



**LADDERUP FINANCE LIMITED**

**POLICY ON LOANS TO DIRECTORS & SENIOR OFFICERS**

**Date of Last Review/Revision: 7<sup>th</sup> February, 2025**

## PREAMBLE

In accordance with the Reserve Bank of India (RBI) circular on Scale Based Regulation (SBR): A Revised Regulatory Framework for Non-Banking Financial Companies (NBFCs) vide its notification no. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021, Ladderup Finance Limited ("the Company") is categorized as NBFC- Base Layer and accordingly the regulations as applicable for NBFC- Base Layer shall be complied with.

Further, RBI vide its circular DOR.CRE.REC. No.25/03.10.001/2022-23 dated April 19, 2022, on Loans & Advances- Regulatory Restrictions- NBFCs, certain regulatory restriction on granting loans to their directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding have asked to be introduced in respect to NBFCs placed in Base Layer.

Accordingly, the Board of Directors of the Company have formulated and adopted this Policy on loans to directors & senior officers to comply with the above-mentioned circulars.

This policy is to regulate the loans granted to the directors, senior officers, relatives of directors and to entities where directors or their relatives have major shareholding based on the RBI circulars, provisions of Companies Act, 2013 and any other applicable laws.

## 1. DEFINITIONS

- a) **"Director"** as per Clause (34) of Section 2 of the Companies Act, 2013, means a director appointed to the Board of a company;
- b) **"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.
- c) **"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.
- d) **"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;
- e) **"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.

## 2. LOANS AND ADVANCES COMMITTEE

The Loans and Advances Committee shall comprise of members of Credit Committee, from time to time, as defined in Loan Policy of the Company.

### **3. LOANS AND ADVANCES TO DIRECTORS**

Unless sanctioned by the Committee and 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 Director or his/her relatives shall be deemed to be interested in a Company, being the subsidiary or holding company, if they are major shareholder or is in control of the respective holding or subsidiary company.

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 unless 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, to the borrowers shall be sanctioned by the Managing Director of the Company under powers vested by the Board in Loan Policy. All the proposals approved by the Committee shall be reported to the Board of Directors subsequently.

### **4. LOANS AND ADVANCES TO SENIOR OFFICERS**

The Company shall abide by the following when granting loans and advances to their senior officers:

- (i) Loans and advances sanctioned to senior officers of the Company shall be reported to the Board of Directors.
- (ii) 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 officer. Such a facility shall be sanctioned by the next higher sanctioning authority under the delegation of powers.

### **5. 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.

**6.** In respect 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 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 enclosed (**Annexure I**) to this policy.

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

8. 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 or any other loans granted to an employee of the company under any scheme applicable generally to employees.

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

#### **Annexure I**

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

(₹ crore)

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