



Corporate Governance Practices of State Bank of India Global Factor Ltd.

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ABSTRACT:

Effective corporate governance is pivotal to the proper functioning of the financial institutions and the economy as a whole. Financial Institutions perform a crucial role in the economy by intermediating funds from savers and depositors to activities that support enterprise and help drive economic growth. The objective of this study is to analyze the concept of corporate governance in Non-banking financial companies and to evaluate the corporate governance practices of SBIGFL during the year 2020-21. The corporate governance practices of SBIGFL is examined on the basis of elements like shareholding pattern, board practices, board committees and disclosures and transparency of information. It is clear from the above observations that SBIGFL has complied with the requirements of Clause 49 of the listing agreement, as far as mandatory information is concerned. But more efforts should be directed towards the compliance of non-mandatory requirements.

INTRODUCTION:

Governance is synonymous to discipline and it is a key in every sphere of life. We need good governance in every field and everywhere. Good governance is one which is accountable, transparent, responsive, equitable and inclusive, effective and efficient, participation oriented and which follows the rule of law. The concept of corporate governance covers a set of rules, procedures and operational structures that guides the short-term and long-term actions of companies. Safety and soundness are key to financial stability, and the manner in which they conduct their business, therefore, it is central to economic health. Governance weaknesses play a significant role in the financial system can result in the transmission of problems across the banking sector and the economy as a whole.

The purpose of corporate governance in financial sector without any doubts build and strengthen the accountability, credibility, trust, transparency and integrity. If there won't be any regulatory watchdog which regulates the governance of the institutions, then they can decide things by their own whims and fancies. Corporate governance protects not just economy of the country but also the shareholders, employees, supervisors, customers and public at large.

CORPORATE GOVERNANCE IN NBFCs:

The corporate governance in NBFCs is different as well as unique. It is because its activities are less transparent. Thus, it becomes difficult for shareholders and creditors to monitor the activities of the NBFCs. Moreover, these

financial institutions differ from many other companies when it comes to complexity and range of their business risks. Therefore, the corporate governance structure is essential and it should be enhanced.

The NBFC sector in India has definitely not remained unaffected by the developments taking place worldwide. Enhancing the level of the corporate governance structure of Indian NBFCs is imperative. The regulatory bodies in India are the Reserve Bank of India (RBI) and the Securities Exchange Board of India. The RBI performs the corporate governance function under the Board for Financial Supervision (BFS).

RECENT STEPS BY NBFCs FOR BETTER CORPORATE GOVERNANCE IN NBFCs:

Some of the recent steps by NBFCs in India for corporate governance in NBFCs are as follows:

- Constitution of committees such as Management Committee, investor's grievances committee, ALM (Asset Liability Management) committee etc.
- Gradual implementation of prudential norms as stated by the Reserve Bank of India.
- Introduction of Citizen's charter in NBFCs.
- Implementation of the concept of KYC (Know Your Customer).
- Responsibility of the Board of Directors and top management for good corporate governance.

ETHICAL ISSUES IN CORPORATE GOVERNANCE:

A corporate fraud is a term used to denote a fraud that occurs within an organization by its own owners or by its managers and involves intentional dishonesty to trick the public, investors or lending institutions thereby resulting in financial gains to the individual or to the organization. Majority of the corporate frauds come under the category of asset misappropriation, money laundering, frauds done by senior management, accounting frauds and regulatory non-compliance.

The above-mentioned practices dent the image of our financial system. The organizations are therefore required to be vigilant and attentive to these issues and concerns. They should adopt pro-active and anti-fraud measures as opposed being reactive.

KEYS TO SOLVE THESE ETHICAL ISSUES FACING CORPORATE GOVERNANCE:

The following factors can be the key to solve the ethical issues:

Sound Risk Management Framework

Due to the occurrence of major financial crisis, a lot of emphasis is given on strengthening the risk management practices for financial and non-financial institutions. In case of financial institutions, much attention is given to financial risk like market risk, credit and liquidity.

Data Management and Analysis

The ability of an organization to generate revenue, to manage expenses and to extenuate risks is known by its ability to share, store, retain and retrieve the escalating data. An effective management of data can attract large customer base and improve customer relationship as well thereby generating more revenue.

Code of Conduct for Board of Directors

People have often questioned the need for corporate board however time and again it has been proven that their presence has made the difference at the time of organizational crisis.

