

POLICY ON APPOINTMENT OF STATUTORY AUDITORS
OF
CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED



Chaitanya

SR. NO	PARTICULARS	DETAILS
1.	Authority to adopt and amend the Policy	Audit Committee and Board of Directors
2.	Owner of the Policy	Company Secretary
3.	Frequency of Review	Annually and as and when required
4.	Date of Adoption (V1)	August 12, 2021
5.	Date of Amendment	Nil

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GLOSSARY

1. RBI – The Reserve Bank of India
2. SA – Statutory Auditors
3. Board – Board of Directors of the Company
4. ACB – Audit Committee of the Board

1. PURPOSE

As per RBI circular Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, the Company is required to formulate a Board Approved Policy and formulate necessary procedure thereunder to be followed for appointment of Statutory Auditors (SA). Apart from conforming to all relevant statutory/regulatory requirements in addition to these instructions, this should afford necessary transparency and objectivity for most key aspects of this important assurance function.

2. APPLICABILITY

This Policy will be applicable to the Company for Financial Year 2021-22 and onwards in respect of appointment/reappointment of Statutory Auditors.

3. INTIMATION TO RBI

Company shall inform RBI Regional Office of RBI (Department of Supervision) about the appointment of SA for each year by way of certificate in **Form A**, annexed herewith as "Annexure B", and as amended by RBI from time to time, within one month of such appointment.

4. ELIGIBILITY CRITERIA OF AUDITORS

- 4.1 The Company shall ensure to obtain Eligibility Certificate in **Form B**, annexed herewith as "Annexure C" and as amended by RBI from time to time, every year for adherence to the minimum eligibility criteria as mentioned in the RBI circular for appointment of the Statutory Auditors.
- 4.2 The Company shall obtain before appointment, the written consent and a certificate from the Statutory Auditors in pursuant to the provision of section 139 and 141 of the Act read with Rule 10 of the Companies (Audit and Auditors) Rules, 2014 of the Companies Act 2013.

5. INDEPENDENCE OF AUDITOR

- 5.1 ACB shall monitor and assess the independence of the auditors and conflict of interest position in terms of relevant regulatory provisions, standards and best practices. Any concerns in this regard may be flagged by the ACB to the Board of the Company and concerned Senior Supervisory Manager (SSM)/Regional Office (RO) of RBI.
- 5.2 In case of any concern with the Management of the Company such as non-availability of information/non-cooperation by the Management, which may hamper the audit process, the Statutory Auditors shall approach the Board/ACB of the Company, under intimation to the concerned SSM/RO of RBI.
- 5.3 Concurrent auditors of the Company should not be considered for appointment as Statutory Auditors. The audit of the Company and any entity with large exposures to the Company for the same reference year should also be explicitly factored in while assessing independence of the auditor
- 5.4 The time gap between any non-audit works (services mentioned at Section 144 of Companies Act, 2013, Internal assignments, special assignments, etc.) by the Statutory Auditors for the Company or any audit/non-audit works for its group entities should be

at least one year, before or after its appointment as Statutory Auditors. However, during the tenure as Statutory Auditors, an audit firm may provide such services to the concerned Companies which may not normally result in a conflict of interest, and the Companies may take their own decision in this regard, in consultation with the Board/ACB.

A conflict would not normally be created in the case of the following special assignments (indicative list):

- (i) Tax audit, tax representation and advice on taxation matters,
- (ii) Audit of interim financial statements.
- (iii) Certificates required to be issued by the Statutory Auditors in compliance with statutory or regulatory requirements.
- (iv) reporting on financial information or segments thereof 8 As defined in Rule 6(3) of the Companies (Audit & Auditors) Rules, 2014.

5.5 The restrictions as detailed in para 6.3 and 6.4 above, should also apply to an audit firm under the same network of audit firms or any other audit firm having common partners.

6. PROFESSIONAL STANDARDS OF STATUTORY AUDITORS

The Audit Committee of the Board of the Company shall review the performance of Statutory Auditors on an annual basis. Any serious lapses/negligence in audit responsibilities or conduct issues on part of the Statutory Auditors or any other matter considered as relevant shall be reported to RBI within two months from completion of the annual audit. Such reports should be sent with the approval/recommendation of the Board/ACB, with the full details of the audit firm

7. TENURE

7.1 In order to protect the independence of the auditors/audit firms, the Company will have to appoint the Statutory Auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms each year.

7.2 An audit firm would not be eligible for reappointment in the Company for six years (two tenures) after completion of full or part of one term of the audit tenure.

7.3 The ACB/Board shall ratify the appointment of the Statutory Auditors every year.

8. REMOVAL AND RESIGNATION OF STATUTORY AUDITORS

8.1 The Statutory Auditors may be removed from their office before the expiry of their term only by a special resolution of the company, after obtaining the previous approval of the Central Government as per the regulatory framework, as per the provisions of Section 140 of the Companies Act, 2013.

Provided that before taking any action under this sub-section, the auditor concerned shall be given a reasonable opportunity of being heard.

The Company shall inform concerned SSM/RO at RBI about the removal, along with reasons/justification for the same, within a month of such a decision being taken.

