



Avanti Microfinance Private Limited

## Policy on Loans & Advances to Directors and Senior Officers

This document was:

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Version 1	Ms. Manish Thakkar, Director	Mr. Rahul Gupta, Director	April 09, 2025

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## **POLICY ON LOANS AND ADVANCES TO DIRECTORS AND SENIOR OFFICERS**

### **1. INTRODUCTION**

- 1.1. Avanti Microfinance Private Limited is a registered non-deposit taking Non-Banking Finance Company (NBFC), classified in the 'Middle Layer' and it is engaged in the business of, inter alia, providing credit facilities to eligible borrowers.
- 1.2. As per the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (DoR.FIN.REC.No.45/03.10.119/2023-24) ("**SBR Guidelines**"), Company is required to adopt a policy on loans and advances to identified officers.
- 1.3. In accordance with the above regulations, the board of directors of Avanti Microfinance Private Limited has formulated this policy ("**Policy**") on grant of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding as prescribed by the RBI.

### **2. SCOPE AND DEFINITIONS**

- 2.1. This Policy is applicable to all Directors, Relatives of Directors, Senior Officers, and entities where Directors or their Relatives are Major Shareholders. This Policy covers guidelines/regulatory restrictions to be followed by the Company while granting loans and advances to aforementioned persons/entities.
- 2.2. In this Policy, unless the contrary intention appears and/or the context otherwise requires, capitalised terms defined by: (i) inclusion in quotations and/or parenthesis have the meanings so ascribed; and (ii) the following terms shall have the meanings assigned to them herein below:
  - (i) "**Board of Directors**" or "**Board**" means the board of directors of the Company, as constituted from time to time.
  - (ii) "**Company**" means Avanti Microfinance Private Limited.
  - (iii) "**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.
  - (iv) "**Director**" shall have the meaning as assigned to it in S.2(34) of the Companies Act, 2013.
  - (v) "**Employee**" means those employees who are on the payroll of the Company.
  - (vi) "**Major Shareholder**" shall mean a person holding 10% (ten percent) or more of the paid-up share capital or INR 5,00,00,000 (Indian Rupees Five Crore) in paid-up shares, whichever is lower.
  - (vii) "**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.

- (viii) **“Relative”** shall have the meaning as prescribed in the S.2(77) of the Companies Act, 2013.
- (ix) **“Senior Officer”** shall have the meaning as assigned to the term **“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.
- (x) **“Whole-Time Director”** shall have the meaning as prescribed in the Companies Act, 2013.

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

- 3.1. Company's credit sanctioning authority (as may be empowered in this matter) may, in accordance with applicable laws, sanction loans and/or advances to Company's following personnel:
  - (i) its Directors (including the Whole-Time Director) or Relatives of Directors;
  - (ii) any company or any other entity in which any Director(s), or their Relatives are interested as a Major Shareholder; and
  - (iii) Senior Officers.
- 3.2. It is clarified that no loans or advances will be made to Directors or firms in which they are interested parties
- 3.3. In the event Company's credit sanctioning authority sanctions any loan and/or advance to any of the persons identified in paragraph 3.1 above, it shall, in all cases, prepare and lay a memorandum of the terms and conditions of such credit facility to the Board of Directors.
- 3.4. Such memorandum should be presented to the Board of Directors not later than the immediate next meeting of the Board of Directors and must, at minimum, include the following details:
  - (i) Name, details of the borrower and relationship with Company and/or its Directors;
  - (ii) Amount and nature of credit facility;
  - (iii) Interest rate;
  - (iv) Tenure;
  - (v) Nature of Security, if any;
  - (vi) Prepayment penalty, if applicable; and
  - (vii) Specific events of default which will entitle Company to recall the credit facility.
- 3.5. The Board can approve and sanction the loan by passing a resolution through circulation or in the meeting.
- 3.6. Company shall disclose the aggregate amount of such sanctioned loans and advances in its annual financial statement in the format prescribed by RBI from time to time.

**4. RECORD OF UPDATES**

This Policy comes into effect from the date of approval by the Board.

**5. POLICY REVIEW**

- 5.1. The implementation of this policy shall be monitored and reviewed periodically by the Board of the Company.