Internal and External Control System

The approved policies and procedures followed by the management to bring about smooth and proper functioning of business is the meaning of Internal Control system. It helps in avoiding different forms of risks like improper maintenance of accounts, frauds and unauthorized transactions which can affect the financial performance of an organization.

External control system involves the government regulations, market competition, public release and assessment of financial statements.

Forensic accounting

Forensic accounting is a field related to accountancy profession wherein accountants implement their accounting skills, auditing and investigatory skills to detect frauds, bankruptcy and other litigations. The role of forensic accountants in probing corporate frauds has been widely spoken about. However, it is still in its early stages in India.

Role of Independent auditor

The basic aim of formulating a set of codes for corporate governance is to enhance the auditing process so as to retain the interests of all stakeholders and investors. The auditor holds the authority to capture the offender, remove bias from the financial reports of the company and objectively report. Of late a lot of emphasis has been given on the auditor's role with respect to Corporate Governance. It is because auditors are responsible for detecting scams.

The policy of Whistle blowing

It is considered as a valuable tool in an organization's corporate governance strategy. It refers to the internal policy designed to give employees the option of reporting about any suspicious activity to the management which amounts to the infringement of company's norms or code of conduct.

REVIEW OF LITERATURE

Mridushi Swarup (2011)¹ studied nature and purpose of corporate governance in banking sector. And concluded that the special nature of banking institutions necessitates a broad view of corporate governance where regulation of banking activities is required to protect depositors. In developed economies, protection of depositors in a deregulated environment is typically provided by a system of prudential regulation, but in developing economies such protection is undermined by the lack of well-trained supervisors, inadequate disclosure requirements, the cost of raising bank capital and the presence of distributional cartels.

Dr. Ram Singh, Dr. Rohit Bansal, Dr. Nishant Gupta, Prof. (Dr.) SK Srivastava (2020)² have studied on seven parameters as per SEBI Clause & RBI guidelines for corporate governance; each of them is analyzing the status of Corporate Governance disclosures. Those are: 1. Board Structure Strength & Size. 2. Director's Attendance in Board Meetings 3. Audit Committee 4. Grievances of Shareholders & Investors 5. Remuneration Committee 6. Mandatory Statutory Disclosures 7. Non-Mandatory Statutory Disclosure. The authors concluded that both private and public banks have consistent with corporate governance standards and disclosure rehearses according to SEBI clause 49 of listing agreement. All the chosen banks have kept up an ideal blend of chiefs as an official, non-official and free executive, and furthermore satisfied the recommended criteria of " list for executive directors in a budgetary year with a most extreme number of attendants of the considerable number

of executives". The banks have satisfied review panel as to straightforwardness in the arrangement of the council, various executive gatherings, and counsel with outside inspectors in regards to money related reports. All the chosen banks have satisfied criteria as to the synthesis of the investor's complaint board of trustees and mirroring the straightforwardness in the creation of panel and compensation paid to executives was enrolled in bank's yearly report.

Mohi-ud-Din Sangmi, Sumaira Jan (2014)³ in their study on Corporate Governance Policies in Indian commercial Banks: An Empirical Analysis have focused on significant difference between the Corporate Governance Policies of Public Sector Banks and Private Sector Banks in India. The study has concluded that sound Corporate Governance Policies are important to the creation of shareholders value and maintaining the confidence of customers and investors alike. After analyzing the Corporate Governance policies of the 33 Indian commercial banks, it has been found that there is no significant difference between the corporate Governance Policies of Public Sector Banks and Private Sector banks; in contrary to this, there exists a significant difference between the Old Private Sector Banks and New Private Sector Banks in India.

Ajanthan A, Balaputhiran S & Nimalathashan B (2013)⁴ studied Corporate Governance and Banking Performance in Private and State Banking Sector in Sri Lanka, with the objective to find out the relationship between corporate governance and banking performance and also find out the impact of corporate governance on banking performance. This study focused on four aspects of corporate governance namely; Board Size (BS), Board Diversity (BD), Outside Directors Percentage (OSDP) & Board Meeting Frequency (BMF). Banking performance has been measured through Return on Equity (ROE) and Return on Assets (ROA). The results revealed that all variables of corporate governance are positively correlated with ROE in state banks as well as, in private banks except BD and BMF other variables have strong negative relation with ROE, which is significant at 5percent level of significance. Similarly, except BMF other variables have negative relationship with ROA in state banks. Private Banks also show same relation except the variable BD. BD have strong negative relationship with ROA in state banks which is significant at 5 percent level of significance, but in private banks; positive relationship is denoted by BD which is not significant. Further concluded that corporate governance has a moderate impact on performance of both private and state banks.

