



## **Policy on Appointment of Statutory Auditor**

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**Document Information**

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| 3.      | Reviewed & Recommended by (Head of the Department) | Akshay, CFO          | 10.05.2026 |
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**Change log from the last version**

| Version No. | Brief Summary of Change  | Date |
|-------------|--|------|
| 1.0         | New Policy Created   |      |
| 1.1         | Reference of updated Scale Based Regulations included  |      |
| 1.2         | Minor additions - Updated to incorporate RBI requirements on maximum number of auditors, mandatory Form A & Form B compliance, and website version control |      |

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## 1. Background

The Reserve Bank of India (RBI) has issued guidelines dated April 27, 2021, ref: RBI/2021- 22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22, has issued 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)' ("Guidelines") and **Reserve Bank of India (Non-Banking Financial Companies – Governance) Directions, 2025**, RBI/DOR/2025-26/344 DOR.GOV.REC.No.263/18-10-013/2025-26.

The guidelines require the Company to formulate a Board Approved Policy to be hosted on Company's website and formulate necessary procedure thereunder for appointment of Statutory Auditors. In compliance with the said guidelines, the Board of the Company has adopted the following policy and procedures with regard to Appointment of Statutory Auditors.

This Policy on Appointment of Statutory Auditors ("Policy") is formulated in accordance with the provisions of the Guidelines, to the extent applicable to the Company.

## 2. Objective

The Policy shall act as a guideline for determining, inter-alia, qualifications, eligibility, and procedure for appointment of the Statutory Auditors in compliance with the RBI Guidelines and Companies Act, 2013.

## 3. Scope

This policy forms the basis for appointment of Statutory Auditors of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). The Company will comply with the relevant provisions of the Companies Act, 2013, rules made thereunder and the regulations/ guidelines/ circulars/ notifications as issued by the Reserve Bank of India. In case of conflict between the provisions of the Companies Act and the RBI regulations, the RBI regulations (being sectoral regulator) shall prevail. Further, in the event any guidance on the regulatory framework/ RBI regulations / guidelines is required; the same shall be referred to the Finance & Accounts / Compliance Department for its final views on the matter.

## 4. Procedure for Appointment of Statutory Auditor

The Company shall shortlist at least two audit firms for every Statutory Auditor vacancy, ensuring that if the first-preference firm is found ineligible or declines the appointment, the second-preference firm can be appointed, thereby preventing any delay in the appointment process.

- a) **The Company shall obtain a certificate, along with relevant information as per Form B (Annexure-B), from the auditors proposed to be appointed as Statutory Auditor, confirming that the audit firm complies with all eligibility norms prescribed by RBI. The submission of Form B shall be mandatory prior to consideration by the Audit Committee/Board and shall form the basis for assessing eligibility. Such certificate should be signed by the main partner(s) of the audit firm under its seal.**
- b) The Company shall also obtain a written consent letter from the Statutory Auditor to act as the Statutory Auditor of the Company and certificate satisfying the criteria provided in Section 141 of the Companies Act, 2013;
- c) The Company shall recommend the names of the shortlisted audit firms to the Audit Committee of the Board of Directors of the Company;
- d) The Audit Committee, after review, of both the firms, shall recommend the appointment of one firm as the Statutory Auditor of the Company, to the Board of Directors of the Company;
- e) The Audit Committee shall recommend the appointment to the Board and the Board shall recommend the same for the approval of the shareholders.
- f) The Company do not have to take prior approval of RBI for appointment of Statutory Auditor, however it shall inform the Central Office of RBI (Department of Supervision), Mumbai about the appointment of the Statutory Auditor for each year by way of a certificate in [Form A](#) (Annexure- A) within one month of such appointment along with it the Company shall file e-forms as may be prescribed under Companies Act.
- g) The Company is not required to obtain prior approval of RBI for appointment of Statutory Auditor. However, it shall inform the Central Office of RBI (Department of Supervision), Mumbai about such appointment within one month by submitting a certificate in Form A (Annexure-A), certifying compliance with RBI eligibility norms. The Company shall maintain proper documentation and records of such submission and shall also file necessary e-forms as prescribed under the Companies Act, 2013.

