

NIHON

**NIHON IMPEX PRIVATE
LIMITED**

FIT AND PROPER POLICY

INTRODUCTION

As per the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 issued by the Reserve Bank of India (“RBI”) (“RBI Master Directions”), every non- banking financial company is required to put into place a policy for ascertaining the ‘fit and proper’ criteria to be adopted at the time of appointment of directors and on a continuing basis.

Nihon Impex Private Limited (hereinafter referred to as ‘the Company’) has formulated this Policy on ‘fit & proper’ criteria of Directors, which has been approved by the Board of Directors, on recommendation of the Nomination & Remuneration Committee (hereinafter referred to as ‘NRC’).

OBJECTIVES

- The objective of the Policy is to set out the ‘fit and proper’ criteria based on which new Directors proposed to be appointed and existing Directors whose appointment is intended to be continued can be evaluated.
- The Company believes that this Policy will aid the Company’s constant endeavour to ensure that only individuals of high caliber and who possess the right blend of qualifications, expertise, track record and integrity are appointed to the Board.

EVALUATION OF ‘FIT AND PROPER’ CRITERIA

1. Before appointing any person as a Director on the Board or continuing the appointment of any such Director, the NRC shall undertake adequate due diligence in respect of such individuals to ascertain suitability on the basis of the qualification, expertise, track record, integrity of such individual and also such other factors in respect of which information is obtained by the Company in the Declaration and Undertaking.
2. The Company shall prior to the appointment of any person as a director on the Board, obtain necessary information and declaration from the proposed / existing Directors for the purpose in the format given as **Annexure - A** to this Policy which is in the prescribed format of RBI.
3. The NRC shall scrutinize each Declaration and Undertaking received. The NRC shall after considering the result of its due diligence and the information provided in the signed Declaration and Undertaking, recommend to the Board, the acceptance or otherwise of the

prospective new Directors or existing Directors whose appointment is to be continued or renewed, as the case may be.

4. Immediately on being appointed as Director, a Deed of Covenants shall be executed between the Company and the Director in the format as provided in **Annexure - B** to this Policy which is in the prescribed format of RBI.
5. On an annual basis, the Company shall obtain a simple declaration from the Directors (reflecting position as on 31st March of the year), that information / declaration already provided has not undergone any change, or wherever there is any change, the requisite details shall be furnished forthwith.
6. The NRC shall be authorized to undertake any other actions / steps required to carry out due diligence of a person at the time of appointment / reappointment as a Director and/or for continuation as a Director, in order to comply with the regulatory requirements applicable to the Company.

QUARTERLY REPORTING TO RBI

The Company shall provide a quarterly statement to RBI (within 15 days of the close of the respective quarter) on change of Directors, and a certificate from the Managing Director of the Company that fit and proper criteria in selection of the directors has been followed. The statement submitted by the Company for the quarter ending March 31, shall be certified by the Auditors as well.

REVIEW AND AMEDEMMENT

This Policy may be amended or substituted by the NRC or by the Board on the basis of notification/circular/amendment to be issued by Reserve Bank of India.

NIHON IMPEX PRIVATE LIMITED
(CIN: U51109UP1992PTC147101)

**Declaration and Undertaking by Director namely -----
----- (with enclosures as appropriate as on -----)**

I.	Personal Details of Director	
a)	Full Name	
b)	DIN	
c)	Nationality	
d)	Date of Birth and Age	
e)	Educational/Professional Qualifications	
f)	Relevant Background and Experience	
g)	Permanent Address	
h)	Present Address	
i)	E-mail Address / Telephone Number	
j)	Permanent Account Number under the Income Tax Act and Name and Address of Income Tax Circle	
k)	Social Security Number / Passport No.	
l)	Relevant Knowledge and Experience	
n)	Equity shareholding in the Company	
	(i) No. of Shares	
	(ii) Face Value (Rs. 10/-)	
	(iii) Percentage to total paid up equity share capital of the Company.	
o)	Any other information relevant to Directorship of NBFC	
II.	Relevant Relationships of Director	
a)	List of Relatives if any who are connected with the NBFC (Refer Section 2(77) of the Companies Act, 2013 read with Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014), as amended.	
b)	List of entities, if any, in which he/she is considered as being interested (Refer Section 184 of the Companies Act, 2013).	
c)	List of entities (including companies, firms and proprietary concerns) in which	

	he / she is considered as holding substantial interest within the meaning of Prudential Norms as prescribed in RBI Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended.	
d)	Names of the principal bankers to the concerns named above.	
e)	Names of other companies in which the person has held the post of Chairman / Managing Director / Director / Chief Executive Officer	
f)	Name/s of regulators (RBI, SEBI, IRDA, PFRDA, NHB or any other foreign regulator) of the entities mentioned in which the person holds directorships	
g)	Name/s of NBFC in which he/she is or has been a member of the Board (giving details of period during which such office was held)	
h)	Name/s of the NBFCs, if any, with which the person is associated as Promoter, Managing Director, Chairman or Director including a Residuary Non-Banking Financial Company, which has been prohibited from accepting deposits / prosecuted by RBI.	
i)	Whether number of directorships held by the person exceeds the limits prescribed under Section 165 of the Companies Act, 2013.	
j)	Fund and Non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from NBFC.	
k)	Cases, if any, where the Director, his / her relatives or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the Company or any other entity / NBFC / Bank.	

