



# **ARYAMAN**

## **FINANCE (INDIA) LIMITED**

### **Policy for Appointment of Statutory Auditors**

Author of the Policy	Anjali Gorsia, Whole Time Director
Approved by	Board of Directors
Reviewed by the Board on	<b>29/12/2025</b>
Name of the entity	Aryaman Finance (India) Limited

## **I. OBJECTIVE**

The objective of the policy is to establish a procedure for the appointment/re-appointment of Statutory Auditors and to conform with the extant norms of the Reserve Bank of India and applicable provisions of the Companies Act, 2013, and the rules made thereunder.

## **II. PURPOSE**

As per Reserve Bank of India (Non-Banking Financial Companies- Miscellaneous Directions, 2025), read with Reserve Bank of India circular RBI/2021-22/25 Ref No. DOS.CO.ARG/ SEC.01/ 08.91.001/2021-22, dated April 27, 2021 (“RBI Circular”), has introduced guidelines for the appointment/re-appointment of Statutory Auditors (“SAs”) for Non-Banking Financial Companies (“NBFC”) for the Financial Year 2021-22 and onwards. However, non-deposit-taking NBFCs with asset size below ₹1,000 crore have the option to continue with their extant procedure.

Aryaman Finance (India)Limited (the “Company”) is an NBFC-ND (Non-Banking Financial Company- Non-Deposit Taking) registered with the Reserve Bank of India with an asset size below INR 1000 Crores. Accordingly, the Company has prepared the policy on appointment of Statutory Auditors in conformity with all relevant statutory/regulatory guidelines

## **III. KEY CONSIDERATIONS**

The policy will be applicable for the appointment/re-appointment of Statutory Auditors for the Financial Year 2024-25 and onwards.

## **IV. POLICY/PROCESS/ GUIDELINES & PROCESS FLOW**

### ▪ Definitions:

“Act” means the Companies Act, 2013.

“ACB” means the Audit Committee of the Board.

“Board” means the Board of Directors of the Company.

“ICAI” means the Institute of Chartered Accountants of India.

“RBI” means the Reserve Bank of India.

“RBI Circular” means RBI circular RBI/2021-22/25 Ref No. DOS.CO.ARG/ SEC.01/ 08.91.001/2021-22. dated April 27, 2021, on the ‘guidelines for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks, (Urban) Co-operative Banks (“UCBs”) and Non-Banking Finance Companies (NBFCs) (Including Housing Finance Companies “HFCs”’.

“NFRA” means the National Financial Reporting Authority.

“Large exposure” as defined in RBI instructions on ‘Large Exposure Framework’.

“Aryaman Finance (India) Limited” means the Company.

“SAs” means the Statutory Auditor as required to be appointed under the provisions of the Companies Act, 2013 and eligible as per RBI Circular, to conduct a statutory audit of the Company, from time to time.

## V. PRIOR APPROVAL OF RBI:

No prior approval of the RBI is required for the appointment of SAs by the Company. However, necessary intimation in (Annexure I) shall be given to the RBI regarding the appointment of SAs within the prescribed time limits.

## VI. ELIGIBILITY CRITERIA OF AUDITORS:

- The minimum standards and eligibility norms for audit firms to be appointed by the Company as SAs shall be as follows:

Asset size of the Company as on 31st March of the 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
Up to ₹ 1,000 crore	2	1	1*	6	8

\* Not mandatory for UCBs/NBFCs with asset size of up to ₹ 1,000 crore.

- Note 1:** There should be at least one year of 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 practising in her/his own name or engaged in practice otherwise or engaged in any other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act, 1949.
    - ACB 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:** For NBFCs with asset size up to ₹ 1,000 crore, there is no minimum requirement in this regard. However, such Entities may give priority to firms with full-time partners or full-time CAs having CISA/ISA qualification. There should be at least one year of continuous association of Paid CAs with CISA/ISA qualification with the firm for considering them as Paid CAs with CISA/ISA qualification for the purpose.

- **Note 3: Audit experience:** shall mean experience of the audit firm as Statutory Auditor of NBFCs. In case of merger and demerger of audit firms, the merger effect will be given after 2 years of merger, while the demerger will be effective immediately for this purpose.
- **Note 4: 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 of continuous association of professional staff with the firm as of the date of shortlisting for considering them as professional staff for the purpose.

#### **Additional Consideration**

1. The audit firm proposed to be appointed as SAs should be duly qualified for appointment as an auditor in terms of Section 141 of the Companies Act, 2013.
2. The audit firm should not be under debarment by any Government Agency, NFRA, ICAI, RBI or Other Financial Regulators.
3. The Company shall ensure that the appointment of SAs 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.
4. If any partner of a Chartered Accountant firm is a director in any Company, the said firm shall not be appointed as SAs of any of the group entities of that Company

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

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 shall promptly approach the Company with full details. 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 the Annual Statutory Audit for the Financial Year ending 31st March and till the completion of the annual audit.

In case of any extraordinary circumstance after the commencement of audit, like the death of one or more partners, employees, etc., which makes the firm ineligible with respect to any of the eligibility norms, the Company may approach RBI to allow the concerned audit firm to complete the audit, as a special case.