Dr. Gomathi Viswanathan⁵ has discussed about various concepts like: need for corporate governance in banks and recommendations by various committees like: Birla Committee, Basel Committee. Keeping transparency in operations is must to survive and succeed in increasing competition globally. According to the author the customer has finally come to hold the central-stage and all banking products are tailor-made to suit his tastes and preferences.

Dr. Suman Kalyan Chaudhury, Prof. Debi Prasad Mishra, Santanu Kumar Das (2012)⁶ have focused on corporate governance issues in Indian banking sector in specific as banking sector deserves special attention, the sector is mainly responsible for the allocation financial resources to all other sector of any economy. While recent high-profile corporate governance failures in developed country have brought the subject to media attention. Through this research the authors have discussed about the corporate governance issues in the view of Basel and Birla committee recommendation and also have discussed about the need and prerequisites for corporate governance in Indian banking system. The study found that introduction of Basel II and international corporate governance standards for financial institutions necessitates that bank regulators from all relevant jurisdictions address these issues in a more systematic way than what has been the case in the past. Corporate governance is a rigorous activity evolving in analogous with change within internal and external contexts. The special nature of banking institutions necessitates a broad view of corporate governance where regulation of banking activities is required to protect depositors. In developed economies, protection of depositors in a deregulated environment is typically provided by a system of prudential regulation, but in developing economies such protection is undermined by the lack of well-trained supervisors, inadequate disclosure requirements, the cost of raising bank capital and the presence of distributional cartels.

Gupta, P. (2008)⁷, Corporate Governance in Indian Banking Sector, the research examines the practices of corporate governance attributes in banking sector and how they adhere to corporate governance practices. The results of this research indicate the practice of corporate governance is at nascent stage although corporate governance practices by Indian Banking Sector are more than a decade. However, hope is looming large for the proper implementation of corporate governance principles in Indian Banking Sector.

Md. Harun Ur Rashid, Shah Asadullah Mohd. Zobair, Md. Asad Iqbal Chowdhury, Azharul Islam (March 2020)⁸ investigated on corporate governance and banks' productivity with the evidence from the banking industry in Bangladesh. The authors have examined the productivity of 30 listed banks of Bangladesh deploying a Malmquist Productivity Index (an extension of Data Envelopment Analysis) with a panel data covering the period of five years from 2013 to 2017. The empirical results showed that the average productivity of the banks is 1.03%. Finally, the ordinary least square (OLS), fixed effect (FE), and random effect (RE) regression were run separately. The research outcomes showed that the productivity of the Bangladeshi banks was significantly influenced by financial performance, ownership structure, and board characteristics. The study provides the researchers, academicians, management of the banks, and regulatory body a new insight of how corporate governance influences the banks' productivity so that they can formulate a better policy to generate more productivity. The study also found that in Bangladesh, the board of directors holds the largest part of shares (33.24%); they would like to ensure better performance of their firms as possible for self-interest. Because of their foreign market exposure, the foreigners are showing their interest in investing in the Bangladeshi stock market; their diversified knowledge and experiences make the firms more productive. This study also documented that strong corporate governance provides better align executives' and shareholders' interests to improve banks' productivity.

Sonia Sharma (2014)⁹ evaluated the corporate governance practices in banking sector particularly in the ICICI Bank Ltd. on the basis of shareholding pattern, board practices, board committees and disclosures and transparency of information. It is clear from their observation that ICICI Bank has complied with the requirements of Clause 49 of the listing agreement, as far as mandatory information is concerned. And more efforts have been directed towards the compliance of non-mandatory requirements like fixation of retirement age of the directors, selection criterion for non-executive and independent directors and training of board members etc. From this study it has been observed that corporate governance and disclosure practices followed by ICICI Bank is very good and showing attainment of a high level of transparency and accountability in the functioning of the bank and places due emphasis on regulatory compliance and concluded that the increased competition as well as strict norms laid down by SEBI has already motivated the companies to incorporate good governance practices and follow the regulations.

