

THE VENKTESH CO PVT LTD

POLICY FOR LOANS AND ADVANCES TO THE DIRECTORS, SENIOR OFFICERS

Adopted on : 20-12-2023

Effective from: 20-12-2023

1. OBJECTIVE OF THE POLICY:

The Objective of the policy is to lay down a framework to comply with the regulatory restrictions on 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 22nd October, 2021 and subsequent detailed guidelines issued vide circular dated 19th April, 2022 and applicable provisions of the Companies Act, 2013.

2. APPLICABILITY:

This policy shall be applicable on 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.

3. 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.
- 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.

4. LOANS AND ADVANCES TO DIRECTORS:

Unless sanctioned by the Board of Directors, loans and advances aggregating 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 her interest to the Board when any such proposal is discussed. Such interested director should recuse himself /herself from the meeting unless 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.

The proposals for credit facilities of an amount less than Rupees five crore to these borrowers may be sanctioned as per the credit policy, but the matter should be reported to the Board.

5. LOANS AND ADVANCES TO SENIOR OFFICERS:

Company shall abide by the following when granting loans and advances to their senior officers: a. Loans and advances sanctioned to senior officers of the Company shall be reported to the Board. b. 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.

6. DECLARATION FROM THE BORROWER AND DISCLOSURES:

In respect of granting of Loans and advances to the Directors, senior officer or their relatives as stated under para 4 and 5 above:

- a) Company shall obtain a declaration from the borrower giving details of the relationship of the borrower to directors/ senior officers of the company for loans and advances aggregating

Rupees five crore and above. Company shall recall the loan if it comes to the knowledge that the borrower has given a false declaration.

b) These guidelines shall be duly brought to the notice of all directors.

c) Company shall disclose in the Annual Financial Statement, aggregate amount of such sanctioned loans and advances as per below format:

Loans to Directors, Senior Officers and relatives of Directors

Rs. In Crore

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

These guidelines relating to grant of loans and advances shall equally be applicable to awarding the contracts as well.

7. REVIEW OF THE POLICY:

This policy shall be reviewed and modified as and when may be required and 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.

Adopted/Reviewed/Renewed:-

Reviewed on 25.11.2024