05.2017
Sri S. Ravindran	Member	8	18.07.2017 21.08.2017
Ms Shobhana Ramachandhran	Member	8	27.10.2017 18.12.2017 29.01.2018 28.02.2018

The Company Secretary is the Secretary to the Committee.

## IV. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee

- i) approves and monitors transfers, transmission, splits and consolidation of securities of the Company ;
- ii) reviews the redressal of grievances / complaints from shareholders and debenture holders on matters relating to transfer of shares, non-receipt of annual report, dividends, interest etc., and
- iii) reviews the compliances with various statutory and regulatory requirements.

Composition of the Stakeholders Relationship Committee and attendance of the members at Committee meetings are as follows:

Name of the Member		No. of Meetings Attended	Meeting dates
Sri S. Prasad	Chairman	2	14.07.2017
Sri T.T. Srinivasaraghavan	Member	2	&
Sri A.N. Raju	Member	2	13.12.2017

Besides, transfer of shares were approved by resolutions passed in circulation on 31 occasions.

Sri P. Viswanathan, Secretary, is the Compliance Officer. No investor complaint was received during the year. None was pending unresolved as on 31st March 2018.

## V. RISK MANAGEMENT COMMITTEE AND ASSET LIABILITY MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) and the Asset Liability Management Committee (ALCO), formed in accordance with the Directions of the Reserve Bank of India, function under the supervision of the Audit Committee.

The RMC formulates policies and strategies for identification, measurement and reporting on market risks, credit risks and operational risks.

The ALCO is responsible for:

- managing the balance sheet within the performance / risk parameters laid down by the RMC
- monitoring and managing the market risk.

Composition of the Risk Management Committee and Asset Liability Management Committee and attendance of the members at Committee meetings are as follows:

Name of the Member		No. of RMC Meetings attended	RMC Meeting dates	No. of ALCO Meetings attended	ALCO Meeting dates
Sri T.T. Srinivasaraghavan	Chairman	7	30.06.2017	11	26.04.2017
Sri Srinivas Acharya	Member	7	12.07.2017	10	30.05.2017
Sri Harsha Viji	Member	7	28.07.2017	10	30.06.2017
Sri A.N. Raju	Member	7	27.09.2017	10	28.07.2017
Sri M. Ramaswamy	Member	7	11.12.2017	10	30.08.2017
			01.02.2018	11	20.09.2017
			29.03.2018		30.10.2017
					29.11.2017
					17.01.2018
					27.02.2018
					29.03.2018

## VI. SEPARATE MEETING OF INDEPENDENT DIRECTORS

A Separate Meeting of Independent Directors was held on 13th March 2018 without the attendance of non-independent directors and members of management. All the Independent Directors attended the meeting and:

- (i) reviewed the performance of non-independent directors and the Board as a whole;
- (ii) reviewed the performance of the Chairman of the company, taking into account the views of executive directors and non-executive directors;
- (iii) assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## VII. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The company has familiarised the Independent Directors with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model etc. through familiarisation programmes. Details of the familiarisation programmes have been disclosed on the company's website under the following web link:

<http://www.sundaramfinance.in/companyinfo/investorinfo.aspx>

## VIII. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee has formulated a Corporate Social Responsibility Policy indicating the CSR activities to be undertaken by the company in accordance with Schedule VII to the Companies Act, 2013. The terms of reference of the CSR Committee include recommending to the Board the amount of expenditure to be incurred on the CSR activities and monitoring the implementation of the CSR Policy from time to time. The CSR Policy of the Company, as approved and adopted by the Board, has been posted on the website.

Composition of the Corporate Social Responsibility Committee and attendance of the members at Committee Meeting are as follows:

Name of the Member		No. of Meetings Attended	Meeting dates
Ms Shobhana Ramachandhran	Chairman	2	24.04.2017 & 30.03.2018
Sri S. Ravindran	Member	2	
Sri T.T. Srinivasaraghavan	Member	2	

## IX. NOMINATION, COMPENSATION & REMUNERATION COMMITTEE

The Nomination, Compensation and Remuneration Committee has formulated criteria for evaluation of the Board and non-independent directors for the purpose of review of their performance at a separate meeting of the Independent Directors. Further, the Committee has recommended a policy relating to the remuneration of the directors, key managerial personnel and other employees which, *inter alia*, includes the principles for identification of persons who are qualified to become directors.

The criteria laid down for evaluation of the directors and the remuneration policy, as approved and adopted by the Board, are attached as part of this report vide Annexures II(i) and (ii) respectively.

Composition of the Nomination, Compensation & Remuneration Committee and attendance of the members at Committee Meeting are as follows:

Name of the Member		No. of Meetings attended	Meeting dates
Sri P.N. Venkatachalam	Chairman	2	29.05.2017 & 29.03.2018
Sri S. Prasad	Member	2	
Sri S. Ravindran	Member	2	

The Company Secretary is the Secretary to the Committee.

## X. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

On 22nd September 2017, the Information Technology Strategy Committee was constituted as per the Master Direction on Information Technology Framework for the NBFC Sector, issued by Reserve Bank of India vide circular no. DNBS.PPD.No.04/66.15.001/2016-17 dated 8th June 2017 with following terms of reference:

- a) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- b) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- c) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- d) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- e) Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls;
- f) deliberating and deciding on any other matter which may be referred to the Committee by the Board of Directors or which in the opinion of the Committee will affect the IT Governance of the Company.

Composition of the Information Technology Strategy Committee and attendance of the members at Committee Meeting is as follows:

Name of the Member		No. of Meetings attended	Meeting dates
Sri S. Mahalingam	Chairman	1	24.01.2018
Sri P.N. Venkatachalam	Member	1	
Sri Rajiv C. Lochan	Member	1	
Sri T.T. Srinivasaraghavan	Member	1	
Sri A.N. Raju	Member	1	
Sri V. Ananthanarayanan	Member	1	

## XI. REMUNERATION OF DIRECTORS

Directors of the Company were paid a sitting fee as under during the Financial Year 2017-18.

Board	₹25,000/- for each meeting
Audit Committee	
Nomination, Compensation and Remuneration Committee	
Information Technology Strategy Committee	
Stakeholders Relationship Committee	₹10,000/- for each meeting
Corporate Social Responsibility Committee	
Separate Meeting of Independent Directors	

The Non-Executive Directors are remunerated by way of commission for each financial year as decided by the Board of Directors within the ceiling of 1% of the net profits of the Company approved by the shareholders. The details of remuneration paid to the Non-Executive Directors and number of shares held by them are as follows:

Name of the Director	Sitting Fee (₹ in lakhs)	Commission (₹ in lakhs)	Number of Shares held individually (as on 31.03.2018)	Relationship with other Directors
Sri S. Viji	2.50	8.00	9,09,780 <sup>(1)*</sup>	Brother of Sri S. Ram and Father of Sri Harsha Viji
Sri S. Ram	2.50	8.00	5,06,788 <sup>(2)*</sup>	Brother of Sri S. Viji
Sri N. Venkataramani	2.10	8.00	—	—
Sri P.N. Venkatachalam	3.10	12.00	—	—
Sri S. Mahalingam	2.85	12.00	— <sup>(3)</sup>	—
Sri S. Prasad	5.30	12.00	— <sup>(4)</sup>	—
Sri S. Ravindran	5.20	12.00	3,89,920 <sup>(5)</sup>	—
Ms Shobhana Ramachandran	4.80	12.00	3,44,720	—
Sri Rajiv C. Lochan	2.60	12.00	—	—

**Note:**

- Number of shares held jointly with others: <sup>(1)</sup> 8,684 ; <sup>(2)</sup> 6,09,896 ; <sup>(3)</sup> 3,200 ; <sup>(4)</sup> 12,600 ; <sup>(5)</sup> 85,622
- Number of shares held as Karta of HUF: <sup>(1)</sup> 4,79,912
- Excludes 12,25,160 shares\* held as Trustees

Amount of deposits placed by the Non-Executive Directors in the Company aggregated to ₹4,77.57 lakhs as on March 31, 2018. The interest on these deposits paid / credited during the year 2017-18 amounted to ₹90.54 lakhs.

The Executive Directors of the Company are appointed on contractual basis, on terms approved by the shareholders. Their remuneration comprises salary, allowances, commission and perquisites. The quantum of commission payable to them is decided by the Nomination, Compensation and Remuneration Committee and Board of Directors. The remuneration is within the limits prescribed under Schedule V to the Companies Act, 2013.

The details of remuneration paid to the Executive Directors for the Financial Year 2017-18 are as follows:

(₹ in lakhs)

Nature of Payment	Sri T.T. Srinivasaraghavan Managing Director	Sri Harsha Viji* Deputy Managing Director	Sri A N Raju Director (Operations)
Salary and allowances	1,34.36	1,13.20	84.52
Commission	3,25.00	2,25.00	1,10.00
Contributions to Provident, Superannuation and Gratuity Funds	13.30	9.88	9.06
Perquisites	3.07	1.94	0.98
Stock Options	Nil	Nil	31.06 <sup>#</sup> ^

\* Son of Sri S. Viji, Chairman

# Value of 2,000 stock options exercised during the financial year 2017-18

^ 2,000 stock options were granted at ₹10/- per share (at par) on 29th May 2017. The said Options would vest on 31st May 2018 and would be exercisable between 1st June 2018 and 31st August 2018.

## XII. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No. of Special Resolutions Passed
2017	20th July 2017	10.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	One
2016	22nd July 2016	10.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	Nil
2015	23rd July 2015	11.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014	Two

Following Special Resolutions were passed through Postal Ballot and E-voting, as per the procedure prescribed under Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2011 under the overall supervision of the Scrutinizer, Sri T K Bhaskar, Partner, HSB Partners, Advocates, Chennai.

Resolution(s)	Details of Resolution(s)	Resolution(s) Passed on	Total No. of votes in favour	Total No. of votes against	% of votes in favour	% of votes against
Special	Substitution of Table A in Schedule I to the Companies Act 1956 with Table F in Schedule I to the Companies Act, 2013 in Article 1, Insertion of New Article 3-C to carry out consolidation and re-issuance of debt securities, Substitution of Companies Act, 1956 with Companies Act, 2013	07.11.2017	6,42,55,438	21,935	99.97	0.03
Special	Private placement of debentures up to ₹10,000 cr. during the FY 2018-19	16.03.2018	6,21,42,748	91,239	99.85	0.15

The results of the postal ballots were announced by Sri S. Viji, Chairman, at the Registered Office of the Company and posted on the website.

No special resolution is proposed to be passed through postal ballot.

## XIII. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has established necessary vigil mechanism and adopted a Whistle Blower Policy for Directors and Employees to report concerns about unethical behavior. The mechanism provides for adequate safeguards against victimisation. Further, no person has been denied access to the Audit Committee.

The Whistle Blower Policy is available under the following web link:

<http://www.sundaramfinance.in/companyinfo/investorinfo.aspx>

## XIV. DISCLOSURES

- There were no materially significant related party transactions having potential conflict with the interests of the company at large.
- All the mandatory requirements specified in Regulations 17 to 27 and Regulation 46 (2) (b) to (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with.
- The Company will continue to adopt other non-mandatory requirements as appropriate.
- The Company has a record of unqualified financial statements since inception.

## XV. POLICIES ON MATERIAL SUBSIDIARIES AND RELATED PARTY TRANSACTIONS

The company's policies on Material Subsidiaries and Related Party Transactions are available on the website under the following web link:

<http://www.sundaramfinance.in/companyinfo/investorinfo.aspx>

## XVI. MEANS OF COMMUNICATION

- A press meet was organised by the Company on 30th May 2017 for dissemination of audited results.
- Quarterly unaudited and annual audited results of the Company were published in “Business Line” (English) and “Makkal Kural” (Tamil).
- The results and press releases were also displayed on the Company's website at [www.sundaramfinance.in](http://www.sundaramfinance.in).
- Shareholders have been provided with an opportunity to provide their email id for receiving correspondence and annual report in electronic form.
- The annual report has been sent in electronic form to shareholders who have provided their email id. Physical copies of the annual report have been provided to such shareholders based on a request received from them for this purpose.

## XVII. GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

Date	Time	Venue
20th July 2018 (Friday)	10.00 AM	The Music Academy, New No.168, Old No.306, TTK Road, Chennai 600 014

- Financial Year – 1st April 2018 to 31st March 2019
- Book Closure dates – 6th July 2018 to 20th July 2018 (both days inclusive)
- Dates of payment of dividend

Interim	22nd May 2018	₹5.00 per share (50%)
Final	23rd July 2018	₹7.00 per share (70%)

- The company's shares are listed on:  
National Stock Exchange of India Limited  
Exchange Plaza, 5th Floor  
Plot No. C/1, G Block  
Bandra-Kurla Complex  
Bandra (E), Mumbai 400 051
- The Company has paid the listing fees for the financial years 2017-18 & 2018-19 to the above stock exchange.
- NSE Stock Code: SUNDARMFN
- ISIN : INE660A01013
- Details of outstanding shares in Sundaram Finance Limited Unclaimed Shares Suspense Account.



