



# **ABANS FINANCE PRIVATE LIMITED**

## **POLICY ON GRANT OF LOANS TO DIRECTORS, SENIOR OFFICERS, RELATIVES OF DIRECTORS AND TO ENTITIES WHERE DIRECTORS OR THEIR RELATIVES HAVE MAJOR SHAREHOLDING**

<b>Adoption/Amended</b>	<b>Authority</b>	<b>Date</b>
<b>Adoption</b>	<b>Board of Directors</b>	<b>August 2<sup>nd</sup> 2024</b>
<b>Revision</b>	<b>Board of Directors</b>	

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## **1. POLICY STATEMENT AND PURPOSE**

1.1 **Abans Finance Private Limited ('AFPL' or 'the Company')** is a Material Subsidiary of Abans Holdings Limited. Since March 31, 2024, it has been categorized as a Middle Layer NBFC (NBFC – ML), pursuant to the scale based regulation put forth by the ( Reserve Bank of India (RBI), and has adopted a framework which prescribes regulatory restrictions on grant of loans and advances to Directors, senior Officers, relatives of Directors and to entities where Directors or their relatives have major shareholding.

1.2 The RBI issued a Circular on Loans and Advances – Regulatory Restrictions – Non-Banking Financial Companies (NBFCs) dated April 19, 2022, detailing the regulatory prescriptions as outlined in the Guidelines. In accordance with the guidelines, this policy is put forth before the Board of Directors. This Policy is applicable to the Company and shall be effective from August 4<sup>th</sup>, 2024.

1.3 This Policy shall be subject to periodic review and updates to ensure its continued relevance and compliance. All amendments and revisions to the Policy have been subject to the approval of the Board of Directors (the "Board") of the Company.

## **2. SCOPE**

### **2.1 Objectives**

This Policy applies to all Directors, their Relatives, Senior Officers, and entities where directors or their relatives hold a Major Shareholding. It outlines the guidelines and regulatory restrictions the Company must follow when granting loans and advances to these individuals and entities.

### **2.2 Definitions**

All the terms and expressions used herein and not defined below shall draw inference from the Companies Act, 2013 and/or RBI regulations as issued from time to time.

#### **a) Company**

The term “Company” to mean and include Abans Finance Private Limited.

#### **b) Control**

The term “control” shall include

- i. the right to appoint majority of the Directors or
- ii. 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.

**c) Director**

The term “director” shall mean a Director appointed to the Board of the company.

**d) Relative**

The term “relative” shall have the meaning- 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.

**e) Major Shareholder**

The term “major shareholder” shall mean an entity or a person holding 10% or more of the paid-up share capital or INR 5.00 crores (Indian Rupees Five Crores) in paid-up shares, whichever is lower.

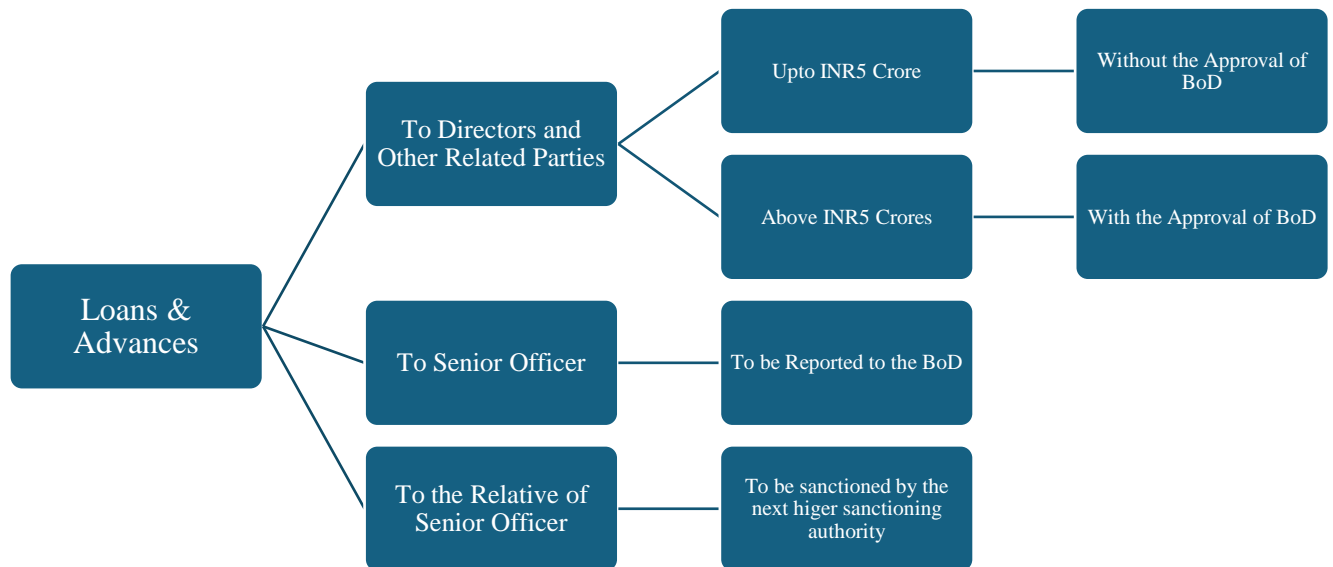
**f) Senior Officer**

The term “senior officer” shall have the same meaning as assigned to ‘senior management’ as under Section 178 of the Companies Act, 2013 i.e - means personnel of the Company who are members of its core management team excluding Board of Directors (BoD) comprising all members of management one level below the Managing Director, including the functional head.

### **3. GUIDELINES**

The RBI has established distinct guidelines for directors and senior management regarding loans and advances.

Below is an illustration of the specific regulations pertaining to loans and advances for these individuals and entities.



### 3.1 LOANS AND ADVANCES TO DIRECTORS

**A) Prohibition and Approval Requirements:** The Company shall not grant loans and advances aggregating INR 5 crores (Indian Rupees Five Crores Only) or more to the following entities unless sanctioned by the Board of Directors or a Committee of Directors:

- Its Directors (including the Chairman, Vice-Chairman, and Managing Director) or relatives of Directors.
- Any firm in which any Director(s) or their relatives are interested as a partner, manager, employee, and/or guarantor.
- Any company in which any Director(s), or their relatives are interested as a major shareholder, director, manager, employee, and/or guarantor.

**B) Interest in Subsidiaries and Holding Companies:** A director or their relatives shall be deemed to be interested in a company, being the subsidiary or holding company, if they are a major shareholder or exercise control over the respective holding or subsidiary company.

**C) Disclosure:** A director who is directly or indirectly concerned or interested in any proposal must disclose the nature of their interest to the Board when such a proposal is discussed. They must recuse themselves from the meeting unless their presence is required by the other directors for the purpose of eliciting information. The director so required to be present shall not vote on any such proposal.

**D) Sanctioning of Smaller Loans:** Proposals for credit facilities of an amount less than ₹5 crores to these borrowers may be sanctioned by the appropriate authority within the Company under powers vested in such authority, but the matter must be reported to the Board.

### **3.2 LOANS AND ADVANCES TO SENIOR OFFICERS**

**A) Reporting Requirements:** All loans and advances sanctioned to senior officers of the Company must be reported to the Board of Directors.

**B) Prohibition on Self-Sanctioning:** No senior officer, nor any Committee that includes a senior officer as a member, shall sanction any credit facility to a relative of that senior officer while exercising their sanctioning powers. Such credit facilities must be sanctioned by the next higher sanctioning authority as per the delegation of powers.

**C) Sanctioning Authority:** The Company may grant any loans and/or advances with prior sanction of the Finance Committee which includes the Managing Director to its senior officers up to INR 5 crores (Indian Rupees Five Crores only).

## **4. ADDITIONAL GUIDELINES FOR GRANTING LOANS AND ADVANCES TO DIRECTORS AND SENIOR OFFICERS**

**4.1 Declaration Requirement:** 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 ₹5 crores and above. The Company shall recall the loan if it comes to their knowledge that the borrower has given a false declaration.

**4.2 Notification to Directors:** These guidelines shall be duly brought to the notice of all directors and placed before the company's Board of Directors.

**4.3 Disclosure in Financial Statements:** The Company shall disclose in their Annual Financial Statement the aggregate amount of such sanctioned loans and advances as per the template provided in the Appendix.

## **5. EXCLUSIONS TO THE POLICY**

The term 'loans and advances will not include loans or advances against -

- a) Government securities
- b) Life insurance policies

- c) Fixed deposits
- d) Stocks and shares
- e) Housing loans, car advances, etc. granted to an employee of the NBFC under any scheme applicable generally to employees.  
Provided that the company's interest/lien is appropriately marked with legal enforceability.

## **6. EXCEPTIONS TO THE POLICY**

Any exception to this Policy shall require prior approval of the Board of Directors of the Company.

**APPENDIX**

**Loans to Directors, Senior Officers and relatives of Directors**

(₹ crore)

	<b><u>Current Year</u></b>	<b><u>Previous Year</u></b>
Directors and their relatives		
Entities associated with directors and their relatives		
Senior Officers and their relatives		