

# **NIHON**

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**NIHON IMPEX PRIVATE  
LIMITED**

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## **POLICY ON GRANT OF LOANS TO DIRECTORS, SENIOR OFFICERS AND RELATIVES OF DIRECTORS AND RELATIVES OF DIRECTORS AND TO ENTITIES WHERE DIRECTORS OR THEIR RELATIVES HAVE MAJOR SHAREHOLDING OF THE NBFC**

### **1. BACKGROUND**

Nihon Impex Private Limited (hereinafter referred as “the Company” or “Nihon”) a Non-Banking Financial Company (‘NBFC’) holding a valid Certificate of Registration (“CoR”) with Reserve Bank of India (‘RBI’) vide registration no. 05.02406 dated 16<sup>th</sup> May, 1998 under current RBI classification as NBFC – Non Deposit taking with more than 20 years of experience in finance business. It is focused on offering financing of Loan against property, Unsecured Loan and Business Loan.

### **2. INTRODUCTION**

The Board of Directors (hereinafter referred as the “Board”) of the Company has adopted the following policy and procedures with regard to Loans and Advances to Directors, Senior Officers, and relatives of Directors and to entities where directors or their relatives have major shareholding. The Board on the recommendation of the Audit Committee will review and may amend this policy from time to time.

### **3. PURPOSE**

This policy is being brought in place in terms of Circular/Notification issued by Reserve Bank of India.

### **4. DEFINITIONS**

“Act” shall mean Companies Act, 2013 and the Rules framed thereunder including amendments, reenactments, modifications, notifications, circulars and orders from time to time.

“Audit Committee” shall means Audit committee of the company as constituted from time to time.

“Arm’s Length Basis” shall mean the transaction entered into between two Related Parties as if they were unrelated to avoid any conflict of interest, and the term ‘arm’s length’ shall be construed accordingly.

“Board of Directors” or “Board” shall means Board of Directors of the Company as constituted from time to time.

“Company” shall mean Nihon Impex Private Limited

“Credit” shall mean Credit Department of the Company.

“Key Managerial Personnel” (KMP) means:

- a. Chief Executive Officer or Managing Director or the manager;
- b. Company Secretary;
- c. the Whole Time Director;
- d. Chief Financial Officer;
- e. 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
- f. Such other officer as may be prescribed, from time to time

“Senior Officer’s” shall mean Head of the Department includes KMP of the Company

“HR” shall mean Human Resource Department of the Company.

“Relative” shall mean the term as defined under relevant applicable section of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014.

“Related Party” shall mean a Related Party shall have the same meaning as defined under Section 2(76) of the Act and the Rules made thereunder and the applicable Accounting Standards.

## **5. APPLICABILITY**

This Policy applies to Directors, Senior Officers and relatives of Directors and to entities where directors or their relatives have major shareholding. It provides a framework for governance and reporting of loans and advances to KMP’s, Directors and its Related Parties.

## **6. SCOPE AND PURPOSE**

This policy is intended to ensure that the loans and advances provide to its Directors, Senior Officers and relatives of Directors and to entities where directors or their relatives have major shareholding by the company should be pursuant to the circular issued by Reserve Bank of India vide RBI/2022-23/29 DOR.CRE.REC. No.25/03.10.001/2022-23dated April 19, 2022. Provisions of this policy are designed to govern the transparency of approval process and disclosures requirements to ensure fairness in the conduct of transactions in terms of the applicable laws as amended from time to time.

## **7. APPROVAL OF LOAN**

(A) Loan and advances to Key Managerial Personnel and Senior officials Loan and advances to Key Managerial Personnel and Senior officials shall be approved by the

Managing Director of the company or in the absence of Managing Director by the Board of Directors.

The terms and conditions of Loan and advances to Key Managerial Personnel and Senior officials are:

- The amount cannot be exceeding Rs. 10 Lacs only or such higher amount as may be approved by the Board of Directors.
- The maximum eligible amount of employee is 5 times of monthly net salary excluding incentive.
- The maximum tenure allowed is 48 Months.
- ROI- A company which in the ordinary course of its business provides loans or gives guarantees or securities for the due repayment of any loan and in respect of such loans an interest is charged at a rate not less than the rate of prevailing yield of one year, three years, five years or ten years Government security closest to the tenor of the loan.
- Job stability requires minimum of 1 Years.
- Residential stability requires minimum of 3 years.
- Age of employee should not exceed 60 years at the time of maturity of loan.
- Compulsory deduction of EMI from salary
- At the time of exiting organization, the same loan to be closed before relieving.
- All proposals of loan to KMP decision should be discuss in the Audit Committee. The above conditions can be added/ modified or withdrawn on the sole discretion of Managing Director/Whole-time Director. The Loan will be processed by Credit Department and recommended by HR Department.

#### **(B) Approval of Board of Directors and Shareholders**

The Company shall not grant any loans and advances to its Directors including Managing Director/Whole-time Director and its Related Parties and to entities where Directors or their relatives have major shareholding without the prior approval of:

(i) Board of Directors given by way of a resolution at a meeting of the Board and subject to such conditions as may be prescribed by the Board and other approvals if required by Statutory provisions of Companies Act, 2013.

#### **8. DISCLOSURE**

Appropriate disclosures as required by the Act and Reserve Bank of India will be made in the Financial Statements and the Board's Report of the Company. This Policy shall be disclosed on the website of the Company.

## **9. REVIEW OF POLICY**

The Board shall review and amend this policy as and when required. If at any point a conflict of interpretation / information between the policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/ directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail. In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions.