Policy on Loan to Directors, Senior officers and Relatives of Directors

Digamber Capfin Limited

Document Control Page

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1. Objective of the Policy

The Objective of the policy is to lay down a framework to comply with the regulatory restrictions on loans and advances to the Directors, Senior Officers and their relatives and interested firms or companies in accordance with Reserve Bank of India issued guidelines on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued vide ref. no. RBI/2021-22/112 DOR.CRE.REC.NO.60/03.10.001/2021-22 dated 22nd October, 2021 with respect to subsequent detailed guidelines issued on Loans and Advances – Regulatory Restrictions – NBFCs vide ref. no. RBI/2022-23/29 DOR.CRE.REC.NO.25/03.10.001/2022-23 dated 19th April, 2022 and Master Direction issued by Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated 19th October, 2023.

2. Applicability

This policy shall be applicable on grant of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives are partner, director, manager, employee, guarantor or major shareholder.

3. Definitions

For the purpose of this policy:

(a) The term "DCL" referred as Digamber Capfin Limited;

(b) The term "control" shall have the meaning assigned to it under Clause (27) of Section 2 of the Companies Act, 2013;

(c) The term "relative" shall have the meaning assigned to it under Clause (77) of Section 2 of the Companies Act, 2013;

(d) The term "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) The term "Senior Officer" shall have the same meaning as assigned to "Senior Management" under Section 178 of the Companies Act, 2013.

(f) The term "Board of Directors or Board" shall have the meaning assigned to it under Clause (10) of Section 2 of the Companies Act, 2013;

(g) The term "Director" shall have the meaning assigned to it under Clause (34) of Section 2 of the Companies Act, 2013;

(h) The term "Managing Director" shall have the meaning assigned to it under Clause (54) of Section 2 of the Companies Act, 2013;

(i) The term "Manager" shall have the meaning assigned to it under Clause (53) of Section 2 of the Companies Act, 2013;

(j) The term "Employee" shall have the meaning assigned to it under Clause (9) of Section 2 of The Employees' State Insurance Act, 1948;

(k) The term "Subsidiary Company" shall have the meaning assigned to it under Clause (87) of Section 2 of the Companies Act, 2013;

(l) The term "Holding Company" shall have the meaning assigned to it under Clause (46) of Section 2 of the Companies Act, 2013;

4. Loans and Advances to Directors irrespective of the Amount

Unless sanctioned by the Board of Directors subject to the recommendation of credit committee, loans and advances shall not be granted to –

(i) the board of directors (including the Chairman/Managing Director) or relatives of directors;

(ii) any firm in which any of the director(s) or their relatives is interested as a partner, manager, employee or guarantor;

(iii) any company in which any of the director(s), or their relatives is interested as a major shareholder, director, manager, employee or guarantor.

A director or their relatives shall be deemed to be interested in the DCL, being the subsidiary or holding company, if he /she is a major shareholder or is in control of the respective holding or subsidiary company.

A director who is directly or indirectly concerned or interested in any proposal should disclose the nature of his/her interest to the Board when any such proposal is discussed.

Such interested director should recuse himself /herself from the meeting unless presence is required by the other directors for the purpose of eliciting information and the director so required to be present shall not vote on any such proposal.

5. Loans and Advances to Senior Officers of the Company

DCL shall abide by the following when granting loans and advances to its senior officers:

(i) Credit Committee of the Board has power to sanction and approve the loan proposals of its senior officers up to the limit of Rupees Five Crores subject to the condition that When any matter related to this point will be proposed to discuss in the Credit Committee, then Any One Executive Director of the company shall be presented in the meeting and he/she have Veto Power for approval/rejection irrespective of the all members of the credit committee accord their approval/rejection. This limit shall be calculated on individual basis;

(ii) Loans and advances sanctioned to senior officers of the DCL shall be reported to the Board;

(iii) No senior officer or Credit 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 officer then such facility shall be sanctioned by the Board of Directors;

(iv) When amount involving more than Rupees Five Crores, than Board of Directors has power to sanction and approve the loan proposals of senior officers of the company.

6. Loans and Advances to Real Estate Sectors

(i) Credit Committee of the Board has power to sanction and approve the loan proposals related to the real estate sectors up to the aggregate limit of Rupees Five Crores;

(ii) Loans and advances related to real estate sectors, shall be reported to the Board;

(iii) When Loans and Advances amount involving more than Rupees Five Crores, than Board of Directors has power to sanction and approve the said loan proposals.

While appraising loan proposals involving real estate, DCL shall ensure that the borrowers have obtained prior permission from government/ local government/ other statutory authorities for the project, wherever required. To ensure that the loan approval process is not hampered on account of this, while the proposals may be sanctioned in

normal course, the disbursements shall be made only after the borrower has obtained requisite clearances from the government / other statutory authorities.

7. Declaration from the borrower and disclosures

In respect of granting of Loans and advances to the Board of Directors, senior officer or their relatives as stated above:

(i) DCL shall obtain a declaration from the borrower giving details of the relationship of the borrower to directors/ senior officers of the DCL for loans and advances aggregating Rupees five crore and above.

DCL shall recall the loan if it comes to the knowledge that the borrower has given a false declaration;

(ii) DCL shall disclose in the Annual Financial Statement, aggregate amount of such sanctioned loans and advances as per template provided in the **Appendix.**

These guidelines relating to **points 4 to 6**, grant of loans and advances shall equally be applicable to awarding the contracts as well.

8. Explanation

1) The term 'loan and advances will not include loan and advances against:

(i) Government securities;
(ii) Life insurance policies;
(iii) Fixed deposits;
(iv) Stocks and shares;
(v) Housing loans, car advances, etc. granted to an employee of the NBFC under any scheme applicable generally to employees.

DCL's interest/lien is appropriately marked with legal enforceability.

2) The aforesaid mentioned limits shall be calculated on individual basis.

9. Review of the policy

The Board of Directors on yearly basis shall review this policy and can amend this Policy as and when deemed fit from time to time.

10. Content on the website

Appropriate disclosure regarding this Policy shall be made on the DCL website at **www.digamberfinance.com**

11. Amendment

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities not being consistent with the provisions laid down in this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions herein and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

12. Policy Repealable

This policy constitutes the entire document in relation to its subject matter. In the event that any term, condition or provision of this policy being held to be a violation of any applicable law, statute or regulation, the same shall be Repealable from the rest of this policy and shall be of no force and effect, and this Criteria shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Policy.

APPENDIX

LOANS TO DIRECTORS, SENIOR OFFICERS AND RELATIVES OF DIRECTORS

(Rs. In Crore)

Particulars	**Current Year**	**Previous Year**
Directors and their relatives		
Entities associated with directors and their relatives		
Senior Officers and their relatives		
Total		

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Digamber Capfin Limited

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