

Terms of Reference of Various Committees of the Board

A. Audit Committee of Directors

1. To consider internal audit reports, reviews internal controls and verify that the system for internal control are adequate and are operating effectively and provides guidance and direction to the internal audit function. To review the corporate accounting and reporting practices and also considers changes in accounting policy. Review with the management the quarterly/ half yearly and final financial statements of the Company, before submission to the Board for approval.
2. To have an oversight of the Company's financial reporting process and the disclosure of its financial information so as to ensure that the financial statement is correct, sufficient and credible.
3. To review with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - A. Matters to be included in the Director's Responsibility Statement in the Board's Report in terms of section 134 of the Companies Act, 2013.
 - B. Changes, if any, in accounting policies and practices and reasons for the same.
 - C. Major accounting entries involving estimates based on the exercise of judgment by management.
 - D. Significant adjustments made in the financial statements arising out of audit findings.
 - E. Compliance with listing and other legal requirements relating to financial statements.
 - F. Qualifications/ modified opinions in the draft audit report, if any
 - G. Disclosure of any Related Party Transactions.
4. To review, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
5. To review the adequacy of internal audit function, if any, including the structure

of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit. It can have discussion with internal auditors regarding any significant findings and follow up there on.

6. To review the findings of any internal investigations by the internal auditors/ auditors/ agencies 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.
7. To have discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern. Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts and the effective use of all audit resources.
8. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
9. The Committee shall mandatorily review the following information:
 - a) Management Discussion and Analysis of financial condition and results of operations.
 - b) Statement of related party transactions submitted by the management
 - c) Management Letters / Letters of internal control weaknesses issued by the statutory auditors
 - d) Internal Audit reports relating to internal control weaknesses and
 - e) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to the review by the Audit Committee
 - f) Certification/ declaration of financial statements by the Chief Executive Officer/ Chief Financial Officer.
 - g) Statement of deviations:
 - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchanges in terms of Regulation 32(1)
 - b. Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice in terms of Regulation 32(7)
10. The recommendation of appointment, remuneration and terms of appointment of Auditors of the Company;
11. Review and monitor the auditor's independence and performance, and

effectiveness of audit process;

12. Examination of the financial statement and the auditor's report thereon;
13. Approval or any subsequent modification of transactions of the Company with related parties;
14. Scrutiny of inter-corporate loans and investments;
15. Valuation of undertakings or assets of the Company, wherever it is necessary;
16. Evaluation of internal financial controls and risk management systems;
17. To review with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notices and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
18. Formulation of the scope, functioning, periodicity and methodology for conducting the internal audit, in consultation with the internal auditor(s)
19. Overseeing of the vigil mechanism along with making provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. Also to review the functioning of the Vigil Mechanism/ Whistle Blower Mechanism.
20. Approval of appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
21. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
22. To ensure that an Information Systems Audit of the Internal Systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

23. Discussion with Internal Auditors and or Auditors of any significant findings and follow up thereon.
24. Powers of Audit Committee:
 - i. To investigate any activity within its terms of reference.
 - ii. To seek information, on and from an employee.
 - iii. To obtain outside legal or other professional advice.
 - iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.
 - v. To protect whistle blower.
25. To review the follow-up action on the audit observation of the C&AG Audit.
26. To review the follow-up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
27. To provide an open avenue of communication between the independent auditors, internal auditors and the Board of Directors.
28. To review all related party transactions in the Company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.
29. To consider and review the following with independent auditors and the management:
 - a. The adequacy of internal controls including computerized information system controls and security, and
 - b. Related findings and recommendations of the independent auditors and internal auditors, together with the management responses.
30. To consider and review the following with the management, internal auditor and the independent auditor:
 - a. Significant findings during the year, including the status of previous audit recommendations
 - b. Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
31. Reviewing the utilization of loans and/ or advances from/investment by IFCI in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary,

whichever is lower, including existing loans / advances / investments existing as on April 01, 2019.

32. To review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, once in a Financial Year.
33. Fraud review and reporting
34. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

B. Nomination and Remuneration Committee of Directors

1. Identifying persons who are qualified to become directors (excluding Independent Directors and Government Nominee Directors) and who may be appointed in Senior Management as per the criteria laid down and recommending to the Board their appointment and removal.

“Senior Management” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

2. The Committee shall evaluate performance of every Director.
3. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy relating to the remuneration of the Directors, KMP and other employees.
4. The Committee shall also formulate and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial personnel and other employees.
5. To formulate the criteria for evaluation of performance of Independent Directors and the Board.
6. To devise a Policy on Board Diversity.
7. To decide on the annual bonus/ variable pay pool and policy for its distribution across the executives and non-unionised supervisors, within the prescribed limits.

8. Whether to extend or continue the terms of appointment of the Independent Directors on the basis of the report of performance evaluation of Independent Directors.
9. Formulation of Policy on HR matters, including career management and succession planning.
10. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
11. The Committee shall specify the manner for effective evaluation of performance of Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an Independent External Agency and review its implementation.

C. Stakeholders' Relationship Committee of Directors-

1. Resolving the grievances of the security holders of the Company 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. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

D. Business Responsibility Reporting Committee

To oversee the implementation of the Business Responsibility.

E. Risk and Asset Liability Management Committee of Directors

1. To formulate a detailed risk management policy which shall include:-
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, 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. Satisfying itself that policies and procedures are in place to manage risks to which the institution is exposed, including credit, market, operational and reputational risks.
3. Critically assessing the institution's business strategies and plans from a risk perspective and advising the Board suitably.
4. Deciding the risk measurement methodologies, setting limits for risk management and reviewing, periodically, the actual positions vis-à-vis the limits set.
5. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
6. Satisfying itself that exceptional reporting framework is in place in the institution.
7. Reviewing the risk management policies periodically at least once in two years, including by considering the changing industry dynamics and evolving complexity and suggesting the changes required in tune with the market environment.
8. Review of major policies viz., General Lending Policy, Integrated Risk Management Policy, Treasury and Investment Policy, Fraud Risk Management Policy and recommend for approval of the Board.
9. Review Cyber Security and the Risk associated with it.
10. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
11. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

12. Any other matter that is covered under Board approved Integrated Risk Management Policy.

F. Review Committee on Wilful Defaulter

In line with the RBI Circular, the Review Committee shall review the order of the first Committee and the order shall become final only after it is confirmed by the Review Committee.

G. Review Committee on Non-Co-operative Borrowers & Recovery and NPA Management Committee of Directors

1. To have more effective control on the recovery of both Standard Accounts as well as NPA Accounts.
2. To monitor the recovery efforts in all accounts
3. To ensure that all accounts are properly identified for classification as NPA
4. Periodic review of Non-Performing Assets / Investments.
5. Review of SMA Accounts.

H. Executive Committee of Directors

The terms of reference of the Committee is as per the prevailing approved General Lending Policy of IFCI. In addition, the following will be part of the Terms of Reference:

1. To review the affairs of assisted concerns and/or to note/approve merger/amalgamation/ change of controlling interest / management/hiving of divisions/one time settlement / negotiated settlement of dues/ conversion of loans into equity/ rehabilitation package/ restructuring/ rescheduling of terms of financial assistance to all concerns with outstanding principal amount and to approve consequential waiver of dues.
2. To review the status report of NCLT Cases.
3. To consider all other MIS/Periodical reports by the management in which no policy issues are involved.

a) To consider and note/approve periodical reports stated below:

-Relaxations/ Modifications in the terms of sanction of financial assistance/ settlements /Restructuring by Committee headed by CEO & MD and as per the delegation of Power approved by the Board.

-Technical Write offs – 100% provisions made – below ₹100 crore approved by CEO & MD.

-Approvals granted by CEO & MD for recall of loans and filing of suits.

-Sale of assets approved by CEO & MD

-Review of special schemes.

- Credit Enhancement Guarantee Scheme for the Scheduled Caste.

b) To consider all other MIS/Periodical reports by the management in which no policy issues are involved.

4. Premature repayment of loans approved by CEO & MD – Half-yearly report.

5. Term Loans granted by Institutions against guarantees of Central/ State Govt./ Govt. undertaking – Statement showing defaults.

6. Review of contingent liabilities under Deferred Payment Guarantee/ Foreign Loan Guarantee.

7. Control Report to Executive Committee for all sanctions by CIC alongwith deviations (within the power of CIC)

8. In addition to the above any other matter forming part of the Delegation of Power and as approved by the Board of Directors.

I. IT Strategy Committee of Directors

1. To guide IT Department of the Company to develop and implement all IT policies and procedures, including those for architecture, security, disaster recovery.

2. To oversee the streamlining operation of the IT in the organization.

3. To oversee the deployment of long-term strategic plans for acquiring and enabling efficient and cost effective information processing and communication technologies.
4. To review, report on and make recommendations for the improvement of the IT infrastructure and IT systems.
5. To oversee the acquiring, deployment, monitoring, maintenance, development, and support of all hardware and software based on department needs.
6. To seek IT solutions that support business operations.
7. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
8. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
9. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
10. 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;
11. Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
