

WINRO COMMERCIAL (INDIA) LIMITED

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POLICY ON LOANS AND ADVANCES TO DIRECTORS AND SENIOR OFFICERS

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DATE OF APPROVAL/REVIEW
06.03.2023

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1. INTRODUCTION:

Winro Commercial (India) Limited is an Investment and Finance company. The Company is engaged in the business of investment and trading in shares and securities and lending activities.

In compliance with the Regulatory Framework for NBFCs introduced by the Reserve Bank of India ('RBI'), a Master Circular was issued on Scale Based Regulation (SBR) - A Revised Regulatory Framework for NBFCs. The said circular apart from the other scale based regulations provided for certain regulatory restriction on the loans extended by NBFCs to their directors, senior officers and relatives thereof. As per the said circular the company is categorized as NBFC- Middle Layer and accordingly the regulations as applicable for NBFC- Middle layer shall be complied with.

In accordance with the above the "Board of Directors" ("Board") of Winro Commercial (India) Limited has formulated 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.

2. DEFINITIONS:

- i) **"Board of Directors" or "Board"** means the Board of Directors of the company, as constituted from time to time.
- ii) **"Company"** means Winro Commercial (India) Limited.
- iii) **"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.
- iv) **"Senior Officer"** shall have the same meaning as assigned to **"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.
- v) **"Employee"** means those employees who are on the payroll of the company.
- vi) **"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.
- vii) **"Relative"** as per Clause (77) of Section 2 of the Companies Act, 2013, "relative", 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) “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.

3. REGULATORY RESTRICTIONS ON LOANS AND ADVANCES:

Loans and advances to Directors

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

- a. its Directors (including the Chairman/ Managing Director, if any) or relatives of the directors;
- b. any firm in which any of the Directors of the Company or their relatives are interested as a partner, manager, employee or guarantor; and
- c. any company in which any of the Directors of the Company, or their relatives are interested as a major shareholder, director, manager, employee or guarantor.

Provided that 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 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 of Directors when any such proposal is discussed. Such interested directors shall recuse themselves from the meeting, subject to 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 Five crore, to the borrowers shall be sanctioned by the Audit committee. All the proposals approved by the committee shall be reported to the Board of Directors on quarterly basis.

Loans and advances to Senior Officers of the NBFC

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

- i) Loans and advances sanctioned to senior officers of the NBFC shall be reported to the Board.
- ii) 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.

4. DECLARATION FROM THE BORROWER AND DISCLOSURES:

For the purpose of grant of loan to the directors or senior officials, as previously mentioned:

- (i) The Company shall obtain a declaration from the borrower giving details of the relationship of the borrower with the directors/ senior officers of the Company for loans and advances aggregating Rupees Five crore and above. The Company shall recall the loan if it comes to their knowledge that the borrower has given a false declaration.
- (ii) These guidelines shall be duly brought to the notice of all directors & placed before the NBFC board of directors.
- (iii) 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.

The above norms shall equally apply to awarding of contracts to the directors their relatives or the senior officials.

5. LOANS AND ADVANCES TO REAL ESTATE SECTOR:

While appraising loan proposals involving real estate, the company shall ensure that the applicant has obtained prior permission from government/ local government/ other statutory authorities for the project, wherever required. To ensure that the loan approval process is not hampered on account of this, while the proposals may be sanctioned in normal course, the disbursements shall be made only after the borrower has obtained requisite clearances from the government / other statutory authorities.

The above norms as mentioned at para 3 & 5 relating to grant of loans and advances will equally apply to awarding of contracts.

For the purpose application of regulatory restrictions on grant of Loans and Advances above, the term 'loans and advances' will not include loans or advances against -

- a) Government securities
- b) Life insurance policies
- c) Fixed deposits
- d) Stocks and shares
- e) Any loans 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.

6. 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.

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The expression -"to any other person in whom director is interested" shall mean and include:

- (a) any director of the lending 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;
- (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, giving of any loan to a Managing or Whole-time director not covered in section 185:

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

7. REVIEW OF THE POLICY:

This policy shall be reviewed and modified by Finance department 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.

Annexure-A

Loans to Directors, Senior Officers and relatives of Directors

(₹ crore)

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