



# Edel Finance Company Limited

## Policy for Appointment of Statutory Auditors

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### **Objective:**

The Policy incorporates the criteria for selection of the Statutory Auditor(s) ("SAs") of the Company. The Statutory Auditor(s) of the Company will be appointed basis the parameters as mentioned herein below.

### **Procedure for appointment of Statutory Auditor(s):**

The Company shall shortlist a minimum of two audit firms for every vacancy of SAs so that even if firm with 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.

However, in case of re-appointment of SAs till completion of tenure of continuous term of upto 5 years, there would not be any requirement of shortlisting multiple audit firms for appointment. The appointment of SAs shall be in conformity with the provisions of various applicable laws.

### **Salient Features of the Policy:**

- i) The Company shall not provide any non-audit works (services mentioned at Section 144 of the Companies Act, 2013, internal assignments, special assignments, etc.) to the SAs. However, during the tenure as SAs, an audit firm may provide such services to the Company which may not normally result in a conflict of interest, and the Company may take decision in this regard, in consultation with the Board/ Audit Committee ("AC").
- ii) The removal of the SAs shall be as per the provisions of the applicable laws.
- iii) The Board/ AC of the Company shall review the performance of SAs on an annual basis.
- iv) The SAs are responsible for ensuring their continuous independence and in case for any reasons the independence gets compromised it should be immediately informed to the Board/ AC and necessary action should be taken.
- v) The audit fees for SAs of the Company shall be decided in terms of the relevant statutory/regulatory provisions by the Board on the recommendation of the AC.
- vi) Concurrent auditors of the Company (if any) should not be considered for appointment as SA(s) of the Company.
- vii) The Company shall ensure that it complies with requisite provisions as mentioned

under the Companies Act 2013, eligibility, qualification and disqualification of SAs shall also follow provisions of the Companies Act 2013, which allows a firm to be appointed as SAs.

- viii) The written consent, and a certificate from the auditor(s) to such appointment, shall be in accordance with the conditions as prescribed by applicable regulations from time to time.
- ix) The Company shall inform the auditor / firm concerned of his or its appointment, and also file a notice of such appointment with the Ministry of Corporate Affairs in such manner as may be prescribed under the Companies Act, 2013.

**Continued Compliance with basic eligibility criteria:**

- i) The audit firm, proposed to be appointed as SAs for the Company, should be duly qualified for appointment as auditor of the company in terms of Section 141 of the Companies Act, 2013 and other applicable laws.
- ii) 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.
- iii) If any partner of a Chartered Accountant firm is a director in any group entity, the said firm shall not be appointed as SAs of the Company.
- iv) 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.

The SA(s) should comply with all eligibility norms prescribed under the applicable laws. In case SA(s) (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 Company 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 31 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, the Company will have the discretion to allow the concern audit firm to complete the audit.

**Review of the Policy:**

The Policy will be reviewed as and when considered necessary by the Board of Directors / as per regulatory requirement.

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