



ABANS FINANCE PRIVATE
LIMITED

Policy for Ascertaining the Fit and
Proper Criteria for Directors

Index:

Sr. No	Particulars
1	Background
2	Introduction and Objective
3	Scope and Coverage

1. BACKGROUND

Abans Finance Private Limited is a private limited company, having Corporate Identification Number (CIN) U51219MH1995PTC231627 (“**AFPL**”/“**Company**”). AFPL is a Middle Layer Non-Deposit taking Non-Banking Financial Company, bearing Registration no. B-13.02044, registered and regulated by the RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time and such other rules, regulations, directions, circulars, notifications and orders issued in this regard from time to time (“**RBI Directions**”).

2. INTRODUCTION AND OBJECTIVE

In terms of RBI Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, every Non-Banking Financial Company, Non-Deposit taking, Middle Layer Non-Deposit taking Non-Banking Financial Company should ensure that there is a policy put in place for ascertaining the fit and proper criteria at the time of appointment of directors and on a continuing basis.

Pursuant to any subsequent amendments or any statutory modifications or re-enactments in the above-stated guidelines/norms/clarifications or in any other applicable acts/regulations, if there is any change in any of the parameter(s) framed by the Board, then the act/regulation will have an overriding effect on the parameter(s).

3. SCOPE AND COVERAGE

To put in place an internal supervisory process on a continuing basis, in order to streamline and bring uniformity in the process of due diligence while appointing/re-appointing directors, and assessing their performance for the purpose of their continuance as directors, the policy lays down the norms to be followed for deciding the fit and proper criteria for the directors and assessing the same on a continuous basis.

Authority: The Board shall undertake the process of due diligence to determine the ‘fit and proper’ status of existing directors/ the person proposed to be appointed as a director.

Need for prior approval of RBI: In the case of non-independent directors, it would be examined whether there is a need for seeking prior approval of RBI before the appointment of the selected person as a director of the Company. If so, the process would be put in place without delay for seeking RBI's prior approval before giving the effect of the resolution of the Board. Only after approval from RBI, the filings with ROC would be completed.

Manner and procedure: The Company shall obtain necessary information and declaration in the prescribed format enclosed as Annexure-1 from the persons proposed to be appointed as directors, for the purpose of consideration of Board, Irrespective of whether prior approval of the RBI is entailed, or not the Company would seek all requisite documents from the person/s proposed to be appointed as directors as are required under RBI directions to be submitted to RBI for their post facto due diligence and all other documents as may be called for by RBI after submission of the documents.

Criteria: The Board shall determine the 'fit and proper' status of the existing directors/ persons proposed to be appointed as directors based on the broad criteria as mentioned hereunder:

- Educational qualification
- Experience and field of expertise
- Track record and integrity
- Regulatory Compliances
- Contribution to the growth of business
- Enhancement in Relationship with stake holders – existing as well as prospective investors, bankers, financial institutions, customers, etc.
- Other requirements:
 - a. He / She shall possess a valid Director Identification Number (DIN) or any other identification number prescribed by the Central Government which shall be treated as Director Identification Number for the purposes of the Act;

- b. He / She should not have been disqualified under the Act or pursuant to any Order of the Securities and Exchange Board of India or any other such Authority;
- c. He / She shall fulfil the age criteria as may be stipulated under the Companies Act, SEBI LODR Regulations and by the Reserve Bank of India;
- d. He / She if identified to be appointed as Independent Director, shall fulfil the criteria of Independence stipulated under the Companies Act, SEBI LODR Regulations, or any other applicable laws, as amended from time to time;
- e. He / She shall register his / her name for inclusion in the Databank maintained by the Indian Institute of Corporate Affairs (IICA) and have passed or been exempted from the online self-assessment test as prescribed under the Companies Act, in case of appointment as Independent Directors.
- f. There shall be no conflict of interest in performing duties as a Director on the Board or in case of conflict of interest, it would be prudent to conclude that the conflict will not create a material risk that the person will fail to perform the duties properly and independently, and adequate disclosures are made by the person in this regard.

(The above list is only illustrative and not exhaustive).

The Board shall pass a resolution to the effect of selecting the proposed person as an additional director of the Company; in the case of a non-independent director requiring prior approval of RBI, the appointment will come into effect only after the RBI approval is received (if any).

Reporting to ROC / RBI: Post appointment by the Board, necessary filing will be done with ROC within the prescribed timelines. Also, there would be reporting to RBI along with all the requisite documents for their information and record immediately but not later than 2 weeks after filing with ROC or submitting an application to RBI for seeking prior approval, as the case may be.

Other matters:

1. It is mandatory that the directors must furnish a declaration every year as on 31st March that the information already provided by them has not undergone any change and where there is any change, requisite details are furnished by the directors forthwith. If there are any significant changes, the Board should undertake the due diligence exercise afresh and examine the 'fit and proper' status of the director.
2. The process of determining the 'fit and proper' status in respect of existing directors on the Board of the Company should be completed at the earliest.
3. The Company shall submit to the Reserve Bank a quarterly statement on the change of directors, and a certificate from the Managing Director of the Company that fit and proper criteria in the selection of the directors has been followed. The statement as on March 31 shall be certified by the Statutory Auditors of the Company.

Annexure-1

Date

To

The Board of Directors

Abans Finance Private Limited

36, 37, 3rd Floor, 227, Nariman Bhavan,
Vinayak Kumar Shah Marg, NCPA,
Nariman Point, Mumbai – 400 021

Sub: Declaration pursuant to 'Fit and Proper' Criteria for directors of NBFCs as per RBI Guidelines

I, _____, Director on the Board of the Company hereby confirm that information as provided in the Declaration and Undertaking at the time of appointment has undergone no change.

I further undertake to intimate immediately upon changes, if any, to the Company for updating of the same.

Thanking you,
Yours faithfully,

Director
DIN: