

Hasham Investment and Trading Company Private Limited

Policy on appointment of Statutory Auditors of the Company

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Custodian	Audit Committee
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1 PREAMBLE

True and Financial Statements reflect the financial health of a company by showing its readers the state of liquidity, solvency, profitability and sustainability of its underlying business/businesses. An independent and comprehensive audit system provides assurance to various stakeholders that the Company has adhered to all the applicable regulatory frameworks and accounting standards while preparing these financial statements and there is no material misstatement, fraud or concealment contained in them.

To ensure true and fair financial statements that has gone through the assurance system by an independent and competent auditor RBI has vide its circular Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 issued guidelines for Appointment of Statutory Auditors (SAs) of Commercial banks, (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines").

These guidelines require lending institutions to formulate a Board approved policy for appointment of SAs which is hosted on its official website / public domain and formulate necessary procedures to be followed in the appointment of SAs.

2 REGULATORY FRAMEWORK

This policy considers all the applicable regulations for the Company, which is listed here:

1. Companies Act, 2013 – Chapter X and Rules made thereunder.
2. RBI's - Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including Housing Finance Companies) dated April 27, 2021.

Where there is difference between the provisions of the Companies Act, 2013 and the RBI regulations, the more stringent of the two shall prevail.

3 OBJECTIVE

This policy shall form the basis for appointment of SAs.

The Objective of the Policy is:

- i) Criteria for appointment of SAs;
- ii) Deciding the number of SAs based on various parameters defined in RBI Guidelines;
- iii) The procedure to be followed for appointment of SAs,
- iv) Determining the Audit Fees and Related Expenses
- v) Formulating the framework followed for review of Auditor's independence, removal of Auditors and evaluating eligibility of Statutory Auditor.

4 CRITERIA FOR APPOINTMENT OF SAs

The criteria for appointment of SAs shall consider the following minimum criteria:

Sl no	Criteria	Minimum requirement
1	Number of Fulltime Partners in the last 3 years	3
2	Fulltime Partners who are FCAs in the last 3 years	2
3	Fulltime Partners with CISA/ISA (Certified Information Security Auditor) qualifications	1
4	Relevant audit experience of the firm as statutory central/branch auditors of banks/NBFCs/AIFIs	8 years
5	Number of professional staff	12
6	Time gap between non-audit work by audit firm for any of group entity and appointment as SA	1 year

In addition, the appointment shall be in line with ICAI's code of Ethics and the auditor should preferably have 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.

5 NUMBER OF STATUTORY AUDITORS

The number of SAs to be appointed shall be one, unless the following conditions are triggered, where

more than one SA should be considered

- The asset size of the Company based on the last audited annual financial statement is in excess of less than ₹ 15,000 crore
- Where the number of accounting units of the company is dispersed and are more in number.
- Where the spread of assets of the company is dispersed across geographies and there is complex financial instruments used like derivatives.
- The state of record maintenance in the company, which includes but is not limited to digitization of its records.

6 TENURE AND ROTATION OF STATUTORY AUDITORS

The Company shall appoint the SAs for a continuous period of 3 years, subject to the SA satisfying the eligibility norms each year.

If the Company removes the SAs before completion of 3 years of tenure, it shall inform the concerned Regional Officer at RBI about the same, along with the reasons / justification within a month of such 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.

7 PROCEDURE FOR APPOINTMENT OF STATUTORY AUDITOR AND REVIEW OF AUDIT ENGAGEMENT

The process for appointment of SAs shall include the following:

- i) Shortlist a minimum of two audit firms for every vacancy of SA.
- ii) Obtain a certificate from each of the audit firms proposed to be appointed as SAs that it complies with all the eligibility norms prescribed by RBI. Such certificate shall be duly signed by the main partner/s of the audit firm proposed for appointment under the seal of the said audit firm.
- iii) The Audit Committee shall recommend the appointment to the Board and the Board shall recommend the same for the approval of the shareholders. Shareholders shall appoint the SA except the first SA and the appointment of SA in case of casual vacancy shall be ratified by the shareholders as per the provisions of the Companies Act, 2013.
- iv) The Company shall inform RBI about the appointment of SA for each year by way of certificate in the prescribed format within one month of the appointment.
- v) The Audit Committee of the Board (ACB) 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 concerned Senior Supervisory Manager (SSM)/Regional Office (RO) of RBI.

- vi) The Audit Committee shall ensure free flow of information between the Management & Auditors to facilitate an effective audit system. Grievances, if any, brought forward by the Auditors such as non-availability of information/non-cooperation by the Management that hamper the audit process, shall be redressed by the Audit Committee.
- vii) The ACB of the Company shall review the performance of SCAs/SAs on an annual basis. Any serious lapses/negligence in audit responsibilities or conduct issues on part of the SCAs/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 Board, with the full details of the audit firm.
- viii) 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 the Entity 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 Annual Statutory Audit for Financial Year ending 31st March and till the completion of annual audit.

8 AUDIT FEE AND EXPENSES

The Company shall ensure that the audit fees of the Company 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 risk in financial reporting, etc.

9 PERIODICITY OF REVIEW

This Policy shall be reviewed as and when deemed necessary and submitted for approval to the Board. Any amendments to the policy required as a result of amendment/modifications to the Companies Act, 2013/ RBI guidelines shall be presented to the Board of Directors for its approval.