



Capfin India Limited

Regd. Office: 6th Floor, VB Capitol Building, Range Hills Road, Opp. Hotel Symphony,
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POLICY ON LOANS AND ADVANCES TO DIRECTORS AND SENIOR OFFICERS

I. INTRODUCTION:

With a view to develop a strong and resilient financial system, the Reserve Bank of India (RBI) vide notification RBI/DoR/2023-24/106 bearing Ref. No. DoR.FIN.REC.No. 45/03.10.119/2023-24 dated October 19, 2023 has notified Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (“**Directions**”) read with all relevant amendments/modification/re-enactments thereon.

The Directions provide for certain regulatory restrictions and conditions in relation to loans extended by NBFCs to their directors, senior officers and relatives thereof. In accordance with the above the Board of Directors of Capfin India Limited have adopted 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 (“**Policy**”) in their meeting held on December 16, 2024.

II. DEFINITIONS:

“**Board of Directors**” or “**Board**” in relation to the company, means the collective body of the directors of the Company.

- i) “**Company**” means Capfin India Limited.
- ii) “**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.
- iii) “**Employee**” means those employees who are on the payroll of the company.
- iv) “**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.
- v) “**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.
- vi) “**Base Layer**” shall consist of (a) non-deposit taking NBFCs below the asset size of



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₹1,000 crore and (b) NBFCs undertaking the following activities - (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non- Operative Financial Holding Company (NOFHC) and (iv) NBFC not availing public funds and not having any customer interface.

vii) **“Relative”** as per Clause (77) of Section 2 of the Companies Act, 2013, 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) **“Senior Officer”** shall have the same meaning as assigned to **“Senior Management”** under Section 178 of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2025 mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

III. PROCEDURE ON LOANS AND ADVANCES:

A. LOANS AND ADVANCES TO DIRECTORS:

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

- (i) its directors (including the chairman/ Managing Director) or Relatives of the directors;
- (ii) any firm in which any of the directors or their Relatives are interested as a partner, manager, employee or guarantor; and
- (iii) any company in which any of their directors, or their Relatives are interested as a Major Shareholder, director, manager, employee or guarantor.

Provided that a 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(s) or 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 when any such proposal is discussed. Such interested director(s) shall recuse themselves from the meeting, subject to



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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 Ten crore, to the borrowers shall be sanctioned by the Managing Director of the Company under powers vested by the Board. All the proposals approved by the Managing Director shall be reported to the Board of Directors on a quarterly 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 and voting over the said agenda and the remaining members forming the quorum shall consider the proposal.

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

B. LOANS AND ADVANCES TO SENIOR OFFICERS:

Loans and advances sanctioned to senior officers of the NBFC shall be reported to the Board on a quarterly basis.

The above norms relating to granting of loans and advances shall equally apply to awarding of contracts to the directors, their relatives or the senior officials.

IV. 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 unless a special resolution is passed by the Company in a general meeting.

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

- (a) any director of the company, or of a company which is its holding company or any partner or relative of any such director;
- (b) any firm in which any such director or relative is a partner;



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- (c) any private company of which any such director is a director or member;
- (d) 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
- (e) 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, the Company may give any loan to a Managing or Whole-time director:

- (i) as a part of the conditions of service extended by the company to all its Employees; or
- (ii) pursuant to any scheme approved by the members by a special resolution shall be exempted.

V. REVIEW:

The Policy shall be reviewed and modified by the board as deemed necessary from time to time.



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Annexure - A

	Current Year	Previous Year
Directors and their relatives		
Entities associated with directors and their relatives		
Senior Officers and their relatives		