**Both Form A and Form B shall be treated as critical regulatory compliance documents and shall be preserved as part of the Company's statutory records.**

## 5. Number of Statutory Auditor

The Company should decide on the number of Statutory Auditor based on a Board/Audit Committee Approved Policy, inter alia, taking into account 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 risks in financial reporting, etc.

Considering the above factors and the requirements of the Company, the actual number of Statutory Auditor to be appointed shall be decided by the respective Boards/Audit Committee, subject to the following:

| <b>Asset Size of the Company</b> | <b>Maximum number of Statutory Auditor</b> |
|----------------------------------|--|
| Upto ₹5,00,000 crore             | 4  |

**Provided that the number of Statutory Auditors shall not exceed the maximum limit prescribed by RBI from time to time, and any deviation shall require appropriate justification and regulatory compliance, if applicable.**

**The Board/Audit Committee shall explicitly record the rationale for determining the number of Statutory Auditors in the meeting minutes.**

## 6. Eligibility Criteria

The RBI guidelines prescribe certain eligibility norms which the audit firms are required to fulfil, based on the asset size of the Company. The Company's asset size, being more than ₹ 1,000 crore and less than ₹ 15,000 crore, the audit firm shall fulfil the following minimum criteria for being eligible to be considered for appointment as auditor of the Company:

- a. Minimum number of Full-time partners (FTPs) associated with the firm for a period of three years should be three;
- b. Out of total Full-time partners, minimum number of Fellow Chartered Accountant (FCA) partners associated with the firm for a period of atleast three years should be two;
- c. Minimum number of professional staff should be twelve. There should be at least one-year continuous association of professional staff with the firm as on the date of empanelment for considering them as professional staff;
- d. Atleast one year continuous association of partners to be there with the firm as the partner as on date of shortlisting for considering them as full time partners. Atleast two partners of the firm shall have continuous association with the firm for at least 10 years.

Full time association shall mean exclusive association, which shall mean the following

- i. The full time partner should not be a partner in other firm(s);
- ii. She/He should not be employed full time / part time elsewhere;
- iii. 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.

- e. Minimum number of years of relevant audit experience of the firm should be eight. Audit experience shall mean experience of the audit firm as Statutory Central/Branch Auditor of Commercial Banks (excluding RRBs)/ UCBs/NBFCs/ AIFIs. 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.
- f. Minimum one full-time partner / paid Chartered Accountant (CA) with CISA/ ISA qualification to be there with the firm. For considering paid CA with CISA/ ISA, atleast one year continuous association with the firm to be established.
- g. If any partner of CA firm is a director in the Company, the said firm shall not be appointed as Statutory Auditor of any of the group entities the Company.
- 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 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.
- j. The auditors should 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 of the Entities where the accounting and business data reside in order to achieve audit objectives.
- k. And/or any other eligible criteria applicable on partner/s/firm as defined by the RBI from time to time.

#### **b) Independence of Auditor**

The Audit Committee of the Company 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 to the board of directors of the Company and the concern Senior Supervisory Manager ("SSM")/ Regional Office ("RO") of RBI.

The approval of the Audit Committee shall be sought for any non-audit assignments (other than certifications / any other assignment to be done by statutory auditor under various applicable laws) that shall be undertaken by the audit firm.

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 Statutory Auditor shall approach the Board of Directors of the Company, under intimation to the concerned SSM/RO of RBI.

Concurrent auditors, if any, of the Company should not be considered for appointment as Statutory Auditors of the Company.

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 Auditor for the Company or any audit/non-audit works for group entities should be at least one year, before or after its appointment as SCAs/SAs (subject to subsequent FAQ released by RBI).