### **VII. INDEPENDENCE OF AUDITORS:**

The ACB of 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. Any concerns in this regard may be flagged by the ACB to the Board of Directors of the Company and the concerned Senior Supervisory Manager (SSM)/ Regional Office (RO) of RBI.

In case of any concern with the Management of the Company such as non-availability of information/non-cooperation by the Management, which may hamper the audit process, the SAs shall approach the Audit Committee of the Entity, under intimation to the concerned SSM/RO of RBI.

Concurrent auditors of the Company shall not be considered for appointment as SAs. The audit of the Company and any entity with large exposure to the Company for the same reference year should also be explicitly factored in while assessing the independence of the auditor.

The time gap between any non-audit works (services mentioned at Section 144 of the Companies Act, 2013, Internal assignments, special assignments, etc.) by the SAs for the Company or any audit/non-

audit works for its fellow subsidiaries should be at least one year, before or after its appointment as SAs. However, during the tenure as SA, an audit firm may provide such services to the Company which may not normally result in a conflict of interest, and the Company shall decide in this regard, in consultation with the ACB.

The restrictions as detailed above shall also apply to an audit firm under the same network (As defined in Rule 6(3) of the Companies (Audit & Auditors) Rules, 2014) of audit firms or any other audit firm having common partners.

#### **VIII. PROFESSIONAL STANDARDS OF SAS:**

The SAs shall be strictly guided by the relevant professional standards in the discharge of their audit responsibilities with the highest diligence.

The ACB shall review the performance of SAs on an annual basis. Any serious lapses/negligence in audit responsibilities or conduct issues on the part of the SAs or any other matter considered relevant shall be reported to RBI within two months from completion of the annual audit. Such reports shall be sent with the approval/recommendation of the ACB, with the full details of the audit firm.

In the event of lapses in carrying out audit assignments resulting in misstatement of 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 the Company, the SAs would be liable to be dealt with suitably under the relevant statutory/regulatory framework.

#### **IX. TENURE AND ROTATION:**

In order to protect the independence of the auditors/audit firms, the Company shall appoint the SA for a continuous period of five years as per Section 139 of the Companies Act 2013.

SAs can be removed before the completion of five years' tenure and shall inform the concerned RO at RBI about it, 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 a full or part of one term of the audit tenure.

An audit firm proposed to be appointed as SA of the Company, can concurrently take up statutory audit of a maximum of four Commercial Banks [including not more than one PSB or one All India Financial Institution (NABARD, SIDBI, NHB, EXIM Bank) or RBI], eight UCBs and eight NBFCs during a particular year. A group of audit firms having common partners and/or under the same network, will be considered as one entity. Shared/Sub-contracted audit by any other/associate audit firm under the same network of audit firms is not permissible. 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.

#### **X. 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 computerisation, identified risks in financial reporting, etc.

The ACB shall make a recommendation to the Board/Shareholders for approval as per the applicable statutory/regulatory instructions for fixing audit fees of SAs.

## **XI. PROCEDURE FOR APPOINTMENT OF STATUTORY AUDITORS:**

The Company shall shortlist a minimum of 2 audit firms for every vacancy of SAs so that even if the 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.

The Company shall obtain a certificate (**Annexure II**), along with relevant information in such format as may be prescribed, from the audit firm(s) proposed to be appointed as SAs to the effect that the audit firm(s) comply with all the eligibility norms prescribed by RBI for the purpose. Such a certificate shall be signed by the main partner/s of the audit firm proposed for the appointment of SAs under the seal of the audit firm

In addition to the above, before such appointment, the written consent of the auditor to such appointment and a certificate in compliance with applicable provisions of the Companies Act, 2013 and the rules made thereunder, shall be obtained from the SAs.

The ACB will review the independence, eligibility norms, terms of appointment and remuneration of the audit firm proposed to be appointed as SAs and recommend the appointment of the audit firm for approval of the Board. The Board will approve the appointment of SAs subject to approval of the shareholders in the ensuing Annual General Meeting.

The Company shall file a Form ADT 1 of such appointment with the Registrar of Companies within 15 days of the meeting in which the auditor is appointed.

The Company shall inform the concerned Regional Office of RBI about the appointment/ re-appointment of SAs for each year by way of a certificate in Form A within one month of such appointment/re-appointment.

## **XII. REVIEW OF THE POLICY:**

The policy shall be approved by the Board and hosted on the official website of the Company.

The Policy shall be reviewed on an annual basis or as and when deemed necessary by the ACB and Board in the context of changing regulations and guidelines.

In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended at the next possible opportunity. However, the amended regulatory requirements will supersede the Policy till the Policy is suitably amended.

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## Annexure I

### Information to be submitted by the NBFCs regarding the 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 an 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:

## Annexure II

### 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 the Previous Year	Number of Full-Time partners (FTPs) associated* with the firm for a period of three (3) years	Out of the total FTPs, the 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 an 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 the firm by any Financial Regulator/Government agency during the 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<sup>15</sup> 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: