

# Annexure-II



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## SECRETARIAL AUDIT REPORT For the financial year ended March 31, 2025

[Pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,  
**The Members,**  
**Small Industries Development Bank of India (SIDBI)**  
Corp. Office: SIDBI, Swavalamban Bhavan,  
C-11, G-Block, Bandra-Kurla Complex, Bandra East,  
Mumbai - 400051, Maharashtra, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Small Industries Development Bank of India** (hereinafter called the **SIDBI**).

Based on my said verification of SIDBI's books, papers, minute books, forms and returns filed and other records maintained by SIDBI and also the information provided by SIDBI during the conduct of secretarial audit, I hereby report that in my opinion, SIDBI has complied with the statutory provisions listed hereunder for the financial year ended on 31<sup>st</sup> March, 2025 and also that SIDBI has proper Board-processes and compliance-mechanism in place (subject to the observations mentioned in this report):

I have examined the books, papers, minute books, forms and returns filed and other records maintained by SIDBI for the financial year ended on 31<sup>st</sup> March 2025 according to the provisions of:

- (i) The Small Industries Development Bank of India Act, 1989 (SIDBI Act, 1989);
- (ii) The Small Industries Development Bank of India General Regulations, 2000;
- (iii) The Companies Act, 2013 (the Act) and the rules made thereunder as amended; (Not Applicable to SIDBI during the Audit Period)
- (iv) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder as amended; (Not Applicable to SIDBI during the Audit Period)
- (v) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder as amended; (Not Applicable to SIDBI during the Audit Period)
- (vi) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (to the extent Applicable to SIDBI during the Audit Period)
- (vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not Applicable to SIDBI during the Audit Period)
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;



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- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015; *(to the extent Applicable to SIDBI during the Audit Period)*
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 *(Not Applicable to SIDBI during the Audit Period)*;
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; *(to the extent Applicable to SIDBI during the Audit Period)*
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; *(to the extent Applicable to SIDBI during the Audit Period)*
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; *(Not Applicable to SIDBI during the Audit Period)*;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; *(Not Applicable to SIDBI during the Audit Period)*;
- (i) The Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992;
- (j) The Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007;
- (k) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
- (l) The Securities and Exchange Board of India (Intermediaries) Regulations, 2008.

I have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India; *(Not Applicable to SIDBI during the Audit Period)*
- (b) The Listing Agreements entered into by the SIDBI with the Stock Exchange viz NSE Ltd along with the relevant Regulations of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 as applicable for respective periods.

During the period under review, SIDBI has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, *subject to the following observations:*

- As per available record, it is to be noted that "MUDRA" is a material subsidiary of SIDBI and hence Secretarial Audit Report (MR-3) of MUDRA was to be annexed with an Annual Report of SIDBI for the F.Y. 2023-24. However, said information is missing in the said Annual Report for 2023-24, as stipulated in Reg. 24A of SEBI (LODR). As explained by the management, during the F.Y. 2023-24, the said regulation was applicable on comply or explain basis. It is mandatorily applicable with effect from 01 April 2025 and accordingly SIDBI will comply with the same in upcoming financial year. In our view, clarification given by the management is satisfactory to us.
- As per minutes of Annual General Meeting held on 25th September, 2024, it is observed that Chairperson of Stakeholder Relative Committee was not present, as stipulated in Reg. 20(3) of SEBI (LODR). As explained by the management, the chairperson of Stakeholders Relationship Committee had completed his tenure on August 10, 2024. Hence, he was not present in the AGM held on September 25, 2024. As explained by the management, during the F.Y. 2024-25, the said regulation was applicable on comply or explain basis. It is mandatorily applicable with effect from 01 April 2025 and accordingly SIDBI will henceforth adhere to the regulation. In our view, clarification given by the management is satisfactory to us.





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- As per available information, we have not found details of separate meetings of Independent Directors, as stipulated in Reg. 25(3) of SEBI (LODR). As explained by the management, Regulation 25(3) is mandatorily applicable with effect from 01 April 2025. Formal meeting of Independent Directors, as per regulations, will be held from FY 2025-26 onwards. In our view, clarification given by the management is satisfactory to us.
- Under SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007, listed entity or any of its employee needs to obtain certificate from National Institute of Securities Markets (NISM) established by the SEBI. As per available record, SIDBI or any of its employee has not obtained such certificate. Also, no activity permitted under the merchant Banking registration Certificate was undertaken by SIDBI during the FY 2025. As explained by the management, they are in to the process of obtaining the same. In our view, clarification given by the management is satisfactory to us.
- As per Regulation 23(2), All related party transactions [and subsequent material modifications] shall require prior approval of the audit committee [of the listed entity]. While SIDBI had taken prior approval for prospective related party transaction for the period from April 01, 2024 till March 31, 2025, from its Audit Committee at its meeting held on May 29, 2024, there were some transactions for which prior approval was not obtained. However, all such transactions reported to and ratified by the AC on a quarterly basis. As explained by the management, related party transactions (RPTs) without prior approval were those which could not be identified at the time of taking prior approval. However, all such approval were ratified by the Audit Committee (AC) subsequently. Further, the Bank had approval from the AC to enter into additional RPTs, over and above the limits so approved and/or for unplanned transactions, subject to post facto reporting and ratification by the AC on a quarterly basis.

### I further report that:

- The Board of Directors of SIDBI is duly constituted with proper balance of Executive Directors, Non-Executive Directors and/or Independent Directors.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the resolutions were passed with consent of majority Directors/Unanimously.

### I further report that:

- there are adequate systems and processes in the SIDBI commensurate with the size and operations of the SIDBI to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



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I further report that during the audit period there were no specific events/actions having a major bearing on the SIDBI's affairs in pursuance of the above referred laws, rules, guidelines and standards.

For: M/s. DEEP SHUKLA & ASSOCIATES  
COMPANY SECRETARIES  
(Peer Review Certificate No: 2093/2022)



Place: Mumbai  
Date: 28/04/2025

DEEP SHUKLA  
{PROPRIETOR}  
FCS: 5652  
CP NO.5364  
UDIN:F005652G000217897

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## Annexure to Secretarial Report and forming part of the report

To,  
**The Members,**  
**Small Industries Development Bank of India (SIDBI)**  
 Corp. Office: SIDBI, Swavalamban Bhavan,  
 C-11, G-Block, Bandra-Kurla Complex, Bandra East,  
 Mumbai - 400051, Maharashtra, India.

I further state that my said report of the even date has to be read along with this letter.

1. Maintenance of Secretarial/ Statutory Records is the responsibility of the Management of the SIDBI. My responsibility is to express an opinion on these records based on the audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the SIDBI.
4. Wherever required I have obtained *orally*, the Management representation about the compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standard is the responsibility of management. My examination is limited to the verification of procedures on test basis and shall not stand responsible for any non-compliance.
6. The Secretarial Audit report is neither an assurance as to the future viability of the SIDBI nor of the efficacy or effectiveness with which the management has conducted the affairs of the SIDBI.

For: M/s. DEEP SHUKLA & ASSOCIATES  
 COMPANY SECRETARIES  
 (Peer Review Certificate No: 2093/2022)

Place: Mumbai  
 Date: 28/04/2025

DEEP SHUKLA  
 {PROPRIETOR}  
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