Chilumuri (2013)¹⁰ evaluated different elements of corporate governance in State Bank of India. This study concluded that, the corporate governance practice in the State Bank of India should improve for best investment policies, appropriate internal control systems, better credit risk management, better customer service and adequate automation in order to achieve excellence, transparency and maximization of stakeholder's value and wealth.

OBJECTIVES OF THE STUDY:

- To analyze the concept of corporate governance in Non-banking financial companies.
- To evaluate the corporate governance practices of SBIGFL during the year 2020-21
- To examine the corporate governance practices of SBIGFL on the basis of elements like shareholding pattern, board practices, board committees and disclosures and transparency of information.

METHODOLOGY:

The study is based on the secondary data which is obtained from the annual report of the SBIGFL, CG report, available literature and websites.

NEED OF THE STUDY:

The corporate governance in NBFCs is different as well as unique. It is because of its activities are less transparent. Moreover, these financial institutions differ from many other companies when it comes to complexity and range of their business risks. Therefore, the corporate the corporate governance structure is essential and it should be enhanced.

CORPORATE GOVERNANCE PRACTICES IN SBIGFL

SBI Global Factors Ltd (SBIGFL), a subsidiary of State bank of India, is Non-Banking Financial Company regulated by Reserve bank of India. SBIGFL provides Domestic and Export factoring services under one roof. It is headquartered in Mumbai with 9 branches across India. SBIGFL aims to be India's premier factoring company.

SBIGFL has been created out of merger, of two leading Companies viz. SBI Factors and Commercial Services Pvt. Ltd & Global Trade Finance Ltd. In the year 2010. Post-merger, Company was renamed as 'SBI Global Factors Ltd.' With effect from 18th March 2010. SBIGFL is a Member of Factors Chain International (FCI), an umbrella organization of worldwide factoring companies. FCI aims to facilitate international trade through factoring and related financial services.

SBI Global Factors Ltd is Committed to the best practice in the area of Corporate Governance, in letter and in spirit. The company believes that good Corporate Governance is much more than complying with legal and regulatory requirements. Good governance facilitates effective management and control of business, enables the company to maintain a high level of business ethics and to optimize the value for all its stakeholders. The objectives can be summarized as:

- To protect and enhance shareholder value.
- To protect the interest of all other stakeholders such as customers, employees and society at large.
- To ensure accountability for performance and customer services and to achieve excellence at all levels.
- To provide corporate leadership of highest standard for others to emulate.

SHAREHOLDING PATTERN

Shareholding of Promoters								
Sr . N o.	Shareholder s name	Shareholding at the Beginning of the Year			Shareholding at the end of the Year			
		No. of Shares	% of Total Shares of the Compan y	% of Shares pledge d/ encum bered to total Shares	No. of Shares	% of Total shares of the Company	% of Shares pledge d/ encum bered to total Shares	% change in share holding during the Year
1	STATE BANK OF INDIA	13,77,86,585	86.18%	-	13,77,86,585	86.18%		
2	SIDBI	1,04,44,172	6.53%	-	1,04,44,172	6.53%		
3	UNION BANK OF INDIA	47,11,751	2.95%	-	47,11,751	2.95%		

4	BANK OF MAHARAS HTRA	69,42,857	4.34%	-	69,42,857	4.34%		
	Total	15,98,85,36 5	100%		15,98,85,3 65	100%		

BOARD PRACTICES

The core Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interest of all the Stakeholders and the Shareholders of the Company. The Board is independent of the Company's management.

At the end of the Financial Year 2020-21, the board comprised of 6 (six) members, which consisted of three (3) Non-executive directors, two (2) Independent Directors and one (1) full time executive Directors.

The Board of Directors meets, as often as is necessary; in addition to meeting on a quarterly basis to review the performance and give directions to the Senior management team of the company.

BOARD COMPOSITION

NAME	DESIGNATION
Shri Dinesh Kumar Khara	Chairman (up to 09.04.2021)
Shri Ashwini Kumar Tewari	Chairman (w.e.f 19.04.2021)
Smt. Bharati Rao	Independent Director (up to 29.03.21)
Smt. Sudha Malhotra	Independent Director (w.e.f 29.04.21)
Shri Vijay Kumar Gupta	Independent Director
Shri Narayanan Raja	Independent Director
Shri Vinay S Hedao	Director
Shri Nitesh Ranjan	Director (upto 10.03.21)
Shri Vijay Prakash Srivatsava	Director (upto 29.09.20)
Shri Prashant Ramakant Khatavkar	Director(w.e.f.23.10.2020) (upto 25.05.21)
Shri Dinkar Baburao Sankpal	Director (w.e.f . 30.06.2021)
Shri Chander Mohan Minocha	Director (w.e.f 30.06.2021)
Shri P Hemant Kumar Pammi	Managing Director & CEO (upto 30.06.2021)
Shri Joydeb Mukherjee	Managing Director & CEO (w.e.f 01.07.2021)

