

**CHARTERED FINANCE & LEASING LTD.
(CFL)**

(“NBFC/ B-13.02480”)

**LOANS AND ADVANCES TO DIRECTORS
AND SENIOR OFFICER POLICY**

SUMMARY OF POLICY

Particular	Details
Policy Name	Loans and Advances to Directors and Senior Officer Policy
Version	V1
Latest Approval/Review Date	20 th May, 2025
Review Cycle	Annually
Approver	Board of Directors of Chartered Finance & Leasing Ltd

VERSION HISTORY

Version	Approval	Version Description	Regulatory Reference
I	Board Meeting dated 07 th April, 2022	2022	RBI Regulation
II	Board Meeting dated 20 th May, 2025	2025	RBI Regulation

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Policy for Loans and Advances to Directors and Senior Officer

1. Introduction

The Company has formulated this policy pursuant to Master Directions – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (Master Directions) (as modified, amended, and updated from time to time) which has laid down certain regulatory restrictions on lending to directors and the senior officer or their relatives.

This Policy shall be placed before the Board of Directors for their approval along with the aforesaid guidelines.

2. Objectives of the Code

- a) Compliance with the regulatory requirements with respect to lending where to directors, senior officers, or their relatives or firms or companies in which they hold an interest.
- b) Greater transparency and disclosure of interest by directors or senior officer in case of loan proposals where they are interested.
- c) The board of directors/ALCO committee takes informed decision during approval of such loans and advances.

3. Definitions

- (i) “Control” 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;
- ii) “Relative” shall mean to include
 - a) Members of a Hindu Undivided Family.
 - b) Husband
 - c) Wife
 - d) Father (including stepfather)
 - e) Mother (including stepmother)
 - f) Son (including stepson)

- g) Son's wife
- h) Daughter
- i) Daughter's husband
- j) Brother (including stepbrother)
- k) Sister (including stepsister)
- iii) "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.
- iv) "Senior Officer" shall mean to include 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.

4. Loans and advances to Directors

- a) the Company shall not grant loans and advances aggregating Rs. 5 crores and above, unless sanctioned by the Board of Directors/ Committee to
 - i. their directors (including Managing Director) or relatives of directors.
 - ii. any firm in which any of their directors or their relatives is interested as a partner, manager, employee, or guarantor.
 - iii. any company in which any of their directors, or their relatives is interested as a major shareholder, director, manager, employee, or guarantor.

Provided that a director or his relatives shall be deemed to be interested in a company, being the subsidiary or holding company, if she is a major shareholder or is in control of the respective holding or subsidiary company.

Provided that any director/committee member directly or indirectly concerned or interested in any loan proposal shall disclose the nature of his interest to the Board/Committee when such loan proposal is placed before them.

The concerned director/committee member should recuse themselves from the meeting unless other directors require their presence to obtain further information. Such concerned or interested director/committee member shall not have the power to vote on the loan proposal in which they are interested.

The Company shall obtain a declaration from the borrower in the application form providing details of the relationship of the borrower to directors/ senior officer for loans and advances aggregating Rs. 5 crores and above.

The Company shall recall the loan if it comes to their knowledge that the borrower has given a false declaration.

The proposals for credit facilities of an amount less than Rs. 5 Crores may be sanctioned as per Delegation of Authority however shall be reported to the Board of Directors of the Company on a quarterly basis.

5. Loans and advances to Senior Officer

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

6. Loans and advances to Real Estate Sector

While appraising loan proposals for construction finance, the approving authority shall ensure:

- i. that the concerned borrowers have obtained requisite prior permissions/clearances from government/ local government/ other statutory authorities for the real estate project, wherever required, prior to disbursement.
- ii. The Company shall disclose in their Annual Financial Statement, aggregate amount of such sanctioned loans and advances as per the format prescribed in the Master Directions.
- iii. The above norms for loans and advances to directors, senior officer and the real estate sector shall also apply to awarding of contracts.

7. Loans and advances exempted

‘Loans and 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 Company under any scheme applicable generally to employees provided that interest/lien is appropriately marked with legal enforceability in the favour of the Company.

8. Disclosures

The Company shall disclose in the Annual Financial Statement, aggregate amount of such sanctioned loans and advances as stated under para 4, 5 and 6 as per template provided in Appendix I.

9. Review

- a) The Company reserves the right to amend /alter/modify the policy as mentioned herein above and provide updates from time to time, not affecting/sacrificing the underlining spirit of the said policy.
- b) The Company shall annually review the policy on an annual basis or at the time of regulatory updates, if any or at such periodicity at its discretion.