

Policy on Appointment of Statutory Auditors of Ratnaafin Capital Private Limited

1. Introduction

The objective of this Policy is to lay down the criteria to be considered for selection of statutory auditors ('SA') for Ratnaafin Capital Private Limited ('Company'). The Policy is framed pursuant to RBI's Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued vide circular Ref.No.DoS.CO.ARG/SEC.01/08.91.001/ 2021-22 dated April 27, 2021 ("the RBI Guidelines"), as may be amended or modified, replaced, substituted or clarified from time to time.

The Board of Directors ('BOD') of the Company has adopted this policy and procedures with regard to Appointment of Statutory Auditors, in line with the requirements of extant of RBI Guidelines and as per Section 139, 141 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

This Policy shall act as a guideline for establishing proper procedures for determining, inter-alia, qualifications, eligibility and procedure for appointment of the Statutory Auditors that conform with the provisions of applicable laws and regulations.

This Policy was approved by the Board in its meeting held on 19th September, 2022.

2. Procedural Aspects

i. Number of statutory auditors

The Company shall decide the number of Statutory Auditors based on the factors including 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., in conformity with the RBI Guidelines.

ii. Eligibility criteria of the Statutory Auditors

The audit firms to be considered for appointment as auditor Statutory Auditors of the Company shall fulfil the eligibility norms as prescribed in the RBI Guidelines including:

- a. Minimum Number of Full Time partners associated with the Audit Firm,
- b. Number of Fellow Chartered Accountant Partners associated with Audit Firm,
- c. Minimum Number of Full Time Partners/ Paid CAs with CISA/ISA Qualification,
- d. Minimum Number of years of Audit Experience of the Audit Firm,
- e. Minimum Number of Professional Staff and
- f. Other eligibility criteria as prescribed under RBI Guidelines and applicable provisions of Companies Act, 2013.

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iii. Continuance of Compliance with the basic Eligibility Criteria

In case any audit firm (after appointment) does not comply with any of the eligibility norms (on account of resignation, death etc. of any of the partners, employees, action by Government Agencies, NFRA, ICAI, RBI, other Financial Regulators, etc.), it may promptly approach the Entity with full details. Further, the audit firm shall take all necessary steps to become eligible within a reasonable time and in any case, the audit firm should be complying with the above norms before commencement of Annual Statutory Audit for Financial Year ending 31st March and till the completion of annual audit.

In case of any extraordinary circumstance after the commencement of audit, like death of one or more partners, employees, etc., which makes the firm ineligible with respect to any of the eligibility norms, RBI will have the discretion to allow the concerned audit firm to complete the audit, as a special case.

iv. Independence of the Statutory Auditors

The Board of Directors / Audit Committee of the Company as applicable 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 shall be flagged by the Board of Directors / Audit Committee of the Company and concerned Senior Supervisory Manager / Regional Office of RBI. The time gap between any non-audit works by the Statutory Auditors for the Company or any audit/non-audit works for its RBI Regulated Group Entities should be at least the minimum period specified in the RBI Guidelines, before or after its appointment as Statutory Auditors. However, during the tenure as Statutory Auditors, an audit firm may provide such services to the Company which may not normally result in a conflict of interest, as per the applicable provisions of RBI Guidelines and provisions of Companies Act, 2013.

v. Procedure for Appointment of Statutory Auditors

The Company shall shortlist the audit firms for every vacancy of Statutory Auditors, as per the RBI Guidelines.

While shortlisting the audit firms, the Company shall also consider their past experience as statutory auditors of others banks / NBFCs, their ability to audit technology and such other parameters that it may consider necessary.

Company shall obtain a certificate from each of the audit firms proposed to be appointed as Statutory Auditors that it complies with all the eligibility norms prescribed by RBI.

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The Board of Directors / Audit Committee shall recommend the appointment to the Board of Directors who shall recommend the same for the approval of the Members of the Company.

The Company shall inform RBI about the appointment of Statutory Auditors, as required under the RBI Guidelines.

vi. Tenure of Appointment and Rotation

As per the RBI guidelines, the Company shall appoint the Statutory Auditors for a continuous period of 3 years, subject to the Statutory Auditors satisfying the eligibility norms each year. The Company in line with the RBI Guidelines shall not reappoint an audit firm for the minimum period specified in the RBI Guidelines after the completion of full or part of one term of the audit tenure.

vii. Remuneration to Auditors

The audit fees for Statutory Auditors shall be in terms of applicable regulatory provisions and shall be reasonable and commensurate with their respective 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. Further, it shall be the discretion of the Company to decide on the quantum of remuneration payable to Statutory Auditors as appointed by the Company, depending upon their respective scope of work.

3. Review of Performance

The Board of Directors / Audit Committee shall review the performance of Statutory Auditors on an annual basis, as per RBI Guideline and applicable provisions of Companies Act, 2013.

4. Effect of Change in the applicable Regulations /Law

To the extent any change/ amendment is required in terms of any applicable law or change in regulations, the applicable regulations/law would prevail over the Policy and the Policy shall be read accordingly.

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