BOARD MEETINGS

The Bank's Central Board has to meet a minimum of six times in a year. During the year 2020-21, 6 (six) board meetings were held, on May 2, 2020, June 29, 2020, July 21, 2020, September 03, 2020, October 23, 2020, and January 20, 2021.

ATTENDENCE OF THE DIRECTORS AT BOARD MEETINGS DURING 2020-21

Name and designation of Director	Category of Directors	No. of Board Meetings Attended	No. of Directorship in other companies (excluding Foreign Companies)
Shri Dinesh Kumar Khara (Chairman)	(Nominee-SBIGFL) Non-Executive	6	11
Smt. Bharati Rao (Director) (Up to March 29 2021)	(Independent) Non-Executive	6	06
Shri. Vijay Kumar Gupta (Director)	(Independent) Non-Executive	6	01
Shri. M.N Avind Kumar (Managing Director & CEO) (Up to June 30, 2020)	(Nominee-SBIGFL) Full-time Executive	2	01
Shri P Hemant Kumar Pammi (Managing Director & CEO) (w.e.f July 1, 2020)	(Nominee-SIDBI) Non-Executive	4	01
Shri Vinay S Hedao (Director)	(Nominee-SBIGFL) Non-Executive	5	01
Shri Narayan Raja (Director)	(Independent) Non-Executive	6	01
Shri Vijay Prakash Srivastava (Director) (w.e.f 02.05.2020)	(Nominee- Bank of Maharashtra) Non- Executive	2	0
Shri Prashant Ramakant Khatavakar (w.e.f. 23.10.2020)	(Nominee- Bank of Maharashtra) Non- Executive	1	01

Shri Nitesh Ranjan (Director) (Up to March 10.2021)	(Nominee- Union Bank of India) Non- Executive	6	02
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Attendance of Audit Committee Meeting:

Name of the Member	No. of Audit Committee Meetings attended
Shri Narayana Raja (Chairman)	5
Shri Dinesh Kumar Khara	2
Smt. Bharati Rao	5
Shri Vijay Kumar Gupta	5

(During the Financial Year ended on March 31, 2021, the Audit Committee met 5 (five) times Viz., on 02/05/2020, 21/07/2020, 03/09/2020, 23/10/2020, and 20/01/2021.)

Attendance of Risk Management Committee Meeting:

Name of the Member	No. of Risk Management Committee meetings attended
Smt. Bharati rao (Up to 29.03.2021)	4
Shri Vijay Kumar Gupta	4
Shri Narayana Raja	4
Shri Vijay Prakash Srivastava (from 02.05.2020 to 28.09.2020)	1
Shri Prashant Ramakant Khatavkar (w.e.f. 23.10.2020)	1

(During the Financial Year ended on March 31, 2021, the Risk Management Committee of the Board met 4 times Viz., on 02/05/2020, 21/07/2020, 23/10/2020 and 20/01/2021)

Attendance of the Nomination and Remuneration Committee Meeting:

Name of the Members	No. of Nomination and Remuneration Committee Meetings attended
Shri Dinesh Kumar Khara	2
Smt. Bharati Rao (Up to 29.03.2021)	4
Shri Vijay Kumar Gupta	4
Shri Narayanan Raja	4

(During the Financial Year ended on March 31, 2021, the Nomination and Remuneration Committee of the Board met 4 times Viz., on 02/05/2020, 29/06/2020, 21/07/2020 and 23/10/2020)

Attendance of the CSR Committee Meeting:

Name of the Member	No. of Corporate Social Responsibility (CSR) meetings attended
Shri Vijay Kumar Gupta	2
Shri M N Arvind Kumar (Up to 30.06.2020)	1
Shri P Hemant Kumar Pammi	1
Shri Vijay Prakash Srivastava (from 02.05.2020 to 28.09.2020)	0
Shri Prashant Ramakant Khatavkar (w.e.f. 23.10.2020)	1
Shri Nitesh Ranjan (Up to 10.03.2021)	0

(During the Financial Year ended on March 31, 2021, the CSR Committee of the Board met 2 times Viz., on 02/05/2020 and 26/02/2021.)

BOARD COMMITTEES:

1. Audit Committee

During the Financial Year ended on March 31, 2021, Smt. Bharati Rao (Director Identification Number (DIN) 01892516) ceased to be a Member of the Audit Committee of the Board of Directors consequent upon her cessation as an Independent Director on the Board of Directors of the Company with effect from the close of the business on March 29, 2021 (i.e. effective March 30, 2021). Pursuant to the provisions of Section 177 of the Companies Act, 2013, Members of the Audit Committee as on March 31, 2021 are as follows:

1. Shri Narayanan Raja Chairman
2. Shri Dinesh Kumar Khara Member
3. Shri Vijay Kumar Gupta Member

During the Financial Year ended on March 31, 2021, the Audit Committee met 5 (five) times Viz., on 02/05/2020, 21/07/2020, 03/09/2020, 23/10/2020, and 20/01/2021.

2. Executive Committee of the Board:

The Company has an Executive Committee of the Board which, inter alia, approves the Credit proposals beyond a threshold limit (currently Rs.15 Crores). It supplements the right insight and business perspective in order to aid the Company's Management in achieving its goals and mission.

During the Financial Year ended on March 31, 2021,

- (i) Shri P Hemant Kumar Pammi, the Managing Director & CEO of the Company (Director Identification Number (DIN) 07969705) was appointed as a Member of the Executive

Committee of the Board, in place of Shri M N Aravind Kumar, formerly the Managing Director & CEO of the Company (Director Identification Number (DIN) 08165688) who relinquished the office of the Managing Director & CEO on completion of his term with effect from the close of the business on June 30, 2020 (i.e. effective July 01, 2020), SBIGFL Global Factors Ltd. Annual Report 2020-2021 34 SBIGFL(A Subsidiary of State Bank of India)

- (ii) Smt. Bharati Rao (Director Identification Number (DIN) 01892516) ceased to be a Member of the Executive Committee of the Board of Directors consequent upon her cessation as an Independent Director on the Board of Directors of the Company with effect from the close of the business on March 29, 2021 (i.e. effective March 30, 2021).
- (iii) Shri Nitesh Ranjan (Director Identification Number (DIN) 08101030) ceased to be a Member of the Executive Committee of the Board of Directors consequent upon his cessation as Nominee Director of Union Bank of India on the Board of Directors of the Company with effect from March 10, 2021.

The Executive Committee of the Board as on March 31, 2021 consists of following Members:

1. Shri Vijay Kumar Gupta (Independent Director),
2. Shri P Hemant Kumar Pammi (Managing Director & C.E.O.) (i.e. Nominee Director, SBIGFL), and
3. Shri Vinay S Hedao (Nominee Director of Small Industries Development Bank of India (SIDBI)).

3. Risk Management Committee of the Board:

As prescribed by the Reserve Bank of India vide its Guidelines on Corporate Governance (dated May 08, 2007) applicable to all Non-Deposit taking NBFCs with asset size of Rs. 100 Crores and above, the Risk Management Committee of the Board was constituted on July 30, 2007 to monitor the Asset Liability gap and strategize action to mitigate the risk associated.

During the Financial Year ended on March 31, 2021,

- (i) Shri Vijay Prakash Srivastava (formerly General Manager & Chief Financial Officer, Bank of Maharashtra and then Nominee Director of Bank of Maharashtra on the Board of Directors) (Director Identification Number (DIN) 08239852) was appointed as a Member of the Risk Management Committee of the Board of Directors with effect from May 02, 2020,
- (ii) Shri Vijay Prakash Srivastava (formerly General Manager & Chief Financial Officer, Bank of Maharashtra and then Nominee Director of Bank of Maharashtra on the Board of Directors) (Director Identification Number (DIN) 08239852) ceased to be a Member of the Risk Management Committee of the Board of Directors consequent upon his cessation as Nominee Director of Bank of Maharashtra on the Board of Directors of the Company with effect from the close of the business on September 28, 2020 (i.e. w.e.f. September 29, 2020),
- (iii) Shri Prashant Ramakant Khatavkar, (formerly General Manager, FM&A, Treasury & International Banking, Bank of Maharashtra and Nominee Director of Bank of Maharashtra on the Board of Directors) (Director Identification Number (DIN) 08857199) was appointed as a Member of the Risk Management Committee of the Board with effect from October 23, 2020, SBIGFL Global Factors Ltd. 35 Annual Report 2020-2021 SBIGFLGFL (A Subsidiary of State Bank of India)

- (iv) Smt. Bharati Rao (Director Identification Number (DIN) 01892516) ceased to be a Member of the Risk Management Committee of the Board of Directors consequent upon her cessation as an Independent Director on the Board of Directors of the Company with effect from the close of the business on March 29, 2021 (i.e. effective March 30, 2021).

As on March 31, 2021, the composition of the Risk Management Committee of the Board consisted of following Members :

1. Shri Vijay Kumar Gupta (Independent Director),
2. Shri Narayanan Raja (Independent Director), and
3. Shri Prashant Ramakant Khatavkar (Nominee Director, Bank of Maharashtra)

During the Financial Year ended on March 31, 2021, the Risk Management Committee of the Board met 4 times Viz., on 02/05/2020, 21/07/2020, 23/10/2020 and 20/01/2021

4. Nomination and Remuneration Committee of the Board:

During the Financial Year ended on March 31, 2021, Smt. Bharati Rao (Director Identification Number (DIN) 01892516) ceased to be a Member of the Nomination and Remuneration Committee of the Board of Directors consequent upon her cessation as an Independent Director on the Board of Directors of the Company with effect from the close of the business on March 29, 2021 (i.e. effective March 30, 2021).

The composition of the Nomination and Remuneration Committee of the Board as on March 31, 2021 consists of the following Members:

- (i) Shri Dinesh Kumar Khara, (Nominee Director, SBIGFL),
- (ii) Shri Vijay Kumar Gupta, (Independent Director), and
- (iii) Shri Narayanan Raja (Independent Director).

During the Financial Year ended on March 31, 2021, the Nomination and Remuneration Committee of the Board met 4 times Viz., on 02/05/2020, 29/06/2020, 21/07/2020 and 23/10/2020.

5. Corporate Social Responsibility ('CSR') Committee of the Board:

During the Financial Year ended on March 31, 2021,

- (i) Shri Vijay Prakash Srivastava (formerly General Manager & Chief Financial Officer, Bank of Maharashtra and then Nominee Director of Bank of Maharashtra on the Board of Directors) (Director Identification Number (DIN) 08239852) was appointed as a Member of the Corporate Social Responsibility (CSR) Committee of the Board of Directors with effect from May 02, 2020,
- (ii) Shri P Hemant Kumar Pammi, the Managing Director & CEO of the Company (Director Identification Number (DIN) 07969705) was appointed as a Member of the Nomination and Remuneration Committee of the Board, in place of Shri M N Aravind Kumar, formerly the Managing Director & CEO of the Company (Director Identification Number (DIN) 08165688) who relinquished the office of the Managing Director & CEO on completion of his term with effect from the close of the business on June 30, 2021 (i.e. effective July 01, 2020),
- (iii) Shri Vijay Prakash Srivastava (formerly General Manager & Chief Financial Officer, Bank of Maharashtra and then Nominee Director of Bank of Maharashtra on the Board of Directors) (Director Identification Number (DIN) 08239852) ceased to be a Member of the Corporate Social Responsibility (CSR) Committee of the Board of Directors consequent upon his cessation

- as Nominee Director of Bank of Maharashtra on the Board of Directors of the Company with effect from the close of the business on September 28, 2020 (i.e. w.e.f. September 29, 2020),
- (iv) Shri Prashant Ramakant Khatavkar, (formerly General Manager, FM&A, Treasury & International Banking, Bank of Maharashtra and Nominee Director of Bank of Maharashtra on the Board of Directors) (Director Identification Number (DIN) 08857199) was appointed as a Member of the Corporate Social Responsibility (CSR) Committee of the Board with effect from October 23, 2020,
 - (v) Shri Nitesh Ranjan (Director Identification Number (DIN) 08101030) ceased to be a Member of the Corporate Social Responsibility (CSR) Committee of the Board of Directors consequent upon his cessation as Nominee Director of Union Bank of India on the Board of Directors of the Company with effect from March 10, 2021. SBIGFL Global Factors Ltd. 37 Annual Report 2020-2021 SBIGFLGFL (A Subsidiary of State Bank of India)

The composition of the CSR Committee of the Board of Directors as on March 31, 2021 consists of the following Members:

- (i) Shri Vijay Kumar Gupta (Independent Director),
- (ii) Shri Prashant Ramakant Khatavkar (Nominee Director, Bank of Maharashtra), and
- (iii) Shri P Hemant Kumar Pammi (Managing Director & C.E.O.) (i.e. a Nominee of State Bank of India)

During the Financial Year ended on March 31, 2021, the CSR Committee of the Board met 2 times Viz., on 02/05/2020 and 26/02/2021.

