POLICY ON LOAN TO DIRECTORS & SENIOR OFFICIALS

(Policy Framework on Loans & Advances to Directors, Senior Officials and Relatives of Directors)

Standard Capital
Markets Limited

Standard Capital Markets Limited

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DOCUMENT IDENTIFICATION INFORMATION

Document Name	Policy on Loan to Directors & Senior Officials
Index	Scale Based Regulations/Compliance Norms/Grant of Loan to Directors, Senior Officials and Relatives of Directors
No. of Pages	12
Approving Authority	Board of Directors
Review Frequency	Annually or earlier, if warranted by any regulatory changes, operational requirements, or business needs, to ensure its continued suitability, adequacy, and effectiveness in alignment with applicable laws, guidelines, and the Company's objectives.

This policy is issued by Standard Capital Markets Limited (hereinafter referred to as "SCML" or "Company") and encompasses all affiliated entities, employees, and stakeholders associated with SCML's operations.

1. Policy Statement

1.1. This Policy on Loans to Directors, Senior Officers, and Relatives of Directors and to entities where directors or their relatives have major shareholding has been formulated and adopted by the Company in compliance with *Clause 93 of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, and other applicable provisions of the Companies Act, 2013 and relevant regulatory guidelines.*

2. Objective of the Policy

2.1. The purpose of this Policy is to establish a clear, transparent, and well-governed framework for the sanction and management of loans, advances, and credit facilities to:

2.1.1. All Directors of the Company, including the Chairman and Managing Director.

2.1.2. Senior Officers of the Company, including Key Managerial Personnel and such other officers designated as Senior Officers by the Board.

2.1.3. Relatives of the Directors and Senior Officers, as defined under the Companies Act, 2013.

2.1.4. Entities, including firms and companies, in which the Directors or their relatives have a major shareholding, management role, or control, whether direct or indirect.

3. Definition & Interpretation

3.1. "Director" shall mean any person who is appointed as a Director on the Board of the Company, including Independent Directors, Executive Directors, and Non-Executive Directors.

3.2. "Senior Officials/Senior Officer" means 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 Director, including the functional heads.

3.3. "Relative" shall have the meaning assigned to it under Section 2(77) of the Companies Act, 2013 i.e. with reference to any person, means anyone who is related to another, if —

3.3.1. They are members of a Hindu Undivided Family;

3.3.2. They are Husband and Wife;

3.3.3. One person is related to the other in such manner as may be prescribed i.e.;

3.3.3.1. Father, includes the step-father;

3.3.3.2. Mother, includes the step-mother;

3.3.3.3. Son, includes the step son;

3.3.3.4. Son's Wife;

3.3.3.5. Daughter;

3.3.3.6. Daughter's Husband;

3.3.3.7. Brother, includes the step-brother; and

3.3.3.8. Sister, includes the step-sister

3.4. "Control" 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.

3.5. "Key Managerial Personnel" (KMP) means:

3.5.1. CEO or Managing Director or the manager;

3.5.2. Company Secretary;

3.5.3. the Whole Time Director;

3.5.4. Chief Financial Officer;

3.5.5. 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

3.5.6. Such other officer as may be prescribed, from time to time.

3.6. "Major Shareholder" shall mean a person holding 10% or more of the paid-up share capital or Rs 5.00 Cr (Rs Five Crore) in paid-up shares, whichever is lower.

3.7. For the purpose of this policy, "Loans and Advances" shall mean any facility extended in the form of cash, credit, overdraft, guarantee, or other financial assistance, excluding:

3.7.1. Loans or advances secured against government securities.

3.7.2. Loans or advances secured against life insurance policies

3.7.3. Loans or advances secured against fixed deposits.

3.7.4. Loans or advances secured against stocks and shares.

3.7.5. Housing loans, vehicle loans, or other facilities granted to employees of the Company under schemes applicable generally to employees, provided the Company's interest is legally enforceable and appropriately marked.

"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.

4. Guiding Principles

4.1. The Company shall adhere to the following guiding principles while granting loans and advances covered under this policy:

4.1.1. All transactions shall be conducted in a transparent and ethical manner and strictly in compliance with applicable laws and regulations.

4.1.2. No preferential treatment shall be extended to Directors, Senior Officers, or their relatives.

4.1.3. Conflicts of interest must be avoided and disclosed at the time of proposal and approval.

4.1.4. Adequate checks and balances shall be in place to ensure proper due diligence and risk assessment.

4.1.5. Transactions must be reported and approved as per the delegation of authority outlined in this policy.

5. Thresholds Limits & Approvals

The Company shall establish a robust approval and oversight mechanism for the sanction of loans and advances to Directors, Senior Officers, their Relatives, and related entities, ensuring transparency, regulatory compliance, and avoidance of conflicts of interest.

5.1. Loans to Directors and Relatives of Directors

5.1.1. No loans or advances, either singly or in aggregate, amounting to ₹5 crore (Rupees Five Crore) or above shall be sanctioned to any of the persons or entities specified below without the prior approval of the Board of Directors or a duly authorized Committee of the Board:

5.1.1.1. Any Director of the Company, including the Chairman and Managing Director.

5.1.1.2. Any Relative of a Director.

5.1.1.3. Any firm in which a director or their Relative has an interest as a partner, manager, employee, or guarantor.

5.1.1.4. Any company in which a director or their Relative:

- Holds a major shareholding,
- Serves as a Director, Manager, or Employee, or
- Acts as a guarantor.

5.1.2. Credit facilities below ₹5 crore may be sanctioned by the appropriate sanctioning authority in accordance with the Company's Delegation of Powers, provided that such sanctions are reported to the Board of Directors at its subsequent meeting.

5.1.3. Any Director having a direct or indirect interest in a proposed transaction shall:

5.1.3.1. Disclose the nature of their interest to the Board at the time of consideration.

5.1.3.2. Refrain from participating in discussions or voting on the proposal. Be present only if specifically required by the Board to provide information, and in such cases, shall not exercise any voting rights on the matter.

5.1.4. Provided further that, for the purposes of this Policy, a Director or their Relative shall be considered to have an interest in a company, whether it is a holding company or a subsidiary company, if they own a major shareholding or have control over the management or key decisions of that company.

5.2. Loans and Advances to Senior Officers

5.2.1. All loans and advances sanctioned to Senior Officers, irrespective of the amount, shall be reported to the Board of Directors in the subsequent Board meeting.

5.2.2. A Senior Officer or any Committee comprising a Senior Officer as a member shall not sanction any loan or advance to their own Relative.

5.2.3. In cases where a facility is proposed to be extended to a Relative of a Senior Officer, such sanction shall only be approved by the next higher sanctioning authority as per the Company's Delegation of Powers.

6. Declaration and Disclosure Requirements

6.1. Before the sanction or renewal of any loan or advance amounting to ₹5 crore (Rupees Five Crore) or above, whether secured or unsecured, the prospective borrower shall be required to submit a written declaration and undertaking to the Company in the prescribed format. Such declaration shall clearly and specifically disclose:

6.1.1. Whether the borrower, or any of its directors, partners, proprietors, or guarantors, is related to any Director, Senior Officer, or Key Managerial Personnel of the Company.

6.1.2. The nature of such relationship, including details such as name, designation, and the exact relationship (e.g., spouse, dependent, relative within the meaning of Section 2(77) of the Companies Act, 2013, etc.).

6.1.3. A confirmation that no other direct or indirect interest or connection exists between the borrower and any Director or Senior Officer of the Company, other than what has been disclosed in writing.

6.1.4. An undertaking that the borrower shall promptly inform the Company in writing in case of any subsequent change in such relationship or connection during the currency of the loan or advance.

The declaration shall form an integral part of the credit appraisal and sanction documentation, and no loan or advance covered under this clause be processed or sanctioned in the absence of a duly executed and verified declaration.

6.2. In the event it is subsequently discovered that a false, incorrect, or misleading declaration was submitted, the Company shall have the right to immediately recall the loan or advance and may also initiate appropriate legal action as deemed necessary.

6.3. The aggregate amount of loans and advances sanctioned under this Policy shall be disclosed in the Company's Annual Financial Statements in the format prescribed by the Reserve Bank of India (RBI), in compliance with applicable regulatory and disclosure requirements. For Ready Reference of the Stakeholders, the format is attached herewith as **Annexure-1** of the Policy.

7. Extension to Contracts and Services

7.1. The norms, principles, and approval processes outlined in this Policy for the sanction of loans and advances shall equally apply to the award of contracts, procurement of goods or services, outsourcing arrangements, or any other business dealings undertaken by the Company with:

- 7.1.1. Directors of the Company,
- 7.1.2. Senior Officers of the Company,
- 7.1.3. Relatives of the above persons, or
- 7.1.4. Any firm, company, or entity in which such individuals hold a major shareholding or exercise control over management or decision-making.

7.2. This provision is established to ensure transparency, impartiality, and the prevention of conflicts of interest in all non-lending transactions of the Company. It also reinforces compliance with RBI regulations, the Companies Act, 2013, and other applicable laws governing related-party transactions. This helps protect the Company from financial, legal, and reputational risks while maintaining the trust of regulators, stakeholders, and customers.

7.3. For the purposes of this Policy, "Awarding of Contracts" refers to the process of entering into agreements for the procurement of goods, services, or outsourcing activities by the Company. It includes all stages from selection of vendors or service providers to execution of the contract, ensuring transparency, fairness, and compliance with regulatory requirements. This ensures that any dealings with Directors, Senior Officers, their Relatives, or related entities are transparent, fair, and compliant, preventing conflicts of interest and protecting the Company's interests.

8. Approval & Review

8.1. This policy shall be reviewed and approved by the Board of Directors of the Company. Any amendments to this policy shall be approved by the Board.

8.2. This policy shall be reviewed annually or earlier if warranted by changes in regulatory requirements, business practices, or operational needs, to ensure its continued suitability, adequacy, and effectiveness.

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Annexure 1

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		