8.2 Any casual vacancy in the office of an auditor caused by Resignation shall be filled by the Board of Directors within thirty days subject to approval by the members at a

General Meeting convened within three months of the recommendation of the Board and he shall hold the office till the conclusion of the next Annual General Meeting

The auditor who has resigned from the company shall file within a period of thirty days from the date of resignation, a statement indicating the reasons and other facts as may be relevant with regard to his resignation.

9. AUDIT FEES AND EXPENSES

- 9.1. The audit fees for Statutory Auditors shall be fixed in its general meeting of the Company on the recommendations of ACB and the Board.
- 9.2. The audit fees include the expenses, if any, incurred by the auditor in connection with the audit of the company and any facility extended to the auditor but does not include any remuneration paid to them for any other service rendered by them at the request of the company.
- 9.3. The audit fees for Statutory Auditors for the Company shall be reasonable and commensurate with the scope and coverage of audit, size and spread of assets, accounting and administrative units, complexity of transactions, level of computerization, identified risks in financial reporting, etc.

10. STATUTORY AUDIT POLICY AND APPOINTMENT PROCEDURE

- 10.1 The Company has prescribed detailed procedural guidelines as per Annexure A, in conformity with the instructions under this policy and all relevant statutory/regulatory requirements for appointment of Statutory Auditors.
- 10.2 The policy shall be reviewed annually and shall be placed to Audit Committee of the Board for recommendation and Board of Directors for approval.
- 10.3 The Board approved Policy shall be hosted on Company official website.

Annexure A

Procedure for Appointment of Statutory Auditors

1. The Company shall shortlist minimum of 2 audit firms for every vacancy of Statutory Auditors so that even if firm at first preference is found to be ineligible/refuses appointment, the firm at second preference can be appointed and the process of appointment of Statutory Auditors does not get delayed.
2. Company shall place the name of shortlisted audit firms, in order of preference, before Audit Committee of the Board (ACB) for selection as Statutory Auditors. Upon selection of Statutory Auditors in consultation with the ACB and verifying the compliance with the eligibility norms prescribed by RBI, the appointment shall be finalized and intimated to RBI.
3. Company shall obtain a certificate, along with relevant information as per Form B of RBI circular Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, from the audit firm(s) proposed to be appointed as Statutory Auditors to the effect that the audit firm(s) complies with all the eligibility norms prescribed by RBI for the purpose. Such certificate should be signed by the main partner/s of the audit firm proposed for appointment of Statutory Auditors, under the seal of the said audit firm.

Annexure B

FORM A

Information to be submitted by the NBFCs regarding appointment of SCA/SA

1. the company has appointed M/s _____, Chartered Accountants (Firm Registration Number _____) as Statutory Central Auditor (SCA)/Statutory Auditors (SA) for the financial year ____ for their 1st/2nd/3rd term.
2. The company has obtained eligibility certificate from (name and Firm Registration Number of the audit firm) appointed as SCA/SA of the company for FY ____ along with relevant information in the format as prescribed by RBI.
3. The firm has no past association/association for _____ years with the company as SCA/SA/SBA.
4. The company has verified the said firm's compliance with all eligibility norms prescribed by RBI for appointment of SCAs/SAs of NBFCs. Signature (Name and Designation) Date

Annexure C

FORM B

Eligibility Certificate from (Name and Firm Registration Number of the firm)

A. Particulars of the firm:

Asset Size of Entity as on 31st March of Previous Year	Number of Full-Time partners (FTPs) associated* with the firm for a period of three (3) years	Out of total FTPs, Number of FCA Partners associated with the firm for a period of three (3) years	Number of Full Time Partners/ Paid CAs with CISA/ISA Qualification	Full Time Partners/ Paid CAs with CISA/ISA Qualification Number of Years of Audit Experience#	Number of Professional staff

*Exclusively associated in case of all Commercial Banks (excluding RRBs), and UCBs/NBFCs with asset size of more than ₹ 1,000 crore #Details may be furnished separately for experience as SCAs/SAs and SBAs.

B. Additional Information:

- (i) Copy of Constitution Certificate.
- (ii) Whether the firm is a member of any network of audit firms or any partner of the firm is a partner in any other audit firm? If yes, details thereof.
- (iii) Whether the firm has been appointed as SCA/SA by any other Commercial Bank (excluding RRBs) and/or All India Financial Institution (AIFI)/RBI/NBFC/UCB in the present financial year? If yes, details thereof.
- (iv) Whether the firm has been debarred from taking up audit assignments by any regulator/Government agency? If yes, details thereof.
- (v) Details of disciplinary proceedings etc. against firm by any Financial Regulator/Government agency during last three years, both closed and pending.

C. Declaration from the firm

The firm complies with all eligibility norms prescribed by RBI regarding appointment of SCAs/SAs of Commercial Banks (excluding RRBs)/UCBs/NBFCs (as applicable). It is certified that neither I nor any of our partners / members of my / their families (family will include besides spouse, only children, parents, brothers, sisters or any of them who are wholly or mainly dependent on the Chartered Accountants) or the firm / company in which I am / they are partners / directors¹⁵ have been declared as wilful defaulter by any bank / financial institution.

It is confirmed that the information provided above is true and correct.

Signature of the Partner
(Name of the Partner)

Date: