



SIDBI - Charter of Committees of the Board

IN ACCORDANCE OF SEBI (LODR) AND VOLUNTARY COMPLIANCE OF RBI CIRCULAR NO.- RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 DATED APRIL 26, 2021		
Audit Committee (AC)		
Composition	Brief description of terms of reference	Invitee/Quorum/Meetings etc.
<p>1) The Audit Committee shall have minimum three members of which 2/3rd shall be Independent/ non executive Directors.</p> <p>2) The chairperson of the Audit committee shall be independent / non executive director who shall not be a member of any committee of the Board which has a mandate of sanctioning credit exposures.</p> <p>3) The Chairperson of the Board shall not be the member of the Audit Committee.</p> <p>4) All Members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial</p>	<p>The role of the Audit Committee shall include the following.</p> <p>A. Financial Statement:</p> <p>1) Overview of the SIDBI financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.</p> <p>2) Review of the periodical financial statement before submission to the Board.</p> <p>3) Review of the annual financial statements and auditor's report thereon with particular reference to:</p> <p>3.1. matters required to be included in the directors' responsibility statement as a part of the board's report.</p> <p>3.2. changes, if any, in accounting policies and practices and reasons for the same.</p> <p>3.3. major accounting entries involving estimates based on the exercise of judgment by management.</p> <p>3.4. significant adjustments made in the financial statements arising out of audit findings.</p> <p>3.5. compliance with listing and other legal requirements relating to financial statements.</p> <p>3.6. disclosure of any related party transactions.</p> <p>3.7. modified opinion(s) in the draft audit report.</p> <p>3.8. related party transactions.</p> <p>3.9. Inter corporate loans and advances.</p> <p>B. Internal Control & Audit:</p> <p>1) to review the functioning of the whistle blower mechanism.</p>	<p>1) Invitees: CFO, Finance Head, Board Secretary and Auditor's</p> <p>2) Quorum: One third or three members, whichever is higher.</p> <p>3) Meetings: At least one meeting in a quarter and not more than 120 days shall elapse between any two consecutive meetings.</p>

<p>management/Professional expertise.</p> <p>5) The Members of the Audit Committee shall elect a Chairman from amongst themselves, who shall necessarily be an Independent Director where regular chairperson is not appointed or could not attend the meeting.</p> <p>6) The Company Secretary shall act as Secretary to the Committee Meetings.</p>	<p>2) to review internal audit reports relating to internal control weaknesses and management letters / letters of internal control weaknesses issued by the statutory auditors.</p> <p>3) reviewing the adequacy of internal audit function including coverage and frequency of internal audit.</p> <p>4) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.</p> <p>5) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.</p> <p>6) reviewing, with the management, the statement of uses / application of funds raised through an issue.</p> <p>7) recommendation for appointment, remuneration and terms of appointment of auditors.</p> <p>8) approval of payment to statutory auditors for any other services rendered by the statutory auditors.</p> <p>9) to review management discussion and analysis of financial condition and results of operations.</p> <p>10) evaluation of internal financial controls and risk management systems.</p> <p>11) to review the performance of statutory and internal auditors, adequacy of the internal control systems.</p> <p>C. Related Party Transactions/intercorporate loans and investments:</p> <p>1) to grant omnibus approval of the routine related party transactions.</p> <p>2) to recommend any matter relating to related party transactions.</p> <p>3) approval or any subsequent modification of transactions of the listed entity with related parties.</p> <p>4) scrutiny of inter-corporate loans and investments.</p> <p>D. Defaults/ Deviations etc:</p> <p>1) to look into the reasons for substantial defaults in the payment, if any, to the depositors, debenture holders/shareholders and statutory dues.</p> <p>2) to review the action taken on inspections report of RBI (DoS).</p> <p>3) to review cases if any of frauds and action taken thereof.</p> <p>4) quarterly statement of deviation(s) including report submitted to exchange.</p>	
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Risk Management Committee (RiMC)		
Compositions	Brief description of terms of reference	Invitees/Quorum/Meetings etc.
<p>1) RiMC shall have minimum three members with majority being independent / non-executive directors.</p> <p>2) The Chairperson of the RiMC shall be an independent / non-executive director and a member of the Board.</p>	<p>The roles and responsibilities of RiMC shall be as per Enterprise Risk Management (ERM) policy as approved / modified by the Board from time to time. As per present ERM policy, the role of the RiMC shall include the following.</p> <ol style="list-style-type: none"> 1) To formulate Risk Management policies for Credit, Market and Operational risks and policies for ALM, Investment, ICAAP and such other policies having a bearing on the risks faced by the Bank (e.g. Security and Collateral Management Policy, etc.) and recommend to the Board for its approval which shall include the followings: <ol style="list-style-type: none"> a. framework for identification of internal and external risks specifically faced by SIDBI, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee. b. Measures for risk mitigation including systems and processes for internal control of identified risks. c. Business continuity plan 2) Carry out periodic review of the risk policies and risk framework at least once in two years, including by considering the changing industry dynamics and evolving complexity. 3) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of SIDBI 4) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems 5) Define / revise the roles and responsibilities of the other Risk Management Committees viz. Enterprise Risk Management Committee (ERMC) and Asset Liability Management Committee (ALCO). 6) Provide guidance / directives on the matters raised by ERMC / ALCO. 	<ol style="list-style-type: none"> 1) Invitees: Legal or other Professionals or Outside Experts, if required. 2) Quorum: One third or two members, whichever is higher 3) Meeting: at least once in a quarter.

