



# **BAID FINSERV LIMITED**

**(FORMERLY KNOWN AS “BAID LEASING AND FINANCE CO. LTD.”)**

## **POLICY FOR LOAN TO DIRECTORS, SENIOR OFFICERS ETC.**

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Company Circulation

## Version Control

Document Version	Description	Date	Prepared / Changed by
1.0	RBI circular on Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued on October 22, 2021  RBI circular cum guidelines on Loans and Advances – Regulatory Restrictions - NBFCs dated April 19, 2022	February 13, 2023	Compliance Department

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## 1. PREFACE

In terms of the provisions of RBI circular on **Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs** dated October 22, 2021 **Baid Finserv Limited** (Formerly Known as Baid Leasing and Finance Co. Ltd.) (the "Company") fall within the ambit of "Base Layer" of NBFCs and as per RBI circular on **Loans and Advances – Regulatory Restrictions – NBFCs** dated April 19, 2022 the company is required to formulate a Board approved policy on grant of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding.

Accordingly, the Board of Directors ("**the Board**") of the Company has approved and adopted this Policy on February 13, 2023

## 2. OBJECTIVE OF THE POLICY

The Objective of this policy is to lay down a framework to comply with the regulatory restrictions imposed on grant of loans and advances to the Directors, Senior officers and their relatives and interested firms or companies in accordance with Reserve Bank of India guidelines through circular on Scale Based Regulation issued on October 22, 2021 and subsequent detailed guidelines issued vide circular dated April 19, 2022 and applicable provisions of the Companies Act, 2013.

## 3. APPLICABILITY

This policy shall be applicable to the grant of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives are partner, director, manager, employee, guarantor or major shareholder.

## 4. DEFINITIONS

For the purpose of this policy:

- a. The term "control" shall have the meaning assigned to it under Clause (27) of Section 2 of the Companies Act, 2013.
- b. The term "relative" shall have the meaning assigned to it under Clause (77) of Section 2 of the Companies Act, 2013.
- c. The term "major shareholder" shall mean a person holding 10 % or more of the paidup share capital or five crore rupees in paid-up shares, whichever is lower.
- d. The term "Senior Officer" shall have the same meaning as assigned to "Senior Management" under Section 178 of the Companies Act, 2013.

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- e. The term 'loans and advances' will not include loans or advances against –
- (i) Government securities;
  - (ii) Life insurance policies;
  - (iii) Fixed deposits;
  - (iv) Stocks and shares;
  - (v) Housing loans, car advances, etc., if any, granted to an employee of the Company under any scheme applicable generally to employees.

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

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

Unless sanctioned by the Board of Directors, loans and advances aggregating to Rs. 5 Crores (Rupees five crores) and above shall not be granted to –

- (i) the directors or relatives of directors;
- (ii) any firm in which any of the director(s) or their relatives is interested as a partner, manager, employee or guarantor;
- (iii) any company in which any of the director(s), or their relatives is interested as a major shareholder, director, manager, employee or guarantor.

Provided that a director or their relatives shall be deemed to be interested in the company, being the subsidiary or holding company, if he /she is a 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 should disclose the nature of his/her interest to the Board when any such proposal is discussed. Such interested director should recuse himself /herself from the meeting unless his/her presence is 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.

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

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

Loans and advances sanctioned to senior officers of the Company above Rs. 5 Crores (Rupees five crores) shall be reported to the Board. 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.

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## **7. DISCLOSURE**

The Company shall **disclose in their Annual Financial Statements**, aggregate amount of loans and advances sanctioned to Directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding as per template provided in the **Annexure I**.

## **8. REVIEW OF THE POLICY**

This policy shall be reviewed and modified by the Compliance Department of the Company as and when required and shall be placed before the Board for approval. In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended at the next possible opportunity. However, the amended regulatory requirements will supersede the Policy till the time Policy is suitably amended.

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Company Circulation

Proposed by	Signature
Company Secretary and Compliance Officer	
Reviewed by	
Mr. Aman Baid Whole-time Director	
Approving Authority	Board of Directors
Date of approval/review	February 13, 2023

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**ANNEXURE I**

**LOANS TO DIRECTORS, SENIOR OFFICERS AND RELATIVES OF DIRECTORS**

(₹ crore)

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

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