

ASSAM ENTRADE LIMITED

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Policy on 'fit & proper' criteria of Directors

1. INTRODUCTION

Assam Entrade Limited (AEL) is a Non-Banking Financial Company registered with the Reserve Bank of India. The Board of Directors of AEL has adopted the following policy and procedures in compliance with Reserve Bank of India (RBI) guidelines for Non-Banking Financial Companies (NBFCs), on recommendation of the Nomination & Remuneration Committee.

This policy sets out the internal supervisory process of the Company to carry out due diligence of person(s) for appointment, reappointment or continuation as Director(s), on the basis of qualifications, expertise, track record, integrity and other 'fit & proper' criteria, as per regulatory norms.

2. DEFINITIONS

"Board/ Board of Directors" shall mean the collective body of Directors of the Company;

"Company" means Assam Entrade Limited.

"Director" shall mean a Director appointed on the Board of the Company;

"Deed of Covenants" shall mean the deed of covenant, the form of which is attached as Annexure 2 to this Agreement;

"Nomination Committee or NC" means the Nomination and Remuneration Committee formed under Section 178 of the Companies Act, 2013 and under Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. PURPOSE

The purpose of this Policy is to:

- i. The purpose 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.
- ii. The Company believes that this Policy will aid the Company's constant endeavour to ensure that only individuals of high calibre and who possess the right blend of qualifications, expertise, track record and integrity are appointed to the Board.

4. EVALUATION OF FIT AND PROPER CRITERIA

- i. Before appointing any person as a director on the Board or continuing the appointment of any such director, the Nomination and Remuneration Committee (NRC) would 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 aforesaid Declaration and Undertaking.

- ii. The Company would 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 – I to this Policy or such other format (where applicable) which may be prescribed by the RBI from time-to-time.
- iii. The NRC would review each Declaration and Undertaking received. The NRC after considering the result of its due diligence and the information provided in the signed Declaration and Undertaking, would decide on and recommend to the Board, the acceptance or otherwise of the potential new directors or existing directors whose appointment is to be continued or renewed, as the case may be.
- iv. No person will be considered for appointment/reappointment as a director if such person is disqualified to act as director under the Companies Act, 2013 or any other applicable law.
- v. In order to conclude that a person is 'fit and proper' to be appointed as a director on the Board or to continue in that capacity (as the case may be), the Board would form a view that it would be prudent to conclude, on the basis of recommendations of the NRC, that:
 - a) the person meets the fit and proper criteria expressly set out by the RBI in the RBI Master Circular or such other or additional criteria (where applicable) which may prescribe for the purpose by the RBI from time to time;
 - b) the person possesses the qualifications, competence, technical expertise, track record, integrity and judgement to perform properly the duties of a director on the Board;
 - c) the person possesses the educational or technical qualifications, knowledge and skills relevant to the duties and responsibilities as a director on the Board;
 - d) the person either:
 - has no conflict of interest in performing such person's duties as a director on the Board; or
 - if the person has a 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 such person's duties properly and adequate disclosures are made by the person in this regard.
- vi. The Company would require every director on the Board to annually provide a simple declaration which either confirms that the information already provided to the Board in the Declaration and Undertaking has not undergone any change or where there is any change, specifies the requisite details of such change. Any declarations which indicate a change in the information provided in the original Declaration and Undertaking would also be reviewed by the NRC and would keep the Board apprised of any such changes.
- vii. The Board would ensure that any person who is appointed as director on the Board would, on or before the date on which such person's appointment becomes effective, execute a deed of covenant in the format as provided in the RBI Circular or such other format (where applicable) which may prescribe for the purpose by the RBI from time to time ("Director Covenant").

viii. The Director Covenant in respect of the directors on the Board as on the Effective Date would be executed between the Company and such directors.

5. Review of policy

The NRC may review the policy from time to time as may be required. The same shall thereafter be placed before the Board for noting.

To,
Assam Entrade Limited,

Declaration and Undertaking by Director
As on _____

I. Personal details of Director	
a. Full Name	
b. Date of Birth	
c. Educational Qualifications	
d. Relevant Background and Experience	
e. Permanent Address	
f. Present Address	
g. E-mail Address/Telephone Number	
h. Permanent Account Number under the Income Tax Act, 1961 and name and address of Income Tax Circle	
i. Relevant knowledge and experience	
j. Any other information relevant to the Directorship of the NBFC	
II. Relevant Relationships of Director	
a. List of relatives, if any, who are connected with the NBFC (Refer section 6 and Schedule 1A of the Companies Act, 1956 and corresponding provisions of Companies Act, 2013)	
b. List of entities, if any, in which he/she is considered as being interested (Refer section 299(3)(a) and section 300 of the Companies Act, 1956 and corresponding provisions of Companies Act, 2013).	
c. List of entities in which he/she is considered as holding substantial interest within the meaning of paragraph 5.1.33 of these Directions.	
d. Name 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)	
e. 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 the NBFC	
f. Cases, if any, where the director 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 NBFC or any other 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 274 of the Companies Act 1956 and corresponding provisions of 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, 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 and 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 Covenant required to be executed by all the directors of the NBFC.	
Place:	Signature:
Date:	
VI. Remarks of Chairman of Board of Directors of NBFC	
Place:	Signature:
Date:	