BRMP LEASING & FINANCE PRIVATE LIMITED

POLICY FOR LOANS AND ADVANCES TO THE DIRECTORS, SENIOR OFFICERS AND RELATIVES OF DIRECTORS

RECORD OF REVIEW

BRMP LEASING AND FINANCE PRIVATE LIMITED	
Policy Title	Policy for Loans and Advances to the Directors, Senior Officers and Relatives of Directors
Created By	Compliance Department
Reviewing & Approving Authority	Board of Directors
Version No.	1
Date of approval	20-10-2025
Review Cycle	As recommended by the Board of Directors
Nature of Document	Internal

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1. INTRODUCTION

BRMP LEASING & FINANCE PRIVATE LIMITED ("BRMP" or "Company") is a private limited company incorporated under the Indian Companies Act, 1956 and registered under Companies Act, 2013 and is a Non-Banking Financial Company ("NBFC") registered with the Reserve Bank of India (RBI) under the Non-Deposit Taking NBFC falling under Base Layer category as per RBI Scale Based Regulations.

The Reserve Bank of India had issued Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 on 19th October 2023. This Master Direction provides specific regulatory restriction on loans extended by NBFCs to their Directors, Senior Officers, and Relatives of Directors, as well as to entities associated with them.

2. PURPOSE

This policy establishes a framework to ensure compliance with the regulatory restrictions on loans and advances to the Directors, Senior Officers, Relatives of Directors, and entities where Directors or their Relatives have a major shareholding. It ensures alignment with RBI guidelines through the Master Directions on Scale-Based Regulations issued on 19th October 2023, as amended from time to time, and applicable provisions of the Companies Act, 2013. The policy also aims to mitigate risks associated with conflicts of interest.

3. APPLICABILITY

This Policy is applicable to all Directors, Relatives of the Directors, Senior Officers, Relatives of the Directors, and entities where Directors or their Relatives have major shareholding. This Policy covers guidelines/regulatory restrictions to be followed by the Company while granting Loans and Advances to aforementioned persons/entities.

4. DEFINITIONS

"Act" shall mean Companies Act, 2013 and the Rules framed thereunder including amendments, reenactments, modifications, notifications, circulars and orders from time to time.

"Audit Committee" shall means Audit committee of the company as constituted from time to time.

"Arm's Length Basis" shall mean the transaction entered into between two Related Parties as if they were unrelated to avoid any conflict of interest, and the term 'arm's length' shall be construed accordingly.

"Board of Directors" or "Board" shall means Board of Directors of the Company as

constituted from time to time.

"Company" shall mean BRMP Leasing and Finance Private Limited.

"Credit" shall mean Credit Department of the Company.

"Key Managerial Personnel" (KMP) means:

- **a.** Chief Executive Officer or Managing Director or the manager;
- **b.** Company Secretary;
- **c.** the Whole Time Director;
- **d.** Chief Financial Officer;
- **e.** Such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- **f.** Such other officer as may be prescribed, from time to time

"Senior Officer's" shall mean Head of the Department includes KMP of the Company.

"Relative" shall have the meaning assigned to it under Clause (77) of Section 2 of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014.

"Related Party" shall mean a Related Party shall have the same meaning as defined under Section 2(76) of the Act and the Rules made thereunder and the applicable Accounting Standards.

All other terms and expressions used herein and not defined above shall draw inference from the Companies Act, 2013 and/or RBI regulations as issued from time to time.

5. LOANS AND ADVANCES TO DIRECTORS

Unless sanctioned with the prior approval of the Audit Committee and the Board of Directors of the Company, loans and advances aggregating Rs. 10 Lakhs (Rupees Ten Lakhs only) 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 any subsequent material modifications in the terms of loan shall require the prior approval of the Audit Committee and Board of Directors of the Company.

Provided further that Directors 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 further 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 Rs. 5 Crores (Rupees Five Crores only) to these borrowers may be sanctioned by the appropriate authority under the powers vested in such authority, but the matter shall be reported to the Board or Audit Committee, if any.

6. APPROVAL OF THE BOARD OF DIRECTORS.

Any loan or advance exceeding the specified amount must be reported to both the Audit Committee and the Board of Directors. The Board shall review such loans and, at their discretion, provide approval for the same in accordance with applicable policies and procedures.

Provided that any subsequent material modifications to the terms and conditions of the loan, including but not limited to changes in interest rates, repayment schedules, collateral requirements, or any other significant alterations, shall require the prior approval of the Board of Directors of the Company.

A Director who is directly or indirectly concerned or interested in any proposal must disclose the nature of their interest to the Board at the time the proposal is discussed. The interested Director shall recuse themselves from the meeting unless their presence is specifically requested by the other Directors for the purpose of providing information. In such cases, the Director may be present but shall not participate in voting on the proposal.

Directors or their relatives shall be considered to have an interest in the company, whether it is a subsidiary or holding company if he/she is a significant shareholder or holds control over the respective holding or subsidiary company.

7. 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 shall be sanctioned with the prior approval of the Audit Committee/ Board of Directors to an amount aggregating to more than Rs. 10 Lakhs.

b. Any subsequent material modifications in the terms of loan shall require the prior

approval of the Audit Committee of the Company and the Board of Directors.

c. Loans and advances sanctioned to senior officers of the Company shall be reported to the Board.
d. 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.

8. 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 5 and 7 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 before granting loans and advances. 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 bought into the notice of the Directors and senior officers of the Company.

c. Company shall disclose in the Annual Financial Statement, the aggregate amount of such sanctioned loans and advances as per the template provided in the **Annexure.**

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

9. REVIEW AND AMENDMENT TO THE POLICY

This policy shall be reviewed and modified by the Board as and when necessary. However, the amended regulatory requirements will supersede the Policy till the time Policy is suitably amended.

10. EXCEPTION TO THE POLICY

Any exception to this Policy shall require prior approval of the Board of Directors of the Company.

Annexure

(Loans to Directors, Senior Officers and relatives of Directors)

Category	Current Year	Previous Year
Directors and their relatives	***- Total loan amount sanctioned - Names of person receiving loans - Loan terms (interest rate, tenure) - Collateral provided (if any**	
Entities associated with Directors and their relatives		
Senior Officers and their relatives		

Note: All amounts are to be reported in _____ of Indian Rupees (INR).

*****End of Policy Document*****