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### POLICY ON APPOINTMENT OF STATUTORY AUDITORS

<b>Version</b>	<b>Approval Date</b>	<b>Prepared By</b>
V1	10 <sup>th</sup> August 2022	Compliance
V2	19 <sup>th</sup> May 2025	Compliance

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## Policy on appointment of Statutory Auditors

### 1. Background

- 1.1. The Reserve Bank of India (“RBI”) vide its Notification RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27<sup>th</sup> April 2021 (“RBI Notification”) issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs).
- 1.2. The Board of Directors of Vivriti Capital Private Limited (‘Company’) based on the recommendation of Audit Committee has approved and adopted this policy on 10<sup>th</sup> August 2022.

### 2. Definitions

- a. “Asset Size” means total assets.
  - b. “Board” or “Board of Directors” shall mean the board of directors of the Company.
  - c. “Company” means Vivriti Capital Private Limited.
  - d. “AC” or “Committee” means Audit Committee.
  - e. “Policy” means Policy on appointment of Statutory Auditors.
  - f. “SCAs/ SAs” means Statutory Central Auditors/ Statutory Auditors.
- 2.1 Words or phrases not defined above or anywhere in this Policy shall have same meaning ascribed to them under RBI Act, 1934 and such other circulars/ guidelines/ notifications/ directions, as may be issued by RBI from time to time or any other statute issued by any regulator.
  - 2.2 Wherever appropriate in this Policy, a singular term shall be construed to mean the plural where necessary, and a plural term the singular. Similarly, any masculine term shall also be construed to mean the feminine or any other gender and vice versa.

### 3. Objective

- a. Pursuant to Para 10.1 of the aforesaid RBI Notification, each entity shall formulate a Board approved Policy to be hosted on its official website/public domain and formulate necessary procedure thereunder to be followed for appointment of SCAs/SAs.

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- b. 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.
- c. Any matter not dealt with in this Policy shall be considered as per the applicable provisions of law i.e RBI Notification (including any other RBI Regulations/ Act/ Circular/ Directions/ Guidelines, as applicable), Companies Act, 2013 read with rules made thereunder and SEBI regulations/ circulars/ notification/ clarifications, as may be applicable.

#### 4. **Applicability**

The RBI Notification shall be applicable to Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) for Financial Year 2021-22 and onwards in respect of appointment/reappointment of SCAs/SAs in the said entities. However, non-deposit taking NBFCs with asset size below INR 1,000 crore have the option to continue with their extant procedure.

The Company being an NBFC with asset size of more than INR 1,000 Crore is mandatorily required to comply with the above said RBI Notification.

#### 5. **Procedure for appointment of SAs:**

- a. The Company shall appoint minimum one audit firm (Partnership Firm/ LLPs) for conducting statutory audit.
- b. The profile of minimum two audit firms should be shortlisted and placed before the Board/ Committee.
- c. The Company while identifying SCAs/ SAs, may take into consideration various parameters 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, experience in NBFC sector, etc. These parameters shall be in addition to the parameters considered by the Committee under the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- d. The Company may appoint such number of SCAs/ SAs, which are adequate, commensurate with the asset size and extent of operations of the Company and in line with the RBI Notification, as amended from time to time.
- e. The SCAs/ SAs shall be qualified under Section 141 of the Companies Act, 2013 read with rules made thereunder.
- f. The SCAs/ SAs should preferably have capability and experience in deploying Computer Assisted Audit Tools and Techniques (CAATTs) and Generalized Audit

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Software (GAS), commensurate with the degree/ complexity of computer environment of the Company, where the accounting and business data reside in order to achieve audit objectives.

- g. The Company shall ensure that the SCAs/ SAs shall fulfil the eligibility criteria specified in Annex I of the RBI Notification and shall obtain a Certificate along with relevant information in Form B of the RBI Notification. Also, the appointment of SCAs/SAs is in line with the ICAI's Code of Ethics/any other such standards as may be adopted/ notified from time to time.
- h. The audit firm should not be under debarment by any Government Agency, National Financial Reporting Authority (NFRA), the Institute of Chartered Accountants of India (ICAI), RBI or Other Financial Regulators.
- i. The SCAs/ SAs shall be independent to the management and there should not be any conflict of interest.
- j. The time gap between any non-audit works (services mentioned at Section 144 of Companies Act, 2013, Internal assignments, special assignments, etc.) by the SCAs/SAs 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 SCAs/SAs. The same should also apply to an audit firm under the same network of audit firms or any other audit firm having common partners.
- k. Appointment of SCAs/ SAs shall be for a continuous period of three years, subject to the fulfilment of eligibility norms every year.
- l. An audit firm would not be eligible for re-appointment in the Company for six years (two tenures) after completion of full or part of one term of the audit tenure.
- m. If the Company removes SCAs/SAs before completion of 3 years of tenure, it shall inform the concerned Regional Officer at RBI about the same, along with the reasons / justification within a month of such decision being taken.

## 6. **Review of Independence & conflict of interest**

- a. The Committee and 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.
- b. Any such concern may be flagged by the Committee to the Board of the Company and concerned Senior Supervisory Manager (SSM)/Regional Office (RO) of RBI.
- c. In case of any concern with the management of the Company such as non-availability of information/ non-cooperation which may impact the audit process,

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the SCAs/ SAs shall approach the Board/ Committee of the Company, under intimation to the concerned SSM/RO of RBI.

- d. The audit fees shall be reasonable and commensurate with the scope and coverage of audit, size and spread of assets and such other relevant factors. The Committee of the Company shall make recommendation to the Board for fixing audit fees of SCAs/SAs, which is subject to the approval of shareholders of the Company.
- e. The Board/ACB of VCL 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/recommendation of the Board/ACB, with the full details of the audit firm.

#### **7. Continued Compliance with basic eligibility criteria**

- a. In case SCAs/ SAs (after appointment) do 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 Company with full details. Further, the SCAs/ SAs shall take all necessary steps to become eligible within a reasonable time and in any case, the SCAs/ SAs should be complying with the given eligible norms before commencement of Annual Statutory Audit for Financial Year ending 31<sup>st</sup> March and till the completion of annual audit.
- b. In case of any extraordinary circumstance after the commencement of audit, like death of one or more partners, employees, etc., which makes the SCAs/ SAs 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.

#### **8. Reporting Requirements**

- a. The Company shall inform RBI about the appointment of SCAs/ SAs for each year by way of a certificate in Form A of the RBI Notification, within one month of such appointment.
- b. The copy of this Policy shall also be upload on the website of the Company.

#### **9. Review**

This Policy shall be modified/ amended/ reviewed by the Committee or Board, at such intervals, as may be required. In case of any regulatory amendments, requiring modifications to the Policy, it shall be reviewed and amended atleast once in three years.

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The amended regulatory requirements will supersede the Policy till the time Policy is suitably amended.

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