



Dar Credit & Capital Ltd.

...we make life simple

Policy for loans and advances to Directors and Senior Officers and relatives of Directors

Dar Credit & Capital Limited

CIN: U65999WB1994PLC064438

Regd. Office: Business Tower, 206 AJC Bose Road 6th Floor, Unit No. 6B

Kolkata – 700017; Phone: 033 40646495



1. Introduction

The policy is for **NBFC - Base Layer (BL) - Loans to Directors, Senior Officers and relatives of Directors** has been framed as per the relevant provisions of Master Direction- Reserve Bank of India (**Non-Banking Financial Company- Scale Based Regulation**) **Directions, 2023 RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated November 10, 2023** as amended from time to time, related to regulatory restrictions on sanctioning of loans and advances.

2. Definitions

For the purpose of this policy, definition of various terms used is as under:

- a) "Control", means the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;
- b) "Relative" with reference to any person, means anyone who is related to another, if— (i) they are members of a Hindu Undivided Family; (ii) they are husband and wife; or (iii) one person is related to the other in such manner as may be prescribed by regulation;
- c) "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.
- d) "Major Shareholder" shall mean a person holding 10 % or more of the paid-up share capital or five crore rupees in paid-up shares, whichever is lower;
- e) "Any person in whom any Director of the company is Interested " means i) any private company of which any such director is a director or member; ii) any body corporate at a general meeting of which not less than twenty-five per cent. of the total voting power may be exercised or controlled by any such director, or by two or more such Directors, together; or iii) any body corporate, the Board of Directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or Directors, of the lending Company.

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As per Section 185 of Companies Act 2013,

1. no Company shall, directly or indirectly, advance any loan, including any loan represented by a book debt to, or give any guarantee or provide any security in connection with any loan taken by,—
 - a. any director of company, or of a company which is its holding Company or any partner or relative of any such director; or
 - b. any firm in which any such director or relative is a partner.,
2. A Company may advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the director of the Company is interested, subject to the condition that
 - a. special resolution is passed by the Company in general meeting: provided that the explanatory statement to the notice for the relevant general meeting shall disclose the full particulars of the loan given or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security and any other relevant fact;
 - b. the loans are utilized by the borrowing company for its principal business activities.
3. Nothing contained in sub-sections (1) and (2) shall apply to :
 - a. the giving of any loan to a managing or whole-time director:
 - I. as a part of the conditions of service extended by the company to all its employees, or
 - II. pursuant to any scheme approved by the members by a special resolution or
 - b. a Company which in the ordinary course of its business provides loans or give guarantees or securities for the due repayment of any loan and respect of such loans an interest is charged at a rate not less than the rate of prevailing yield of one year, three years, five years or ten years Government security closest to the tenor of the loan; or
 - c. any loan made by a holding company to its wholly owned subsidiary company or any guarantee given or security provided by a holding company in respect of any loan made to its wholly owned subsidiary or,

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- d. any guarantee given or security provided by a holding company in respect of loan made by any bank or financial institution to its subsidiary Company:

Provided that the loans made under clauses (c) and (d) are utilized by the subsidiary company for its principal business activities.]

- e. The Company shall obtain sanction approval from board of directors/committee of directors while granting loans and advances aggregating 50,00,000 (Rupees Fifty Lakhs) and above to:
- 1) their directors (including the Chairman/ Managing Director) or relatives of directors.
 - 2) any firm in which any of their directors or their relatives is interested as a partner, manager, employee or guarantor.
 - 3) any Company in which any of their directors, or their relatives is interested as a major shareholder, director, manager, employee or guarantor.

Credit facilities of an amount less than Rupees Fifty Lakhs to these borrowers may be sanctioned by the Company under powers vested in such authority, but the matter should be reported to the Board on quarterly basis.

4. Loans and Advances to Senior Management of Company:

Loans and advances sanctioned to senior officer of the Company shall be reported to board on quarterly basis.

No senior officer or any Committee comprising, inter alia, a senior officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to a relative of that senior management. Such a facility shall be sanctioned by the next higher sanctioning authority under the delegation of powers.

5. Other Provisions:

- 1) The Company shall obtain a declaration from the borrower giving details of the relationship of the borrower to their directors/ senior officers for loans and advances aggregating Rs, 50,00,000 (Rupees Fifty Lakhs) and above.
- 2) The Company shall recall the loan if it comes to their knowledge that the borrower has given a false declaration.

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- 3) The Company shall disclose in their Annual Financial Statement, aggregate amount of such sanctioned loans and advances in the format specified in **Annex XI**

6. Amendments to Policy

The Policy shall be approved by the Board of Directors of the Company.

Annex XI

Loans to Directors, Senior Officers and relatives of Directors

	(₹ crore)	
	Current Year	Previous Year
Directors and their relatives		
Entities associated with directors and their relatives		
Senior Officers and their relatives		

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