	<p>7) Review risk capital charge calculation methodology (ICAAP) and impact on Bank's capital.</p> <p>8) Review profiles of risks across the organization and review adherence to the risk limits specified by the Board.</p> <p>9) Approve development, implementation and modification of credit and operational risk measurement/ assessment, methodologies, models, tools and frameworks as well as framework for periodic validation of any risk measurement/ management model implemented in the Bank.</p> <p>10) To minimize the risks at borrower level and portfolio level, approve the lendable / investment rating grades and set up the exposure limit structure in line with the Bank's risk appetite and monitor compliance.</p> <p>11) Approval for roll-out of New Products and modifications in existing Products based on the recommendation of Product Innovation and Review Committee (PIRC), except the proposals under Test Marketing which are approved by PIRC.</p>	
Nomination & Remuneration Committee (NRC)		
Compositions	Brief description of terms of reference	Invitees/Quorum/Meeting etc.
<p>The composition of NRC shall be as follows:</p> <p>1) the committee shall comprise of at least three directors.</p> <p>2) all directors of the committee shall be independent / non-executive directors and</p> <p>3) the chairperson of the Board, whether executive</p>	<p>The role of NRC shall include the following.</p> <p>1) To consider and approve the payment of Performance Linked Incentive to Whole Time Directors (CMD and DMDs) of the Bank in terms of the guidelines provided by Government of India.</p> <p>2) To recommend to the Board to co-opt such number of directors, not exceeding four, under first provisos of section 6 (1) (f) of SIDBI Act,</p> <p>3) To recommend to the Board regarding extension/ continuation of the term of such appointment of the co-opted directors, on the basis of the report of performance evaluation of such directors.</p> <p>4) To formulate criteria for evaluation of performance of the board of directors;</p>	<p>1) Quorum: One third or two members, whichever is higher.</p> <p>2) Meeting: at least once in a year.</p>

<p>or non-executive, shall not be chairperson of the committee.</p>		
<p>IN ACCORDANCE WITH SEBI LODR</p>		
<p>Stakeholder Relationship Committee (SRC)</p>		
<p>Compositions</p>	<p>Brief description of terms of reference</p>	<p>Invitees/Quorum/Meeting etc.</p>
<p>The composition of SRC shall be as follows:</p> <ol style="list-style-type: none"> 1) The committee shall have minimum three directors out of which at least one shall be independent / non-executive director. 2) The chairperson of the committee shall be independent / non-executive director. 	<p>The role of the committee shall include the following.</p> <ol style="list-style-type: none"> 1) Resolving the grievances of the security holders of the SIDBI including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. 2) To Review measures taken for effective exercise of voting rights by shareholders. 3) To review the adherence to the service standards adopted by the SIDBI in respect of various services being rendered by the Registrar & Share Transfer Agent. 4) To review of the various measures and initiatives taken by SIDBI for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company. 	<ol style="list-style-type: none"> 1) Quorum: One third or two members, whichever is higher. 2) Meetings: at least once in a year.

