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# STATUTORY AUDITOR POLICY

CAMAC COMMERCIAL COMPANY LIMITED

(THIS POLICY SHALL BE EFFECTIVE FROM JULY 15, 2022)

The Board of Directors of Camac Commercial Company Limited (the "Company") has adopted the following Statutory Auditor Policy (the "Policy") to guide the selection and appointment of the Statutory Auditor of the Company (the "Auditor").

The Board of Directors shall have the authority to appoint, re-appoint, or remove the Auditor, and to determine the Auditor's terms of appointment, including the Auditor's fee and the Auditor's powers and duties.

The Board of Directors shall also have the authority to appoint, re-appoint, or remove the Auditor's firm, and to determine the Auditor's firm's terms of appointment, including the Auditor's firm's fee and the Auditor's firm's powers and duties.

The Board of Directors shall ensure that the Auditor is qualified to perform the duties of a Statutory Auditor under the laws of the State of New York and the laws of the State of California, and that the Auditor is independent of the Company and its management.

The Board of Directors shall also ensure that the Auditor is not a director, officer, or employee of the Company, and that the Auditor is not a partner, associate, or employee of any firm that is a director, officer, or employee of the Company.

The Board of Directors shall also ensure that the Auditor is not a person who is prohibited from serving as a Statutory Auditor under the laws of the State of New York and the laws of the State of California.

**2. ELIGIBILITY CRITERIA OF AUDITORS**

The Board of Directors shall appoint the Auditor (as its Statutory Auditor) only if the Auditor is qualified to perform the duties of a Statutory Auditor under the laws of the State of New York and the laws of the State of California, and if the Auditor is independent of the Company and its management.

**2.1. Independence**

The Board of Directors shall ensure that the Auditor is independent of the Company and its management. The Auditor shall not be a director, officer, or employee of the Company, and shall not be a partner, associate, or employee of any firm that is a director, officer, or employee of the Company.

The Auditor shall also not be a person who is prohibited from serving as a Statutory Auditor under the laws of the State of New York and the laws of the State of California.

**2.2. Qualification**

The Board of Directors shall ensure that the Auditor is qualified to perform the duties of a Statutory Auditor under the laws of the State of New York and the laws of the State of California. The Auditor shall be a person who is licensed to practice as a Certified Public Accountant (CPA) in the State of New York and the State of California.

## POLICY ON APPOINTMENT OF STATUTORY AUDITORS

### **A. CONTEXT:**

- i. Appointment of Statutory Auditors is governed under Section 139 along with eligibility criteria of Statutory Auditors provided under Section 141 of Companies Act, 2013 read with Rules thereunder.
- ii. Reserve Bank of India (RBI) vide its notification No. RBI/ 2021-22/ 25 dated April 27, 2021, has issued guidelines for appointment of Statutory Auditors for Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines"). These Guidelines include clarification issued by RBI vide its FAQs dated June 11, 2021.

### **B. APPLICABILITY:**

- i. This Policy will be applicable to Camac Commercial Company Limited (CCCL) being an NBFC registered with RBI;
- ii. This Policy will be effective from FY 2022-23 and onwards for appointment / reappointment of the Statutory Auditors of CCCL.

### **C. REPORTING / INTIMATION TO RBI:**

CCCL will intimate RBI about the appointment of Statutory Auditors for each year by way of certificate, within one month of such appointment.

### **D. APPOINTMENT OF STATUTORY AUDITORS:**

- i. CCCL will take into account all 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 key risks in businesses and financial reporting, etc. while deciding the appointment of Statutory Auditors. Also, the requirement of the number of auditors/ audit process as specified by RBI regulations and guidelines, issued from time to time, will be adhered to, while making the appointment of Statutory Auditors.
- ii. In addition, CCCL shall ensure adherence to the provisions of Section 143(8) of the Companies Act, 2013 regarding audit of accounts of all branches/divisions, as applicable.

### **E. ELIGIBILITY CRITERIA OF AUDITORS:**

CCCL will appoint audit firm(s) as its Statutory Auditors who will be fulfilling the eligibility norms as prescribed in the RBI Guidelines dated April 27, 2021.

### **Continued Compliance with basic eligibility criteria:**

- a. 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 CCCL with full details.
- b. 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 March 31 and till the completion of annual audit.
- c. 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.