III.	Records of professional achievements	
a)	Relevant professional achievements	
IV.	Proceedings, if any, against the Director	
a)	If the Director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/occupation at any time.	
b)	Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the Director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations.	
c)	Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the Director.	
d)	Whether the Director attracts any of the disqualifications envisaged under Section 164 of the Companies Act, 2013?	
e)	Has the Director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?	
f)	Has the Director at any time been found guilty of violation of rules / regulations/ legislative requirements by customs / excise / income tax / foreign exchange / other revenue authorities, if so give particulars.	
g)	Whether the Director has at any time come to the adverse notice of a regulator such as SEBI, IRDA and MCA. (Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in to, it would be necessary to make a mention of the	

	same, in case the reversal/setting aside is on technical reasons like limitation or lack of jurisdiction, etc. and not on merit. If the order of the regulator is temporarily stayed and the appellate / court proceedings are pending, the same also should be mentioned.)	
V.	Any other explanation / information in regard to items I to III and other information considered relevant for judging fit & proper.	

Undertaking

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the NBFC fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.

I also undertake to execute the deed of covenants required to be executed by all Directors of the NBFC.

Place:
Date: **Signature**

VI.	Remarks of Chairman of Nomination & Remuneration Committee / Board of Directors of the NBFC
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Place:
Date: **Signature**

DEED OF COVENANTS WITH A DIRECTOR

THIS DEED OF COVENANTS is made this _____ day of _____, Two Thousand _____ BETWEEN Nihon Impex Private Limited (CIN: U51109UP1992PTC147101), having its Registered Office at Flat No. 502, Gokul Colony, Dilezakpur, Gorakhpur – 273001, Uttar Pradesh (hereinafter referred to as 'Nihon') of the one part and Shri / Smt. / Ms. / Dr. _____ of _____ (hereinafter referred to as the "Director") of the other part.

WHEREAS

- A. The Director has been appointed as a Director on the Board of Directors of Nihon Impex Private Limited (Nihon) (hereinafter referred to as 'the Board') and is required as a term of his / her appointment to enter into a Deed of Covenants with Nihon.
- B. The Director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his / her said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

- 1. The Director acknowledges that his / her appointment as Director on the Board of Nihon is subject to applicable laws and regulations including the Memorandum and Articles of Association of Nihon and the provisions of this Deed of Covenants.
- 2. The Director covenants with Nihon that:**
 - i. The Director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between Nihon and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the Director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he/she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure

shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

- ii. The Director shall disclose by general notice to the Board his/her other Directorships, his/her memberships of bodies corporate, his/her interest in other entities and his/her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.
- iii. The Director shall provide to Nihon a list of his/her relatives as defined in the Companies Act, 2013 and to the extent the Director is aware of Directorships and interests of such relatives in other bodies corporate, firms and other entities.
- iv. The Director shall in carrying on his / her duties as Director of Nihon:
 - a. use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;
 - b. in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of Nihon;
 - c. shall keep himself / herself informed about the business, activities and financial status of Nihon to the extent disclosed to him / her;
 - d. attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as 'Board') with fair regularity and conscientiously fulfil his / her obligations as Director of Nihon;
 - e. shall not seek to influence any decision of the Board for any consideration other than in the interests of Nihon;
 - f. shall bring independent judgment to bear on all matters affecting Nihon brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
 - g. shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and
 - h. shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgement.

- v. The Director shall have:
 - a. fiduciary duty to act in good faith and in the interests of Nihon and not for any collateral purpose;
 - b. duty to act only within the powers as laid down by Nihon's Memorandum and Articles of Association and by applicable laws and regulations; and
 - c. duty to acquire proper understanding of the business of Nihon.
- vi. The Director shall:
 - a. not evade responsibility in regard to matters entrusted to him / her by the Board;
 - b. not interfere in the performance of their duties by the Whole-time Directors and other Officers of Nihon and wherever the Director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and
 - c. not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by Nihon in his / her capacity as Director of Nihon only for the purposes of performance of his / her duties as a Director and not for any other purpose.

3. Nihon covenants with the Director that:

- i. Nihon shall apprise the Director about:
 - a. Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
 - b. control systems and procedures;
 - c. voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
 - d. qualification requirements and provide copies of Memorandum and Articles of Association;
 - e. corporate policies and procedures;
 - f. insider dealing restrictions;
 - g. constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
 - h. appointments of senior executives and their authority;
 - i. remuneration policy;
 - j. deliberations of committees of the Board; and

- k. communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of Nihon, delegation of authority, senior executives, etc. and appoint the Compliance Officer who shall be responsible for all statutory and legal compliance.
- ii. Nihon shall disclose and provide to the Board including the Director all information which is reasonably required for them to carry out their functions and duties as a Director of Nihon and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the Director by the Board or any committee thereof;
- iii. The disclosures to be made by Nihon to the Directors shall include but not be limited to the following:
 - a. all relevant information for taking informed decisions in respect of matters brought before the Board;
 - b. Nihon's strategic and business plans and forecasts;
 - c. organizational structure of Nihon and delegation of authority;
 - d. corporate and management controls and systems including procedures;
 - e. economic features and marketing environment;
 - f. information and updates as appropriate on Nihon's products;
 - g. information and updates on major expenditure;
 - h. periodic reviews of performance of Nihon; and
 - i. report periodically about implementation of strategic initiatives and plans;
- iv. Nihon shall communicate outcome of Board deliberations to Directors and concerned personnel and prepare and circulate minutes of the meeting of Board to Directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and
- v. advise the Director about the levels of authority delegated in matters placed before the Board.
- 4. Nihon shall provide to the Director periodic reports on the functioning of internal control system including effectiveness thereof.
- 5. Nihon shall appoint a Compliance Officer who shall be a senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and Governmental authorities.

6. The Director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as Director of Nihon to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of Nihon.

7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

8. Any and all amendments and/or supplements and/or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the Director and the duly authorized representative of Nihon.

9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For NIHON IMPEX PRIVATE LIMITED

Director

By
Name
Title

.....
Name

In the presence of:

1.

2.