

**BENGAL & ASSAM COMPANY LIMITED**

**Policy for Appointment of  
Statutory Auditor**

**(Adopted at the Board Meeting held on 2<sup>nd</sup> December, 2021)**

## **Background and Objective**

The objective of this Policy is to lay down the criteria to be considered for selection of statutory auditors ('SA') for Bengal & Assam Company Limited ('the Company'). The Policy is framed pursuant to Reserve Bank of India (RBI) Guidelines for appointment of Statutory Auditors (SAs) of Non-Banking Finance Companies (NBFCs) issued vide circular Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27<sup>th</sup> April , 2021 ("the RBI Guidelines"), as may be amended or modified, replaced, substituted or clarified from time to time, read with the Frequently Asked Questions (FAQs) issued by RBI in this regard.

The Board of Directors ('the Board') of the Company have adopted the following policy and procedures with regard to Appointment of SAs, in line with the requirements of extant norms of RBI and as per Section 141 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

This Policy shall act as a guideline for establishing proper procedures for determining, inter-alia, qualifications, eligibility and procedure for appointment of the SAs that conform with the extant norms of applicable laws and regulations.

## **Statutory Auditor – Eligibility and Qualification**

The Company shall appoint audit firm/s as its SA/s fulfilling the eligibility norms as prescribed in Annex I of RBI Circular RBI/2021-22/25 Ref.No.DOS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27<sup>th</sup> April, 2021 or as may be amended.

## **Procedure for appointment of statutory auditor**

- a) The Company shall shortlist minimum of 2 Audit Firms for every vacancy of SAs 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 SAs does not get delayed.
- b) The Company shall place the name of shortlisted audit firms, in order of preference, before their Audit Committee of Board for selection as SA.
- c) Upon selection of SAs by the Company, post verifying their compliance with the eligibility norms prescribed by RBI, the Company shall inform RBI about the appointment of SAs by way of a certificate in Form - A as prescribed by RBI within one month of such appointment.
- d) The Company shall obtain a certificate, along with relevant information as per Form - B as prescribed by RBI, from the audit firm(s) proposed to be appointed as SAs by the Company to the effect that the audit firm(s) complies with all the eligibility norms prescribed by RBI for the purpose. Such certificate should be signed by the main partner/s of the audit firm proposed for appointment of SAs of the Company, under the seal of the said audit firm.
- e) The Company shall inform about the appointment of statutory auditor(s) each year by way of a certificate in the prescribed form (Form A) within one month of such appointment to the RBI.

## **Tenure and Rotation**

- a) The statutory auditor(s) is to be appointed for a continuous period of three years subject to the firm(s) satisfying the eligibility norms each year. The statutory auditor on completion of their term or part of their tenor can be considered for appointment again only after a cooling off period of six years (two terms).
- b) Removal of statutory auditor before completion of their term will require special resolution passed at the general meeting and the Company shall comply with the procedure prescribed under section 140 of the Act and other requirements as applicable under the Act and SEBI Listing Regulations. Removal of statutory auditor shall be intimated to the RBI along with reasons/justification for the same, within one month of such decision being taken.
- c) In case of resignation of the statutory auditor, detailed reasons for resignation shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor. The Company comply with regulatory filings in this regard in such manner and within such time as prescribed under the Act, the SEBI Listing Regulations and the RBI guidelines.

## **Independence and Performance of Statutory auditors**

The Audit Committee shall monitor and assess the independence of the statutory 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 and concerned Senior Supervisory Manager (SSM)/Regional Office (RO) of RBI.

The time gap between any non-audit works (services mentioned at Section 144 of Companies Act, 2013, Internal assignments, special assignments, etc.) for the company by the proposed statutory auditors or same network of audit firms or any other audit firm having common partners or any audit/non-audit works for its group entities regulated by RBI should be at least one year before appointment. On completion of their term as statutory auditor, there should be a time gap of one year before accepting any non-audit works of the Company or any audit / non audit works of the group entities.

## **Audit fees and expenses**

The audit fees and reimbursement of out of pocket expenses for Statutory auditors 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.

The Audit Committee shall make recommendation to the Board for fixing audit fees and reimbursement of out of pocket expenses of statutory auditors. Any material change in the fee payable to the new statutory auditor from that paid to the outgoing auditor shall be included in the minutes of the meetings along with the rationale for such change.

## **Professional Standards of SAs**

- a) The SAs shall be strictly guided by the relevant professional standards in discharge of their audit responsibilities with highest diligence.
- b) The Audit Committee of the Company shall review the performance of SAs on an annual basis.
- c) 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 should be sent with the approval/recommendation of the Audit Committee of Board, with the full details of the audit firm.

## **Disclosures and Transparency**

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

## **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.

To the extent any change/ amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law, however, notwithstanding such non-modification or pending such modification, the applicable law and regulations (as changed) shall prevail over the Policy, and the Policy shall be read accordingly.