INTERNAL COMMITTEE OF SIDBI PRESCRIBED UNDER SIDBI ACT, 1989		
Executive Committee (EC)		
Composition	Brief description of terms of reference	Invitees/Quorum/Meetings etc.
<p>1) The executive committee shall have minimum three members comprised of the followings.</p> <p>1.1. Chairman and Managing Director</p> <p>1.2. The Whole-time Directors and</p> <p>1.3. At least one other director</p>	<p>The role of executive committee shall be as follows:</p> <ol style="list-style-type: none"> 1) Approval of credit and investments related proposals (under various schemes of assistance) as per credit exposure norms/delegation. 2) Sanction of refinance assistance to Banks/SFB involving relaxation in norms beyond the relaxable caps prescribed under the scheme. 3) Sanctions, OTS, restructuring etc to Banks and SFCs under Institutional Finance. 4) Proposals for approval / sanction of exposure and securitization/ assignment of specified portfolio w.r.t NBFCs under Institutional Finance. 5) Approval of proposals involving any relaxation in benchmark norms for sanction, eligibility parameters and other parameters for sanction as per DoP and proposals involving Connected Lending provisions. 6) Sanction of commitments to SEBI registered Alternative Investment Funds on the recommendation of Venture Capital Investment Committee. 7) Disinvestment of equity stake in TCOs below reserve price; and 8) The Executive Committee shall discharge such functions as may be prescribed or as may, be delegated to it by the Board from time to time. 	<ol style="list-style-type: none"> 1) Quorum: One third or two members, whichever is higher, including at least one independent / non executive director. 2) Meetings: Need based.

COMMITTEES CONSTITUTED IN TERMS OF RBI GUIDELINES OR AS DECIDED BY THE BANK / BOARD		
Recovery Review Committee (RRC)		
Compositions	Brief description of terms of reference	Invitees/Quorum/Meetings etc.
1) The RRC shall be constituted in the following manner. 1.1. CMD as Chairman of the Committee, 1.2. Two DMDs, 1.3. At least one other director	The Recovery Review Committee shall review the NPA cases having principal outstanding of ₹5 crore and above and SMAs, restructured accounts.	1) Quorum: One third or two members, whichever is higher. 2) Meetings: At least once in a quarter.
Review Committee on Wilful Defaulters & Non Cooperative Borrowers (RCWD&NCB)		
Compositions	Brief description of terms of reference	Invitees/Quorum/Meetings etc.
The RCWD & NCB shall have minimum three directors with CMD as chairman of the committee and other two directors shall be co-opted directors.	To review the orders passed by the Committee for Identification of Wilful Defaulters & Non-Cooperative Borrowers for identifying cases as wilful defaulters & non-cooperative borrowers. The Committee will also review, on half-yearly basis, cases of wilful default and non-cooperative borrowers and declassification, if any, thereof.	1) Quorum: One third or two members whichever is higher. 2) Meetings: Need based.
Special Committee to Monitor Large Value Frauds (SCMLVF)		
Composition	Brief description of terms of reference	Invitees/Quorum/Meetings etc.
The SCMLVF shall have minimum five members comprised of the followings.	1. To monitor and review all frauds of ₹1 crore and above so as to: 1.1. Identify systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same. 1.2. Identify the reasons for delay in detection, if any, reporting to top management of the bank and RBI.	1) Quorum: One third or two members whichever is higher.