6. IT Strategy Committee:

During the Financial Year ended on March 31, 2021, Shri P Hemant Kumar Pammi, General Manager, TEGS VII, State Bank of India and the Managing Director & CEO of the Company, was appointed as a Member of the IT Strategy Committee (in place of Shri M N Aravind Kumar, General Manager, State Bank of India and the former Managing Director & CEO of the Company) with effect from July 01, 2020.

The IT Strategy Committee as on March 31, 2021 comprises of following Members:

- a. Shri Narayanan Raja, Independent Director
- b. Shri P Hemant Kumar Pammi, Managing Director & CEO
- c. Shri Sushil Kumar Bhandari, General Manager (IT – Core Operations), SBIGFL, GITC, Belapur
- d. Smt. Rajashree Vasudeo Deshpande, Sr. Vice President – Business Development, Client Services and IT Functions
- e. Shri Pankaj Gupta, SVP and Chief Financial & Risk Officer (also designated as the Chief Information Officer), and
- f. Shri Kunal Rumade, Assistant Vice President (IT) (also designated as the Chief Technology Officer).

DISCLOSURE AND TRANSFERENCY:

The Company has complied with all the mandatory requirements of Clause 49 of the listing agreement. Some of the most important items of disclosures/requirements and their status of compliance in SBIGFL are shown in following Table.

Particulars	Status
Information regarding Significant related party transactions	Disclosed
Risk Management	Management Laid down procedure to inform board members about risk assessment.
Management Discussion and Analysis	Disclosed
Shareholders information on: (i) Appointment of new Director/reappointment of retiring directors. (ii) Quarterly results and presentation (iii) Directors' responsibility statement.	Disclosed
Terms and conditions of Appointment of appointment Independent directors	Disclosed
Composition of various committees of Board Directors	Disclosed
Criteria for making payments to Non-Executive Directors	Disclosed

Table: Compliance status of Statutory Disclosures/Requirements

General Body Meetings:

The bank has provided complete information on company's general body meetings, location and timings, details of special resolution passed in the last three AGMs/EGMs, and resolutions passed.

Risk Management: Bank has laid down risk management procedure to inform board members about risk assessment.

Management Discussion and Analysis: Management discussion and analysis report included in the annual report.

Disclosure of Other Provisions: SBIGFL has disclosed all the required information about the directorships in other companies and also provided details of committee membership and committee chairmanship. The company did not disclose the responsibilities or functions of the board, tenure and retirement age of directors, and system of evaluation and training of board members. They have not also provided disclosures about the qualifications and biographical information of all board members.

The Company has also complied with some of the important non-mandatory requirements. The Company has a whistle-blower policy and code of conduct for prevention of insider trading. Important items of non-mandatory Requirements/disclosures and their status of compliance are depicted in the below Table.

Particulars	Status
Formation of Remuneration committee	Disclosed
Training of board of directors	Not Disclosed
Whistle blower policy	Disclosed
Audit qualification	Disclosed

table: Status of Non-Mandatory Disclosures/Requirements for the year 2020-21

CONCLUSION:

It is clear from the above observations that SBIGFL has complied with the requirements of Clause 49 of the listing agreement, as far as mandatory information is concerned. But more efforts should be directed towards the compliance of non-mandatory requirements. There is no disclosure of tenure and age-limit of all executive, non-executive, as well as, independent directors. The corporate governance framework at SBIGFL is based on an effective independent Board, but there is no disclosure of the “definition” of independent director, financial expert, and disclosure of selection criterion for non-executive and independent directors. The reports of Audit Committee, Remuneration Committee and Shareholders’/Investors Grievance Committee are not disclosed in the “Corporate Governance Report.” From this study it is observed that corporate governance and disclosure practices followed by SBIGFL is very and showing attainment of a high level of transparency and accountability in the functioning of the bank and places due emphasis on regulatory compliance.

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