**F. INDEPENDENCE OF AUDITORS:**

- i. The 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.
- ii. Any concerns in this regard may be flagged to the Board of Directors and the concerned Senior Supervisory Manager (SSM)/Regional Office (RO) of RBI.
- iii. In case of any concern with the Management such as non-availability of information/non-cooperation by the Management, which may hamper the audit process, the Statutory Auditor shall approach the Board, under intimation to the concerned SSM/RO of RBI.
- iv. The time gap between any non-audit works (services mentioned at Section 144 of Companies Act, 2013, internal assignments, special assignments, etc.) by the Statutory Auditors for CCCL or any audit/non-audit works for its group entities should be at least one year, before or after its appointment as Statutory Auditors.
- v. However, during the tenure as Statutory Auditors, an audit firm may provide such services which may not normally result in a conflict of interest, and entities may take their own decision in this regard, in consultation with the Board. This will apply to an audit firm under the same network of audit firms or any other audit firm having common partners.

**G. PROFESSIONAL STANDARDS OF STATUTORY AUDITORS:**

- i. The Statutory Auditors shall be strictly guided by the relevant professional standards in discharge of their audit responsibilities with highest diligence.
- ii. The Board shall review the performance of Statutory Auditors on an annual basis.
- iii. Any serious lapses/negligence in audit responsibilities or conduct issues on part of the Statutory Auditors 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, with the full details of the audit firm.
- iv. In the event of lapses in carrying out audit assignments resulting in misstatement of CCCL financial statements, and any violations/lapses vis-à-vis the RBI's directions/guidelines regarding the role and responsibilities of the Statutory Auditors in relation to CCCL, the Statutory Auditors would be liable to be dealt with suitably under the relevant statutory/regulatory framework.

**H. TENURE AND ROTATION:**

- i. The Company will harmoniously comply with the provisions of both the Companies Act, 2013 and the relevant regulations of the RBI, from time to time. Any removal of the Statutory Auditors before completion of three years tenure shall require intimation to the concerned SSM/RO at RBI about it, along with reasons/justification for the same, within a month of such a decision being taken.
- ii. An audit firm would not be eligible for reappointment in CCCL for six years (two tenures) after completion of full or part of one term of the audit tenure. However, that audit firm can continue to undertake statutory audit of other Entities.



- iii. One audit firm can concurrently take up statutory audit of a maximum of eight NBFCs during a particular year, subject to compliance with required eligibility criteria and other conditions for each Entity and within overall ceiling prescribed by any other statutes or rules;
- iv. A group of audit firms having common partners and/or under the same network, will be considered as one entity and they will be considered for allotment of Statutory Auditors accordingly; and
- v. Shared/Sub-contracted audit by any other/associate audit firm under the same network of audit firms is not permissible.
- vi. The incoming audit firm shall not be eligible if such audit firm is associated with the outgoing auditor or audit firm under the same network of audit firms.

#### **I. AUDIT FEES AND EXPENSES:**

- i. The audit fees for the Statutory Auditors shall be decided mutually in discussion with the firm and in terms of the relevant statutory/regulatory provisions.
- ii. The audit fees 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.

#### **J. STATUTORY AUDITORS APPOINTMENT PROCEDURE:**

- i. CCCL shall shortlist minimum of 2 audit firms for every vacancy of Statutory Auditors 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 Statutory Auditors does not get delayed.
- ii. CCCL shall obtain a certificate, along with relevant information in the prescribed format as per aforementioned Guidelines, from the audit firm(s) proposed to be appointed as Statutory Auditors to the effect that the audit firm(s) complies with all the eligibility norms prescribed by RBI for the purpose.
- iii. Such certificate should be signed by the main partner/s of the audit firm proposed for appointment of Statutory Auditors, under the seal of the said audit firm.
- iv. The proposals to appoint Statutory Auditors will be reviewed and recommended by the Board and the Board will recommend the same to the shareholders for approval.

#### **K. VALIDITY:**

- i. This policy shall be valid till CCCL continues to be NBFC.
- ii. However, in the event of any conflict between this Policy and the laws as may be applicable in this regard from time to time, the provisions of applicable laws shall prevail. Any amendment to this policy shall be made with the approval of the Board of Directors of CCCL from time to time.

