

POLICY ON APPOINTMENT AND ROTATION OF STATUTORY AUDITORS

1. INTRODUCTION:

The Board of Directors (“Board”) of the Company proposes to adopt the policy (“Policy on Appointment and Rotation of Statutory Auditors”) governing the procedure for appointment and rotation of statutory auditors and its related procedures thereon in compliance of Section 139 of Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

2. PURPOSE:

The purpose of this policy and its related procedures is to establish a framework and guidelines for the selection and appointment of external auditors as a good corporate governance. The policy tends to establish a strong framework regarding the appointment of the auditors and setting out their independence w.r.t to their workings and also to confirm to the laws applicable to the appointment and rotational procedures thereon.

3. DEFINITION:

- i) “Act” means the Companies Act, 2013
- ii) “Audit Committee” means the Committee of the Board
- iii) “Board” means the Board of Directors
- iv) “Statutory Auditors” means the auditors appointed as per the policy.
- v) “Policy” means the Policy on Appointment and Rotation of Statutory Auditors

4. SOCPE:

This policy is applicable to all the appointments of Statutory Auditors of the Company and the rotation thereon. The policy is in conformity and in line with the provisions of the Act. The policy is framed with a view to be robust and transparent while disclosing its financial transactions.

5. ELIGIBILITY FOR APPOINTMENT AND BASIS OF ASSESSMENT:

Keeping in conformity with the provisions of Companies Act, 2013, a statutory auditor should be a qualified Chartered Accountant. In extension of the same, the following factors shall also be assessed on appointment and/or rotation of Auditors:

- i) Professional Standing and reputation
- ii) Independence and the firm should have experience of atleast 10 years
- iii) Possession of resources
- iv) Ability to provide quality and efficient audit services, including audit approach and Methodology
- v) Cost for the services being provided

All the above eligibility criteria will be considered by the Audit Committee while recommending the Board the auditor to be appointed for the Company

6. PROCEDURE FOR APPOINTMENT OF AUDITORS

The Audit Committee in compliance with the provisions of Section 139 of the Companies Act, 2013 shall recommend the appointment of Auditors (preferably Big 4) to the Board after considering the qualifications and experience of the individual or the firm proposed to be considered for appointment as auditor and whether such qualifications and experience are commensurate with the size and requirements of the company. Further, the Audit Committee shall also consider that there should not be any order or pending proceeding relating to professional matters of conduct against the proposed auditor before the Institute of Chartered Accountants of India or any competent authority or any Court.

The Board of Directors on the recommendation of the Audit Committee shall recommend the appointment of Statutory Auditors (preferably Big 4) to the Shareholders in the General Meeting for their approval.

Any casual vacancy in the office of an auditor shall be filled by the Board of Directors within thirty days and such appointment shall also be approved by the company at a general meeting convened within three months of the recommendation of the Board and he shall hold the office till the conclusion of the next annual general meeting;

7. AUDITORS NOT TO RENDER CERTAIN SERVICES

An auditor appointed under the Companies Act, 2013 shall not render following services to the Company, its subsidiary, namely:

- (a) accounting and book keeping services;
- (b) internal audit;
- (c) design and implementation of any financial information system;
- (d) actuarial services;
- (e) investment advisory services;
- (f) investment banking services;
- (g) rendering of outsourced financial services;
- (h) management services; and
- (i) any other kind of services as may be prescribed under the Act:

8. * TENURE/ROTATION OF AUDITORS:

The Audit Committee shall be responsible for making recommendations to the Board on the appointment/reappointment of Auditors. The Auditors shall first be appointed for a term of 5 years in compliance with the provision of Companies Act, 2013, and if reappointed shall be appointed for further maximum term of 5 years, thereafter the new Auditor shall be appointed.

9. COOLING OFF PERIOD

The Auditors appointed shall not be re-appointed for a period of atleast 5 years after the completion of their tenure as specified in Clause 8. The minimum cooling off period in compliance with the provision of the Companies Act, 2013 is 5 years.

10. REVIEW OF THE POLICY:

- i. The Audit Committee of the Board and Board of Directors may review the policy as and when it deems necessary.

ii. 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 time Policy is suitably amended.

* Amended vide circular resolution dated May 21, 2022