

POLICY FOR APPOINTMENT OF STATUTORY AUDITORS

Objective of the Policy

The overall objective of this Policy is to lay down the criteria to be considered by the Board of the company before the appointment of Statutory Auditors (SAs). The Policy is framed in terms of the Reserve Bank of India's ("RBI") circular bearing Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, as amended time to time hereinafter referred as ("RBI Circular") for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), as may be amended or modified, replaced, or substituted from time to time.

The policy has been drafted after consideration of the guidelines issued by RBI in term of issued circular.

Applicability & Compliance	<p>The Policy pertaining to the appointment of SAs shall be implemented by the Company in pursuant to RBI circular as may be amended from time to time.</p> <p>In addition to RBI Circular, the appointment of SAs shall be subject to terms and conditions of Articles of Association of the Company and in compliance with the applicable provisions of Companies Act 2013, read with rules made thereunder.</p>
Intimation to RBI	<p>The Company shall inform RBI about the appointment of SAs for each year by way of a certificate in Form - A as prescribed in RBI Circular within one month of such appointment.</p>
Numbers of Statutory Auditors	<p>The Company shall appoint a minimum of one audit firm (Partnership firm/LLPs) for conducting statutory audit for particular financial year(s).</p> <p>Provided further that as on the date of appointment no audit firm having a common partner or partners to the other audit firm, whose tenure has expired in a company immediately preceding the financial year, shall be appointed as auditor of the same company for a period of Three years</p> <p>The Company decide on the number of SCAs/Sas taking into account the relevant factors such as the size and spread of assets, accounting and administrative units, complexity of transactions, level of computerization, availability of other independent audit inputs, identified risks in financial reporting, etc</p>
Branch Coverage	<p>The Company shall ensure adherence to the provisions of Section 143 (8) of the Companies Act, 2013 and RBI circular, as may be amended from time to time, regarding audit of accounts of all branches.</p>
Eligibility Criteria of Auditors	<p>The Company shall appoint audit firm(s) as its SA/s fulfilling the eligibility norms as specified in Section 141 of the Companies Act, 2013 and Annex I of the RBI Circular.</p>
Independence Auditors	<p>The Board shall monitor and assess the independence of the auditors and conflict of interest position in terms of relevant regulatory provisions, standards and best practices.</p> <p>Any concern in this regard may be flagged by the Board of Directors of the Company to concerned Senior Supervisor/Manager (SSM)/Regional Office (RO) of RBI.</p>



	<p>In case of concern with the Management of the Entities such as non-availability of information/non-cooperation by the Management, which may hamper the audit process, the SA's shall approach to the Board of the Company, under intimation to the concerned SSM/RO of RBI.</p>
Professional Standards of SCAs/SAs	<p>The SCAs/SAs shall be strictly guided by the relevant professional standards in discharge of their audit responsibilities with highest diligence pursuant to the section 143 of Companies Act, 2013, subject to Section 144 of Companies Act, 2013.</p> <p>The Board shall review the performance of SCAs/SAs on an annual basis. Any serious lapses/negligence in audit responsibilities or conduct issues on part of the SCAs/SAs 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 of the Board, with the full details of the audit firm.</p> <p>In the event of lapses in carrying out audit assignments resulting in misstatement of an Entity's financial statements, and any violations/lapses vis-à-vis the RBI's directions/guidelines regarding the role and responsibilities of the SCAs/SAs in relation to Entities, the SCAs/SAs would be liable to be dealt with suitably under the relevant statutory/regulatory framework.</p>
Tenure & Rotation	<p>Subject to the provisions of Section 139 and 140 read with rules made thereunder and other applicable provisions of Companies Act, 2013, the Company shall appoint the SAs for a continuous period of three years, subject to the firms satisfying the eligibility norms each year.</p> <p>An audit firm would not be eligible for reappointment in the same Entity for six years (two tenures) after completion of full or part of one term of the audit tenure.</p> <p>Company removing the SCAs/SAs before completion of three years tenure, it shall inform concerned SSM/RO at RBI about it, along with reasons/justification for the same, within a month of such a decision being taken.</p>
Audit Fees and Expenses	<p>The audit fees for SCAs/SAs of all the Company shall be decided in terms of Section 142 of Companies Act, 2013</p> <p>The audit fees for SCAs/SAs of 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.</p>
Appointment Procedure	<p>The Company shall ensure adherence to the provisions of Section 139 of the Companies Act, 2013 and RBI circular, as may be amended from time to time, regarding the appointment of Statutory Auditor.</p> <p>Further Company shall obtain written consent of the auditor to such appointment and Eligibility Certificate in Form- B to effect that Audit</p>



	firm complies will all the eligibility norms prescribe by the RBI for the purpose.
Amendments	Any amendment in RBI Circulars and Companies Act pertaining to appointment of Statutory Auditors shall automatically be the part of this Policy.

