

DIRECTOR'S



VIJAY R SINGH AND CO

31 January 2019

LOAN TO DIRECTORS

Section 185 of the Companies Act, 2013 specifically prohibits loan to Directors. So no Private Company can give loan to Directors.

However, MCA vide its [notification dated 5th June 2015](#) has exempted Private Companies from compliance of Section 185 of the Act, provided if it complies with all the conditions mentioned below:

1. No body corporate has invested in the share capital of the company
2. Borrowings is less than twice the paid up capital or 50 Crore whichever is lower
3. There are no defaults in the repayment of borrowings at the time of giving loan to the director.

Baring these exempted companies, no Private Company can give loan to Directors.