Pursuant to the provisions of Section 124(6) read with Rule 2 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017, the Company has transferred 20,853 shares held by 64 shareholders and 5,711 shares held by 25 shareholders on 27.11.2017 and 27.12.2017 respectively (including 5,131 shares belonging to by 41 shareholders, from the Sundaram Finance Limited Unclaimed Shares Suspense Account) to the Investor Education and Protection Fund Authority, Ministry of Corporate Affairs (DP ID CL ID IN30070810656671).

Particulars	Aggregate Number of shareholders	Outstanding shares lying in Sundaram Finance Limited Unclaimed Shares Suspense Account
Opening Balance as on 1st April 2017	95	33,870
Less: Shareholders approached for transfer / delivery during 2017-18 and Shares transferred / delivered during 2017-18	8	1,974
Less: Transfer of shares to Investor Education and Protection Fund Authority Ministry of Corporate Affairs	1	5,131
Balance as on 31st March 2018	86	26,765

- Following dividends are transferable to the Investor Education and Protection Fund (IEPF) on the respective due dates, as under, in accordance with the provisions of Section 124(5) of the Companies Act, 2013.

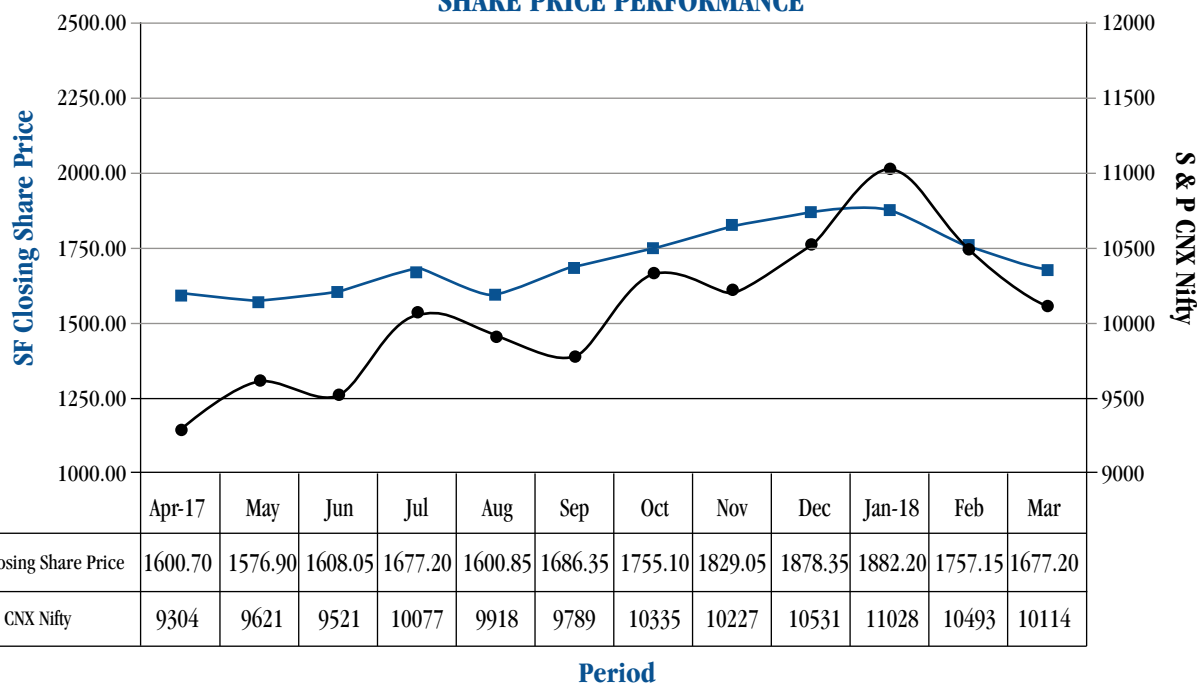
Nature of Dividend	Transferable to IEPF on	Nature of Dividend	Transferable to IEPF on
Final Dividend 2010-11	12th August 2018	Final Dividend 2014-15	23rd August 2022
Interim Dividend 2011-12	27th February 2019	Interim Dividend 2015-16	1st March 2023
Final Dividend 2011-12	17th August 2019	2nd Interim Dividend 2015-16	8th April 2023
Interim Dividend 2012-13	10th March 2020	Final Dividend 2015-16	22nd August 2023
Final Dividend 2012-13	18th August 2020	Interim Dividend 2016-17	20th April 2024
Dividend 2013-14	23rd August 2021	Final Dividend 2016-17	21st August 2024
Interim Dividend 2014-15	2nd March 2022	Interim Dividend 2017-18	28th May 2025

Reminders are sent to members for encashing unclaimed and unpaid dividends, on a regular basis, in addition to the reminders through e-mails and phone contacts. Members who have not yet made claims are, therefore, requested to contact the Company / Registrar and Share Transfer Agents immediately.

## MARKET PRICE DATA ON THE NATIONAL STOCK EXCHANGE

Month	Apr - 17	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan -18	Feb	Mar	
NSE	High	1740.10	1635.00	1658.95	1730.00	1802.00	1772.25	1775.00	1920.00	1929.85	2100.05	1790.00	1754.00
	Low	1572.00	1470.20	1549.00	1579.05	1580.50	1599.80	1615.00	1740.00	1830.00	1845.00	1577.00	1573.80

### SHARE PRICE PERFORMANCE



- Share transfers were processed and share certificates despatched within fifteen days from lodgement in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.  
Dematerialisation requests have been confirmed within 21 days from the date of request.  
Investor Relation Services - Shares continue to enjoy the ISO 9001:2008 certification by Bureau Veritas Certification (India) Private Limited. Certification process relating to the revised Standard, viz., ISO 9001:2015, will be concluded in the second quarter.
- M/s Cameo Corporate Services Ltd, Registrars and Share Transfer Agents of the company have attended to the share transfer formalities regularly. The Registrar and Share Transfer Agents can be contacted by the investors at the following address:

M/s Cameo Corporate Services Ltd 'Subramanian Building' No 1 Club House Road, Chennai 600 002	
Phone	044 2846 0390 to 0395
Fax	044 2846 0129
Email	investor@cameoindia.com
Contact Persons	Mr. R.D. Ramasamy, Director Mr. D. Narasimhan, Joint Manager
Debenture Trustee	IDBI Trusteeship Services Limited Asian Building, Ground Floor,, No.17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001
Contact Persons	Ms. Anjalee Athalye, Assitant Vice President
Phone	022 40807007
Fax	022 66311776
Email	itsl@idbitrustee.com

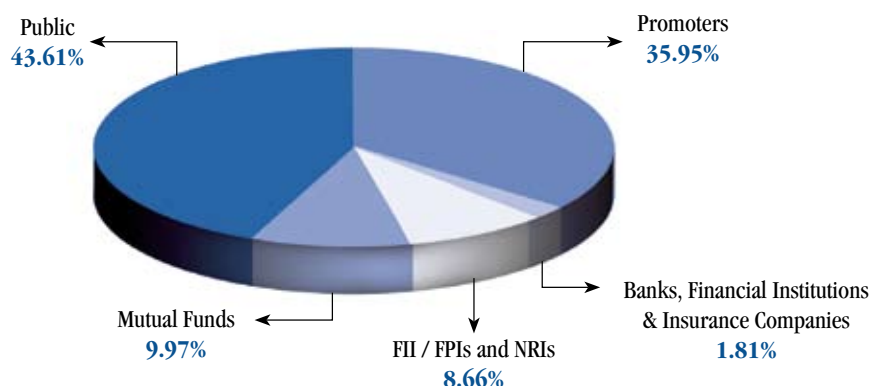
### DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2018

No. of Equity Shares Held	Total Shareholders	Total Shares	Total % to Capital
Upto 250	18,431	9,93,432	0.89%
251 to 500	2,287	8,68,836	0.78%
501 to 1000	1,758	13,40,292	1.21%
1001 to 5000	2,219	53,80,025	4.84%
5001 to 10000	422	32,07,611	2.89%
10001 to 50000	457	1,02,83,837	9.26%
50001 to 100000	112	81,74,120	7.36%
100001 and above	196	8,08,55,707	72.77%
<b>Total</b>	<b>25,882</b>	<b>11,11,03,860</b>	<b>100.00%</b>

Total shares held in dematerialised form 94.94%

Public shareholding in dematerialised form 92.12%

### SHAREHOLDING PATTERN AS ON 31.03.2018



**For your queries / grievances / complaints, please contact:**

Sri P Viswanathan  
 Secretary & Compliance Officer  
 Sundaram Finance Limited  
 21, Patullos Road, Chennai - 600 002  
 Ph : 044-28881207  
 Fax : 044-28550290  
 Mobile : 9444399168  
 E mail : investorservices@sundaramfinance.in

**T T Srinivasaraghavan**  
**Managing Director**