<p>1) CMD 2) Two members of Audit Committee 3) Two other directors</p>	<p>1.3. Monitor progress of CBI/Police investigation and recovery position. 1.4. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time. 1.5. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls. 1.6. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.</p>	<p>2) Meetings: At least once in a quarter.</p>
<p>Customer Service Committee (CSC)</p>		
<p>Compositions</p>	<p>Brief description of terms of reference</p>	<p>Invitees/Quorum/Meetings etc.</p>
<p>The CSC shall have minimum three members comprised of the followings: 1) CMD 2) At least one DMD 3) At least one other director</p>	<p>The Customer Service Committee shall review the status of customer service in the Bank and suggest measures to improve quality of customer services. The Committee also monitors the customer grievances and timely resolution thereof.</p>	<p>1) Quorum: One third or two members whichever is higher. 2) Meetings: At least once in a quarter.</p>
<p>IT Strategy Committee (ITSC)</p>		
<p>Compositions</p>	<p>Brief description of terms of reference</p>	<p>Invitees/Quorum/Meeting etc.</p>
<p>1.1. The IT Strategy Committee shall have minimum two directors as members, at least one shall be an independent/non-executive director. 1.2. IT Strategy Committee members should be</p>	<p>The role of ITSC shall include the following. 1) Approving IT vision, strategy and IT policy documents owned by ITV. 2) Ensuring that the management has put an effective strategic planning process in place. 3) Ensuring that the business and IT strategy are in alignment. 4) Ensuring that the IT organizational structure complements the business model and its direction. 5) Ascertaining that management has implemented processes and practices which ensure that the IT delivers value to the business.</p>	<p>1) Invitees: CISO / CTO / External expert. 2) Quorum: One third or two members whichever is higher. 3) Meetings: At least one meeting in a quarter and not more than 120 days shall elapse between any</p>

<p>technically competent. Technically competent herein will mean the ability to understand and evaluate technology systems.</p> <p>1.3. At least one member should have substantial IT expertise in managing technology.</p> <p>1.4. The Committee would be chaired by an independent/non-executive director.</p>	<p>6) Ensuring IT investments represent a balance of risks and benefits for sustaining Bank's growth and that budgets are acceptable (i.e. recommend IT budget to the Board).</p> <p>7) 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.</p> <p>8) Becoming aware about exposure towards IT risks and controls and evaluating effectiveness of management's monitoring of IT risks.</p> <p>9) Overseeing the aggregate funding of IT at Bank level, and ascertaining if the management has resources to ensure the proper management of IT risks.</p> <p>10) Reviewing IT performance measurement and contribution of IT to businesses (i.e., delivering the promised value).</p> <p>11) IT Strategic Committee shall also act as apex committee for Information and Cyber Security. Take strategic and financial decisions on the information security plan to maintain a satisfactory level of information security in the Bank.</p> <p>12) Establish a structure for implementation of an information security programme to enable a consistent and effective information security programme implementation.</p> <p>13) Establish strong cyber security system and processes.</p> <p>14) Establishing necessary organizational processes for information security and providing necessary resources for successful information security.</p>	<p>two consecutive meetings.</p>
<p>Deputy Managing Director – Management Committee (DMD-MC)</p>		
<p>Compositions</p>	<p>Brief description of terms of reference</p>	<p>Invitees/Quorum/Meeting etc.</p>
<p>1) The Committee shall have at least three members as under:</p> <p>2) At least 1 DMD</p> <p>3) At least two independent / non-executive directors.</p> <p>4) DMD shall be the chairman of the committee.</p>	<p>The role of DMD-MC shall include the following.</p> <p>1) Approval of One Time Settlement (OTS) involving principal sacrifice as per DoP approved from time to time.</p> <p>2) Approval of OTS / Part settlement of Wilful default /Non-Cooperative / fraud cases.</p> <p>3) Approval of reduction in rate of interest on OTS amount / waiver of such interest under all schemes of OTS for OTS cases sanctioned by DMD-MC or higher Committee(s)</p>	<p>1) Quorum: One third or two members whichever is higher.</p> <p>2) Meetings: Need based.</p>

	4) Approval of list of assets for sale to Banks/ FIs/ NBFCs/ ARCs as per DoP approved from time to time	
Committee on “Sustainable Development Goals” (CSDG)		
Compositions	Brief description of terms of reference	Invitees/Quorum/Meeting etc.
5) The Committee of CSDG shall have at least three members as under: 6) At least 1 DMD 7) At least one independent / non-executive director. 8) At least one external expert.	The committee on “Sustainable Development Goals” shall formulate strategy for the Bank for helping the MSMEs / stake holders achieving SDGs. It shall monitor and review the initiatives of the Bank related to SDG and guide the Bank for effective implementation of SDG agenda particularly climate change, carbon neutrality, sustainability, etc. It shall also guide and supervise development of guidelines for environmental, social, and governance (ESG), relevant for MSME Sector and monitor implementation thereof.	1) Quorum: One third or two members whichever is higher. 2) Meetings: Need based.

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