GRIHUM
HOUSING FINANCE
Apna Ghar. Apni Pehchan.

Policy on Appointment of Statutory Auditors

Purpose: To establish a framework for complying with the RBI's harmonized guidelines on the appointment, eligibility, tenure, and rotation of Statutory Central Auditors/Statutory Auditors, ensuring transparent selection and auditor independence in accordance with the SA Directions.

Document Control:

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Governing Guidelines	Reserve Bank of India (Non-Banking Financial Companies - Statutory Audit) Directions, 2026 as amended from time to time.
Functional aspect checked by	Chief Financial Officer and
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Policy for Appointment of Statutory Auditors (SAs)

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Background

RBI had announced in the 'Statement on Developmental and Regulatory Policies' issued as part of the Monetary Policy Statement dated December 4, 2020 that with a view to improve the quality of financial reporting of Supervised Entities (SEs), harmonised guidelines on appointment of Statutory Auditors of Commercial Banks (excluding RRBs), Primary (Urban) Co-operative Banks (UCBs) and Non-Banking Finance Companies (NBFCs) will be issued.

Accordingly, Reserve Bank of India on April 27, 2021 issued circular on Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) under Section 30(1A) of the Banking Regulation Act, 1949, Section 10(1) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 and Section 41(1) of SBI Act, 1955; and under provisions of Chapter IIIB of RBI Act, 1934 for NBFCs, on 27th April 2021 ("Guidelines"). These Guidelines together with the FAQ issued on June 11, 2021, provided necessary instructions for appointment of SCAs/SAs, the number of auditors, their eligibility criteria, tenure and rotation, etc. while ensuring the independence of auditors. Thereafter, RBI' Department of Supervision pursuant to a consolidation exercise, integrated the FAQs with the Guidelines and issued Reserve Bank of India (Non-Banking Financial Companies - Statutory Audit) Directions, 2026 ('SA Directions').

In compliance with the aforesaid provisions, the Company has formulated this Board approved policy laying down necessary procedures to be followed for appointment of SCAs/SAs ("Policy") and uploaded it on its official website.

Applicability

Applicable for appointment of SAs for FY 2021-22 onwards.

Eligibility for appointment of SAs

The eligibility norms for appointment of SAs is enclosed as Annexure I to this Policy.

Manner of Appointment

Upon achieving the asset size of ₹15,000 crore and above as at the end of previous year, the statutory audit of the Company shall be conducted under joint audit by a minimum of two SAs firm. Till then, the Company shall continue to follow the practice of appointing a minimum of one audit firm for conducting its statutory audit. Further, in case required more than one SA shall be appointed (within the maximum limit prescribed under the SA Directions) if deemed necessary by the BoD. The BoD shall determine the same considering 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.

In case of joint auditors, it shall be ensured that there are no common partners and they are not under the same network (the term 'same network' as defined in Rule 6(3) of the Companies (Audit & Auditors) Rules, 2014, includes the firms operating or functioning, hitherto or in future, under the same brand name, trade name or common control) of audit firms. Further, the Company shall finalise the work allocation among SAs, before the commencement of the statutory audit, in consultation with their SAs.

SAs shall be appointed for a continuous period of three years subject to meeting the eligibility criteria each year, followed by a cooling period of six years after completion of full or part of one term of the audit tenure. In case where the aforesaid tenure has been completed by the SA but the upcoming/new SA has not been appointed by the Company, the outgoing SA may continue for the

Limited Review of financial statements for the ensuing quarters in accordance with applicable statutory requirements.

Company shall shortlist minimum two SAs for every vacancy. However, in case of reappointment, during the 3 year tenure, subject to the firms qualifying the eligibility criteria every year and confirmation obtained at the annual general meeting, Company may reappoint same SAs and shall not be required to shortlist two audit firms. SAs eligible for appointment shall provide a certificate, along with relevant information in prescribed Form B (format as provided in Annexure II of this Policy).

Further, the Company shall inform the RBI about the appointment of SAs for each year by way of a certificate in Form A (format as provided in Annexure III of this Policy) within one month of such appointment.

Audit Fee payable to SAs

Audit fee for the statutory audit and limited review audit shall be finalized by the BoD on recommendation of Audit Committee of the Board (ACB), as per applicable statutory provisions, which 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. Fees for other certification work can be finalized by the Management on case to case basis.

During the tenure as SA, an audit firm may provide services which may not result in conflict of interest, and Company may take its own decision in this regard, with the approval of ACB.

Branch Audit

As per the SA Directions, SAs shall be required to visit and audit at least the top 20 branches /Top 20% of the branches of the Company (in case no. of branches is less than 100 branches), to be selected in order of the level of outstanding advances, in such a manner as to cover a minimum of 15% of total gross advances of the Company.

However, since books of accounts of all the branches are managed centrally, audit of books of accounts of the Company done by SAs at head office shall be deemed to be the audit of books of accounts of the branches of the Company as well. However, the SA may visit and audit the branches in the manner provided hereinabove. Further, the Company may at its discretion appoint any non-statutory auditors for conducting the audit of books of accounts of branches other than branches required to be visited by the statutory auditor as prescribed in the SA Directions. In such cases, report on the accounts of the branch(es) examined by auditors appointed under the Companies Act 2013, shall be sent to the SAs appointed under the SA Directions, who shall deal with it in his report in such manner as he considers necessary.

Auditor's Independence

Before appointment of an audit firm as SA of the Company, there should be a time gap of minimum one year between this appointment and completion of the assignment of any non-audit works given to the same audit firm in Company or completion of any audit/non-audit works in other RBI regulated Entities in the Group. This stipulation shall be applicable prospectively, i.e. from FY 2022-23.

The ACB shall monitor and assess the independence of the auditors and any conflict-of-interest position in terms of relevant regulatory provisions, standards and best practices and this should be suitably recorded in the minutes of the meetings of the Board/ ACB. Any concern identified by the

ACB in this regard, shall be referred to the BoD and concerned Senior Supervisory Manager (SSM), Department of Supervision (DoS), RBI. .

Carrying out audit of the Company and any other entity with large exposure to the Company for the same reference year should be explicitly factored while assessing independence of auditor.

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 SCAs/ SAs shall approach the Board or the ACB of the Company, under intimation to the concerned SSM of DoS, RBI.

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

Review of performance of SAs

The ACB of Company shall review the performance of SAs appointed under the SA Directions on an annual basis. Any serious lapses/ negligence in audit responsibilities or conduct issues on part of the SAs or any other matter considered as 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 case of any lapses in carrying out audit assignments resulting in misstatement of Company's financial statements, or any violation of applicable rules, regulation and guidelines regarding the role and responsibilities of the SAs, the SAs would be liable to be dealt with under the said relevant statutory/regulatory framework.

Removal of SAs before the tenure of appointment

The Company may remove SAs before completion of three years tenure without any prior approval to RBI after following the due procedures as required in terms of the Applicable Laws. However, the Company shall inform the concerned RO of RBI about the removal of the SAs, along with reasons/ justification for the same, within a month of decision of removal being taken.

Change Control Record

Version No.	Change Request by	Memorandum of Change	Approval date
2.0	CAG Team	To align with business requirements	22.05.2025
3.0	CAG Team	To align with Business Requirements	14.05.2026
4.0	CAG Team	Proposed to be aligned with RBI Directions	03.11.2026

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Annexure - I

- **Eligibility for Auditors**

Asset Size of Entity as on 31st March of Previous Year	Minimum No. of Full-Time partners (FTPs)	Out of total FTPs, Minimum No. of Fellow Chartered Accountant (FCA)	Minimum No. of Full Time Partners / Paid CAs with CISA/ ISA Qualification	Minimum No. of years of Audit Experience of the firm	Minimum No. of Professional staff
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: *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. The full-time partner's association with the firm would mean exclusive association[1]. Further, for appointment SAs, at least two partners of the firm shall have continuous association with the firm for at least 10 years.*

- SAs proposed to be appointed, should be duly qualified for appointment as auditor of a company in terms of Section 141 of the Companies Act, 2013.

- 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.

- The Company shall ensure that appointment of SA 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.

- The auditors 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 of the Company where the accounting and business data reside in order to achieve audit objectives.

- In case any SAs (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, SAs 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 31st March and till the completion of annual audit.

- 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.

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- One audit firm 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, subject to compliance with required eligibility criteria and other conditions for each Entity and within overall ceiling prescribed by any other statutes or rules. For clarity, the limits prescribed for UCBs exclude audit of other co-operative societies by the same audit firm.

- Before appointment of an audit firm as SA of the Company, there should be a time gap of minimum one year between this appointment and completion of the assignment of any non-audit works given to the same audit firm in Company or completion of any audit/non-audit works in other RBI Regulated Entities in the Group. This stipulation shall be applicable prospectively, i.e. from FY 2022-23.

- The existing SAs of the Company can continue (including as Joint Auditors) only if they fulfill the eligibility criteria and have not completed the stipulated tenure of 3 (three) years as SAs of the Company. Till the appointment of SAs for FY 2021-22 in the Annual General Meeting, as per the requirements of the Circular and applicable statutory provisions, the SAs for FY 2020-21 can continue for the Limited Review for Q1, Q2, etc.

- The Company shall give priority to firms with full time partners or full time CAs having CISA/ISA qualification.

- For NBFCs, audit experience shall mean experience of the audit firm as Statutory Central/ Branch Auditor of Commercial Banks (excluding RRBs)/ UCBs/ NBFCs/ AIFIs.

- Professional staff includes audit and article clerks with knowledge of book-keeping 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.

Annexure II

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

#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 15 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:

Annexure III

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: