

Seeds Fincap Private Limited	
Policy Name	Policy on Loans and Advances to Directors and Senior Officers
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Effective Date	30 th June 2023
Review Date	30 th June 2024

Policy on Loans and Advances to Directors and Senior Officers was approved by Board of Directors at the Board Meeting held on 27th June 2023.

S. No.	Content	Page No.
1.	Introduction	2
2.	Definitions	2-3
3.	Regulatory Restrictions on Loans and Advances	3-4
4.	Loans and advances to Real Estate Sector	4
5.	Provisions of Companies Act, 2013	5
6.	Annexure- A	6

1. Introduction

In compliance with the Regulatory Framework for NBFCs introduced by the Reserve Bank of India ('RBI'), a Master Circular was issued on Scale Based Regulation (SBR)- A Revised Regulatory Framework for NBFCs. The said circular apart from the other scale-based regulations provided for certain regulatory restriction on the loans extended by NBFCs to their directors, senior officers and relatives thereof. As per the said circular the company is categorized as NBFC- Base Layer and accordingly the regulations as applicable for NBFC-Base layer shall be complied with.

In accordance with the above the "Board of Directors" ("Board") of Seeds Fincap Private Limited ("the Company") has formulated a Policy on grant of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding.

2. Definitions

- i) **"Board of Directors"** or **"Board"** means the Board of Directors of the company, as constituted from time to time.
- ii) **"Company"** means Seeds Fincap Private Limited.
- iii) **"Managing Director"** as per clause (54) of Section 2 of the Companies Act, 2013, means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.
- iv) **"Senior Officer"** shall have the same meaning as assigned to **"Senior Management"** under Section 178 of the Companies Act, 2013 which shall mean 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.
- v) **"Employee"** means those employees who are on the payroll of the company.
- vi) **"Control"** as per Clause (27) of Section 2 of the Companies Act, 2013, shall include 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.

- vii) **“Relative”** as per Clause (77) of Section 2 of the Companies Act, 2013, "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;
- viii) **“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.

3. Regulatory Restrictions on Loans and Advances

Loans and advances to Directors

Unless sanctioned by the Board of Directors, the Company shall not grant any loans and advances aggregating Rupees Five crores and above to –

- (i) its Directors (including the Chairman/ Managing Director, if any) or relatives of the directors;
- (ii) any firm in which any of the Directors of the Company or their relatives are interested as a partner, manager, employee or guarantor; and
- (iii) any company in which any of the Directors of the Company, or their relatives are interested as a major shareholder, director, manager, employee or guarantor.

Provided that the Director who is directly or indirectly concerned or interested in any proposal shall disclose the nature of their interest to the Board of Directors when any such proposal is discussed. Such interested directors shall recuse themselves from the meeting, subject to their presence being 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.

The proposals for credit facilities of an amount being less than Rupees Five crore adhering to be governed by the terms and conditions as covered in the Loan Policy adopted by the Company, to the borrowers shall be sanctioned by the Working Committee (committee) of the Company under powers vested by board. All the proposals approved by the committee shall be reported to the Board of Directors on event basis.

In case any of the committee members is interested in the proposal for grant of loan, he/she shall rescue himself/ herself from the discussion over the said agenda and the remaining members forming the quorum shall consider the proposal.

Any credit facility maximum up to 6 times of gross salary shall continue to be governed by the terms and conditions as covered in the Loan Policy of the company.

Further the reporting manager may approve interest free salary advances up to their 1 Month's basis salary not exceeding 1.5 times of annual salary. However, exceed in limits will be

approved by functional manager as prescribe in Loan policy, Further no subsequent advances shall be allowed, post six months of closure of earlier salary advance.

For the purpose of grant of loan to the directors or senior officials, as previously mentioned:

(i) The Company shall obtain a declaration from the borrower giving details of the relationship of the borrower with the directors/ senior officers of the Company for loans and advances aggregating Rupees Five crore and above. The Company shall recall the loan if it comes to their knowledge that the borrower has given a false declaration.

(ii) These guidelines shall be duly brought to the notice of all directors & placed before the NBFC board of directors.

(iii) The Company shall disclose in its Annual Financial Statement, aggregate amount of such sanctioned loans and advances in the format as annexed (Annexure A) to this policy

The above norms shall equally apply to awarding of contracts to the directors their relatives or the senior officials.

4. Loans and advances to Real Estate Sector

While appraising loan proposals involving real estate, the company shall ensure that the applicant has 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.

For the purpose application of regulatory restrictions on grant of Loans and Advances above, the term 'loans and advances' will not include loans or advances against -

Government securities

Life insurance policies

Fixed deposits

Stocks and shares

Any loans granted to an employee of the company under any scheme applicable generally to employees.

Provided that company's interest/lien is appropriately marked with legal enforceability.

5. Provisions of Companies Act, 2013

The policy, in addition to the foregoing provisions, shall also cover the provisions of the Companies Act 2013 with regard to Loans & Advances to the Directors. In compliance with the provisions of Section 185 of the Companies Act, 2013, the company shall not either directly or indirectly, advance any loan, to any of its directors or to any other person in whom the director is interested or give any guarantee or provide any security in connection with any loan taken by him or such other person.

The expression —"to any other person in whom director is interested" shall mean and include:

any director of the lending company, or of a company which is its holding company or any partner

or relative of any such director;
any firm in which any such director or relative is a partner;
any private company of which any such director is a director or member;
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
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.

However, giving of any loan to a Managing or Whole-time director:
as a part of the conditions of service extended by the company to all its employees; or pursuant to any scheme approved by the members by a special resolution shall be exempted.

Annexure-A

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		