

Statutory Auditor Appointment Policy
Mintifi Finserve Private Limited
Version Control: 1.0 (FY24-25)

Line of Business	Compliance Department
Approving Authority	Board of Directors
Date of Approval	12th August 2024

1. **INTRODUCTION**

Mintifi Finserve Private Limited is incorporated under the provisions of the Companies Act, 2013 and is registered as Non-Banking Financial Company with Reserve Bank of India (“RBI”). The Company is engaged in the business of extending credit facility through various products to its ends customers.

2. **OBJECTIVE AND SCOPE**

This policy is framed in accordance with the provisions of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 as amended from time to time and Companies Act 2013, including any statutory modification(s) or re-enactments thereof for the time being in force, if any.

Reserve Bank of India (RBI) vide its notification No. RBI/2021-22/25 having Ref. No. DoS.CO. ARG/SEC.01/ 08.91.001/2021-22 dated 27.4.2021 has issued a set of “Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFC’s)” (“**RBI Guidelines/Directive**”).

The aforesaid guidelines stipulates detailed conditions on the eligibility, procedures etc. for selection and appointment of statutory auditors. Accordingly, the policy is being framed for appointment of statutory auditors of the Company.

3. **NUMBER OF STATUTORY AUDITORS**

As per the Directive, entities with asset size of more than INR 15000 crores and above as at the end of previous year, should have statutory audit conducted under joint audit of minimum two Audit firms. Since currently the asset size of the Company is less than INR 15000 crores, the statutory audit of the Company will be conducted by one Audit Firm. However, considering the relevant factors such as size and spread of assets, accounting and administrative units, complexity of transactions, level of computerization, identified risk in financial reporting, scalability in operations, business development, growth plans, projections etc. and on the recommendation of the Audit Committee, the Board of Directors may decide to have the statutory audit conducted from more than one audit firm(s) as they may deem fit in accordance with the applicable provisions stipulated in this regard.

4. **TENURE OF STATUTORY AUDITORS**

The appointment of statutory auditor shall be for a continuous period of three years, subject to the statutory auditors satisfying the eligibility norms each year. If the Company removes statutory auditors before completion of 3 years, it shall inform the concerned Regional Office / Senior Supervisory Manager of RBI about the same, along with the reasons / justification within a month of such decision being taken. The Company will not reappoint an audit firm for six years after the completion of full or part of one term of the audit tenure.

5. ELIGIBILITY CRITERIA OF AUDITORS

A. Basic Eligibility

Asset Size of Entity as on 31 st March of Previous Year	Minimum No. of Full-Time partners (FTPs) associated with the firm for a period of at least three (3) years Note 1	Out of total FTPs, Minimum No. of Fellow Chartered Accountant (FCA) Partners associated with the firm for a period of at least three (3) years	Minimum No. of Full Time Partners/ Paid CAs with CISA/ISA Qualification Note 2	Minimum No. of years of Audit Experience of the firm Note 3	Minimum No. of Professional staff Note 4
Above ₹15,000 crore	5	4	2	15	18
Above ₹ 1,000 crore and Up to ₹15,000 crore	3	2	1	8	12
Upto ₹1,000 crore	2	1	1	6	8

Note 1: There should be at least one-year continuous association of partners with the firm as on the date of shortlisting for considering them as full time partners. Further, at least two partners of the firm shall have continuous association with the firm for at least 10 years.

The full-time partner's association with the firm would mean exclusive association. The definition of 'exclusive association' will be based on the following criteria:

- The full-time partner should not be a partner in other firm/s.
- She/He should not be employed full time / part time elsewhere.
- She/He should not be practicing in her/his own name or engaged in practice otherwise or engaged in other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act, 1949.
- The Audit Committee shall examine and ensure that the income of the partner from the firm/LLP is adequate for considering them as full-time exclusively associated partners, which will ensure the capability of the firm for the purpose.

Note 2: CISA/ISA Qualification:

There should be at least one-year continuous association of Paid CAs with CISA/ISA qualification with the firm as on the date of shortlisting for considering them as Paid CAs with CISA/ISA qualification for the purpose.

Note 3: Audit Experience:

Audit experience shall mean experience of the audit firm as Statutory Central/Branch Auditor of Commercial Banks (excluding RRBs)/ AIFIs/ UCBs/NBFCs. In case of merger and demerger of audit firms, merger effect will be given after 2 years of merger while demerger will be effected immediately for this purpose.

Note 4: Professional Staff:

Professional staff includes audit and article clerks with knowledge of bookkeeping and accountancy and who are engaged in on-site audits but excludes typists/stenos/computer operators/ secretaries/subordinate staff, etc. There should be at least one-year continuous association of professional staff with the firm as on the date of shortlisting for considering them as professional staff for the purpose

B. Additional Conditions

- I. The audit firm, proposed to be appointed as statutory auditor, should be duly qualified for appointment as auditor of a company in terms of Section 141 of the Companies Act, 2013.
- II. 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.
- III. The Company shall ensure that appointment of statutory auditor is in line with the ICAI's Code of Ethics/any other such standards adopted and does not give rise to any conflict of interest.
- IV. If any partner of a Chartered Accountant firm is a director in any Entity, the said firm shall not be appointed as statutory auditor of any of the group entity of the Company.
- V. The statutory auditor should preferably have capability and experience in deploying Computer Assisted Audit Tools and Techniques (CAATTs) and Generalized Audit Software (GAS), commensurate with the degree/ complexity of computer environment

In addition to above, continued compliance with respect to the eligibility criteria as prescribed in the RBI Directive shall be complied by the statutory Auditors appointed or to be appointed by the Company.

6. PROCEDURE FOR APPOINTMENT OF STATUTORY AUDITORS

- a) The Company shall shortlist minimum of two audit firms for every vacancy of statutory auditor.
- b) Company shall obtain a certificate from each of the audit firms proposed to be appointed as statutory auditor that they comply with all the eligibility norms prescribed by RBI and under the Companies Act, 2013. Such certificate shall be duly signed by the managing partner/s of the audit firm proposed for appointment under the seal of the said audit firm.
- c) The proposal for appointment of statutory auditor shall be placed before the Audit Committee.

The Audit Committee shall recommend the appointment to the Board and thereafter the appointment will be placed before the Board for approval subject to the approval of the shareholders. The approval of the shareholders will be sought in accordance with the provisions of the Companies Act, 2013.

7. INDEPENDENCE OF AUDITORS

The Audit Committee 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 will be flagged by the Audit Committee to the Board of Directors of the company and concerned Senior Supervisory Manager (SSM)/Regional Office (RO) of RBI.

8. AUDIT FEE AND EXPENSES

The audit fees for Statutory Auditors shall be decided in terms of the relevant statutory/regulatory provisions. The audit fees for statutory auditor 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 computerisation, identified risk in financial reporting, etc. The Audit Committee shall approve and recommend to the Board the approval of remuneration payable to the statutory auditor.

9. AMENDMENT

Any subsequent amendment in the Companies Act 2013, RBI Directive or rules made thereunder or any other applicable law in this regard, shall automatically apply to this Policy. Accordingly, this policy shall be duly revised to incorporate any amendments.

10. POLICY REVIEW

This Policy shall be reviewed by the Board of Directors at least once in every year, in order to align with the ongoing regulatory and business requirements.

11. DISCLOSURE:

This Policy shall be disclosed on the website of the Company.