However, during the tenure as Statutory Auditor, an audit firm may provide such services to the Company which may not normally result in a conflict of interest. Such activities may include but not limited to activities such as Tax audit, tax representation and advice on taxation matters, Audit of interim financial statements. Certificates required to be issued by the statutory auditor in compliance with statutory or regulatory requirements, reporting on financial information or segments thereof etc. The Company shall take appropriate decision in this regard in consultation with the Audit Committee.

The restrictions mentioned above shall apply to an audit firm under the same network of audit firms or any other audit firm having common partners.

### c) Professional Standards of Statutory Auditors

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

The Audit Committee of the Company shall review the performance of Statutory Auditor on an annual basis. Any serious lapses/negligence in audit responsibilities or conduct issues on part of the Statutory Auditor 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, with the full details of the audit firm.

In the event of lapses in carrying out audit assignments resulting in misstatement of the Company's financial statements, and any violations/lapses vis-à-vis the RBI's directions/guidelines regarding the role and responsibilities of the Statutory Auditor in relation to Entities, the Statutory Auditor would be liable to be dealt with suitably under the relevant statutory/regulatory framework.

### d) Tenure and Rotation

In order to protect the independence of the auditors/audit firms, the Company shall appoint the Statutory Auditor for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. The Company shall inform the concerned Senior Supervisory Manager/ Regional Office at RBI in case of removal of Statutory Auditor before the completion of three years tenure, along with reasons/justification for the same, within a month of such a decision being taken.

The Company cannot reappoint an audit firm for six years after the completion of full or part of one term of the audit tenure.

An audit firm may undertake the statutory audit of up to eight Non-Banking Financial Companies (NBFCs) in a given year, subject to compliance with the prescribed eligibility criteria, applicable conditions for each entity, and the overall ceiling stipulated under relevant statutes or rules. For this

purpose, a group of audit firms having common partners and/or operating under the same network shall be treated as a single entity for allotment. Further, shared or sub-contracted audits within the same network are not permitted, and an incoming audit firm shall be considered ineligible if it is associated with the outgoing auditor or audit firm within the same network.

RBI being the sectoral regulator and its guidelines being more stringent, the Company shall appoint the Statutory Auditors as per the RBI guidelines.

### e) Audit Fees and Expenses

The audit fees for Statutory Auditor of the Company shall be decided in terms of the relevant statutory/regulatory provisions.

The audit fees shall be commensurate with the scope and coverage of audit, size and spread of assets, accounting and administrative units, etc. The Audit Committee shall make recommendation to the board of directors as per the scope and coverage of the audit subject to the relevant statutory/regulatory instructions for fixing audit fees of Statutory Auditor.

### f) Disclosures and Transparency

This Policy shall be hosted on the official website of the Company.

**The Company shall ensure that only the latest approved version of the Statutory Audit Policy is displayed on the website at all times. Any revision to the Policy shall be updated on the website within a reasonable timeline post Board approval.**

### g) Review & Amendments

This policy shall be reviewed and updated periodically for any changes by the Audit Committee and submitted to the Board of Directors of the Company for their approval.

In case any amendments issued by Reserve Bank of India in form of clarifications, circulars or guidelines or by any other name, which may not be consistent with the current provisions laid down under this Policy, then the policy will be amended and updated subsequently to align with the amendments done by the RBI.

**The Company shall ensure strict adherence to RBI-prescribed formats, including Form A (for intimation to RBI post appointment) and Form B (eligibility certificate from audit firm). Any delay or non-compliance in submission of these forms shall be escalated to the Audit Committee and treated as a regulatory non-compliance, wherever applicable.**

Annexure- A

**FORM A**

**Information to be submitted by the NBFCs regarding 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 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:

## FORM B

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 Previous Year  | Number of Full-Time partners (FTPs) associated* with the firm for a period of three (3) years | Out of total FTPs, 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 asset size of more than ₹ 1,000 crore<br>#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 firm by any Financial Regulator/Government agency during 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: