



POLICY ON

Grant of Loans to Directors, Senior Officers and Relatives of Directors and to entities where Directors or their relatives have major shareholding.

Laxmi India Finleasecap Private Limited

(Sapne Dekho Bade Dekho Hamare Saath Unhe Pura Hote Hue Dekho)



1. BACKGROUND

Laxmi India Finleaseap Private Limited (hereinafter referred as “the Company” or “LIFC” or “Laxmi India”) “a Non-Banking Financial Company (‘NBFC’) holding a valid Certificate of Registration (“CoR”) with Reserve Bank of India (‘RBI’) vide registration no. B-10.00318 dated March 15, 2021 under current RBI classification as NBFC - Investment and Credit Company (NBFC-ICC) – Non Deposit taking Systemically Important (‘ICC-ND-SI’) with more than 20 years of experience in asset finance business.

It is focused on offering financing of MSME, Loan against property, commercial vehicles (HCV, LCV, MUV, SUV), Tractors, Two-wheelers, Personal and Business Loan.

2. INTRODUCTION

The Board of Directors (hereinafter referred as the “Board”) of the Company has adopted the following policy and procedures with regard to Loans and Advances to Directors, Senior Officers, and relatives of Directors and to entities where directors or their relatives have major shareholding. The Board on the recommendation of the Audit Committee will review and may amend this policy from time to time.

PURPOSE

This policy is being brought in place in terms of para 3.2.3(c) of the circular DOR.CRE.REC.No.60/03.10.001/2021-22 on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued on October 22, 2021 and further notified under circular DOR.CRE.REC.No.25/03.10.001/2022-23 on Loans and Advances – Regulatory Restrictions – NBFCs issued on April 19, 2022 by Reserve Bank of India.

3. DEFINITIONS

“**Act**” shall mean Companies Act, 2013 and the Rules framed thereunder including amendments, re-enactments, modifications, notifications, circulars and orders from time to time.

“**Audit Committee**” shall means Audit committee of the company as constituted from time to time.

“**Arm’s Length Basis**” shall mean the transaction entered into between two Related Parties as if they were unrelated to avoid any conflict of interest, and the term ‘arm’s length’ shall be construed accordingly.

“**Board of Directors**” or “**Board**” shall means Board of Directors of the Company as constituted from time to time.

“**Company**” shall mean Laxmi India Finleaseap Private Limited.

“**Credit**” shall mean Credit Department of the Company.

“**Key Managerial Personnel**” (KMP) means:

- a. Chief Executive Officer or Managing Director or the manager;
- b. Company Secretary;
- c. the Whole Time Director;
- d. Chief Financial Officer;



- e. Such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- f. Such other officer as may be prescribed, from time to time

“Senior Officer’s” shall mean Head of the Department includes KMP of the Company.

“HR” shall mean Human Resource Department of the Company.

“Relative” shall mean the term as defined under relevant applicable section of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014.

“Related Party” shall mean a Related Party shall have the same meaning as defined under Section 2(76) of the Act and the Rules made thereunder and the applicable Accounting Standards.

4. APPLICABILITY

This Policy applies to Directors, Senior Officers and relatives of Directors and to entities where directors or their relatives have major shareholding. It provides a framework for governance and reporting of loans and advances to KMP’s, Directors and its Related Parties.

5. SCOPE AND PURPOSE

This policy is intended to ensure that the loans and advances provide to its Directors, Senior Officers and relatives of Directors and to entities where directors or their relatives have major shareholding by the company should be pursuant to the circular issued by Reserve Bank of India vide RBI/2022-23/29 DOR.CRE.REC. No.25/03.10.001/2022-23 dated April 19, 2022. Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of transactions in terms of the applicable laws as amended from time to time.

6. APPROVAL OF LOAN

(A) Loan and advances to Key Managerial Personnel and Senior officials

Loan and advances to Key Managerial Personnel and Senior officials shall be approved by the Managing Director of the company.

The terms and conditions of Loan and advances to Key Managerial Personnel and Senior officials are:

- The amount cannot be exceeding Rs. 10 Lacs only.
- The maximum eligible amount of employee is 5 times of monthly net salary excluding incentive.
- The maximum tenure allowed is 48 Months.
- ROI- A company which in the ordinary course of its business provides loans or gives guarantees or securities for the due repayment of any loan and in 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.
- Job stability requires minimum of 1 Years.
- Residential stability requires minimum of 3 years.
- Age of employee should not exceed 60 years at the time of maturity of loan.
- Compulsory deduction of EMI from salary.
- At the time of exiting organization, the same loan to be closed before relieving.



- All proposals of loan to KMP decision should be discuss in the Audit Committee.

The above conditions can be added/ modified or withdrawn on the sole discretion of Managing Director. The Loan will be processed by Credit Department and recommended by HR Department.

(B) Approval of Board of Directors and Shareholders

The Company shall not grant any loans and advances to its Directors including Managing Director and its Related Parties and to entities where Directors or their relatives have major shareholding without the prior approval of:

- (i) Board of Directors given by way of a resolution at a meeting of the Board and subject to such conditions as may be prescribed by the Board and other approvals if required by Statutory provisions of Companies Act, 2013 and Reserve Bank of India; and subject to approval of shareholders.

7. DISCLOSURE

Appropriate disclosures as required by the Act and Reserve Bank of India will be made in the Financial Statements and the Board's Report of the Company. This Policy shall be disclosed on the website of the Company.

8. REVIEW OF POLICY

This Policy shall be reviewed by the Board of Directors as and when any changes are to be made in the Policy. Any changes or modification in the Policy as recommended by the Audit Committee shall be presented to the Board for their approval. The Board shall have the right to withdraw and/or amend any part of this policy or the entire policy, at any time, as it deems fit from time to time.