



Satin Creditcare Network Limited
Appointment of Statutory Auditors
Version 1.1



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SATIN CREDITCARE NETWORK LIMITED

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Document Control

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Policy Owner	Accounts & Secretarial Department
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Approved on	March 22, 2024
Policy Signed By	Amit Gupta- Head – Accounts and Vikas Gupta – Company Secretary & Chief Compliance Officer

Revision History

Date	Version	Description	Created/ Reviewed By
14.07.2021	1.0	First Release	<u>Created by:</u> o Mr. Ashish Dhamija, AVP – Finance <u>Reviewed by:</u> o Mr. Rakesh Sachdeva – Chief Financial Officer
18.01.2024	2.0	Second Release	<u>Created by:</u> o Mr. Rohit Gupta, DVP – Accounts o Mr. Amit Gupta, Head – Accounts <u>Reviewed by:</u> o Mr. Rakesh Sachdeva – Chief Financial Officer



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Policy on Appointment of Statutory Auditors (SAs)

Introduction

RBI on April 27, 2021, issued guidelines under provisions of Chapter IIIB of RBI Act, 1934 for NBFCs for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) via Circular RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22, including other Regulations / Acts.

The policy has been drafted basis RBI guidelines, Companies Act 2013 and Rules thereon and other relevant laws and regulations.

Policy

Applicability	➤ The policy regarding appointment of SAs is implemented for the first time for the Company from FY 2021-22 and adopted from H2 (second half) of FY 2021-22 (as amended by RBI from time to time) in order to ensure that there is no disruption.
Intimation to RBI	➤ The Company shall inform RBI about the appointment of SAs for each year by way of a certificate in Form - A as prescribed by RBI by its Circular RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable circulars, provisions, notifications issued, if any from time to time by any authority in this regard.
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). ➤ The Company may appoint maximum of four statutory auditors 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 finalise 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,



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	availability of other independent audit inputs, identified risks in financial reporting, etc.
Branch Coverage	<ul style="list-style-type: none"> ➤ SAs shall visit and audit minimum number of branches basis RBI guidelines. ➤ The Company shall ensure adherence to the provisions of Section 143 (8) of the Companies Act, 2013 regarding audit of accounts of all branches.
Eligibility Criteria of Auditors	The Company shall appoint audit firm/s as its SA/s fulfilling eligibility norms as prescribed in Annexure I of RBI Circular RBI/2021-22/25 Ref.No.DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dated April 27, 2021 or as amended from time to time, and Companies Act 2013 and rules thereon.
Independence of Auditors	<ul style="list-style-type: none"> ➤ 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. ➤ Any concerns 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. ➤ The time gap between any non-audit works (services mentioned at Section 144 of Companies Act, 2013, Internal assignments, special assignments, etc.) by the SAs for the Company or any audit/non-audit works for its group Company should be at least one year, before or after its appointment as SCAs/SAs. This stipulation shall be applicable prospectively, i.e. from FY 2022-23. However, during the tenure as SA, audit firm can provide such services to the Company which may not normally result in a conflict of interest and Company shall take their own decision in this regard, in consultation with the Audit Committee of Board. ➤ The above restrictions shall also apply to an audit firm under the same network of audit firms or any other audit firm having common partners.
Professional Standards of SAs	<ul style="list-style-type: none"> ➤ The SAs shall be strictly guided by the relevant professional standards in discharge of their audit responsibilities with highest diligence. ➤ Audit Committee of 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.
Tenure and Rotation	<ul style="list-style-type: none"> ➤ 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, it shall inform 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	<ul style="list-style-type: none"> ➤ 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



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	<p>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> <p>➤ 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 wherever required.</p>
Procedure for Appointment of SAs	<p>➤ 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.</p> <p>➤ The Company shall place the name of shortlisted audit firms, in order of preference, before their Audit Committee of Board for selection as SA.</p> <p>➤ 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.</p> <p>➤ 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</p>
Conflict	<p>➤ 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.</p>



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