POLICY FOR APPOINTMENT OF STATUTORY AUDITORS

Sindhuja
आपकी समृद्धि का साथी

Version 1.1

SINDHUJA MICROCREDIT PVT. LTD.

POLICY FOR APPOINTMENT OF STATUTORY AUDITORS

I. Objective of the Policy

The overall objective of this Policy is to lay down the criteria to be considered by the Audit Committee of the Board (ACB) 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 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	The Policy pertaining to the appointment of SAs shall be implemented by the Company from FY 2023-24 in pursuant to RBI circular as may be amended from time to time.
Intimation to RBI	The Company shall inform RBI about the appointment of SAs for each year by way of a certificate in Form – A **(Annexure-1)** as prescribed in RBI Circular within one month of such appointment.
Compliance	In addition to RBI Circular dated April 27, 2021, the appointment of SAs shall be subject to terms and conditions of Articles and Association of the Company and in compliance with the applicable provisions of Companies Act 2013, read with rules made thereunder and in accordance with the RBI Regulations as amended from time to time.
Number of Statutory Auditors	➢ The Company shall appoint a minimum of one audit firm (Partnership firm/LLPs) for conducting statutory audit for particular financial year(s). ➢ In case of joint auditors, it shall be ensured that joint auditors of the Company do not have any common partners and they are not under the same network of audit firms. Further, the Company shall finalize the work allocation among SAs, before the commencement of the statutory audit, in consultation with their SAs. ➢ The Company shall decide on the number of 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.
Branch Coverage	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.
Eligibility Criteria of Auditors	The Company shall appoint audit firm(s) as its SA/s fulfilling the eligibility norms as specified in **Annex I** of the RBI Circular.
Independence of Auditors	➢ The Audit Committee of the Board (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.

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	➢ Any concern in this regard may be flagged by the Audit Committee of Board to the Board of Directors of the Company and concerned Senior Supervisory Manager (SSM)/Regional Office (RO) of RBI. ➢ 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 Audit Committee of the Board of the Company under intimation to the concerned SSM/RO of RBI.
Professional Standards of SAs	➢ The SAs shall be strictly guided by the relevant professional standards in discharge of their audit responsibilities with highest diligence. ➢ Audit Committee of the Board of the Company shall review the performance of SAs on an annual basis. ➢ Any serious lapses/negligence in audit responsibilities or conduct issues on part of the 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/recommendation of the Audit Committee of Board, with the full details of the audit firm. ➢ 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 SAs in relation to Entities, the SAs would be liable to be dealt with suitably under the relevant statutory/regulatory framework.
Tenure and Rotation	➢ Subject to the provisions of Section 139, 140 & 141 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. If Company removes the SAs before completion of three years tenure then it shall inform to the concerned SSM/RO at RBI, along with reasons/justification for the same, within a month of such a decision being taken. ➢ An audit firm would not be eligible for reappointment for six years (two tenures) after completion of full or part of one term of the audit tenure.
Audit Fees and Expenses	➢ The audit fees for SAs shall be decided in terms of the relevant statutory/regulatory provisions. ➢ The audit fees for SAs 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. ➢ The Audit Committee of Board of Company shall make recommendation to the competent authority as per the relevant statutory/regulatory instructions for fixing audit fees of SAs.
Procedure for Appointment of SAs	➢ The Company shall shortlist minimum of 2 Audit Firms for every vacancy of SAs 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 SAs does not get delayed.

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	➢ The Company shall place the name of shortlisted audit firms, in order of preference, before their Audit Committee of Board for selection as SA. ➢ Upon selection of SAs by the Company, post verifying their compliance with the eligibility norms prescribed by RBI, the Company shall inform RBI about the appointment of SAs by way of a certificate in Form - A as prescribed by RBI within one month of such appointment. ➢ The Company shall obtain a certificate, along with relevant information as per Form - B as prescribed by RBI, from the audit firm(s) proposed to be appointed as SAs by the Company 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 SAs of the Company, under the seal of the said audit firm
Conflict	In case of conflict between the applicable provision of RBI, SEBI, Companies Act or any other applicable statute and this policy, the prevailing provision(s)as amended from time to time shall prevail over this Policy.
Amendments	Any amendment in RBI Circulars pertaining to appointment of Statutory Auditors shall automatically be the part of this Policy.

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(Annexure-I)

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 Auditor (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:

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(Annexure-II)

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	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 / directors 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:

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Process Document Approval (MAKER):

Name	Designation	Approval Date	Board Resolution No.	Signatures
Sanchiyta Narula	AVP- Compliance	**March 26, 2025**	**14**	Sanchiyta

Procedural Sign Off (CHECKER):

Name	Designation	Signatures
Mr. Abhisheka Kumar	Managing Director	Abhisheka Kumar
Mr. Malkit Singh Didyala	Whole Time Director & CEO & CIO	

Version History:

Version No.	Board Resolution No.	Date of Issue	Reason for Change
1.1	14	March 26, 2025	Annual Review

Controls:

Control	Compliance Functions
Compliance with the functionalities of Policy	Maker
User creation / Modification/ deletion controls	Board of Directors

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