

S GUPTA HOLDING PRIVATE LIMITED
(Formerly known as APL Infrastructure Private Limited)

POLICY ON APPOINTMENT OF STATUTORY AUDITORS OF THE COMPANY
(Version.SG-01)

POLICY ON APPOINTMENT OF STATUTORY AUDITORS OF THE COMPANY

1. PREAMBLE

This policy is formulated in accordance with the Reserve Bank of India's *Guidelines for the appointment of Statutory Central Auditors (SCAs) and Statutory Auditors (SAs) for Commercial Banks (excluding Regional Rural Banks), Urban Co-operative Banks (UCBs), and Non-Banking Financial Companies (NBFCs) including Housing Finance Companies (HFCs)*, as per the RBI circular dated April 27, 2021.

2. APPLICABILITY

This policy applies to **S Gupta Holding Private Limited ("SGHPL" or "Company")**, a registered NBFC-Core Investment Company for the financial year 2024-25 and onwards.

3. OBJECTIVES

- (i) **Ensure Compliance:** Adhere to RBI guidelines for the appointment of SAs.
- (ii) **Maintain Independence:** Ensure the independence of auditors to uphold the integrity of the audit process.
- (iii) **Transparency and Objectivity:** Foster transparency and objectivity in the selection and appointment process.

4. POLICY FRAMEWORK

(A) Number of SAs

- **Entities with assets of INR 15,000 crore or more:** A minimum of two audit firms (Partnership firms/LLPs) will be appointed for joint audits. The firms should not have common partners and should not be under the same network.
- **Entities with assets below INR 15,000 crore:** A minimum of one audit firm will be appointed.

(B) Eligibility Criteria

Based on the company's asset size exceeding INR 10,000 crore, the following minimum eligibility criteria, as mandated by RBI guidelines, must be met by audit firms to be considered for appointment as statutory auditors:

- **Partner Requirements:**
 - A minimum of Three full-time partners (FTPs) with at least three years of association with the firm.
 - Of these, at least two FTPs must be Fellow Chartered Accountants (FCAs) with a minimum of three years of association.

- At least one full-time partners or paid Chartered Accountants must possess Certified Information System Auditor (CISA) or Information Systems Auditor (ISA) qualifications.
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- **Experience and Staffing:**
 - The audit firm must have a minimum of 8 years of relevant audit experience, specifically in statutory or branch audits of Banks, NBFCs, or All India Financial Institutions (AIFIs).
 - The firm must maintain a minimum of 12 professional staff members.

In addition to these RBI requirements, the appointed statutory auditor must also fulfil all eligibility criteria as stipulated by the Companies Act, 2013.

(C) Selection Process

- **Shortlisting:** The Entity will shortlist a minimum of two audit firms for every vacancy based on objective criteria such as the number of full-time partners, professional staff, CISA/ISA qualified partners, and FCAs and 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.
- **Audit Committee recommendation:** 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.

(D) Tenure and Rotation

- The tenure of SCAs/SAs will be for a continuous period of 3 years, subject to the SA satisfying the eligibility norms each year.
- **Rotation:** Auditors must be rotated every three years, with a cooling-off period of six years before the next appointment.

5. AUDIT FEE AND EXPENSES

The Company shall ensure that the audit fees are reasonable and proportionate to factors such as the scope and coverage of the audit, the size and distribution of assets, the complexity of transactions, the extent of computerization, the structure of accounting and administrative units, and any identified risks in financial reporting.

The Board/ACB of the Company shall make recommendations for fixing the audit fees of SAs.

6. COMPLIANCE AND REPORTING

- The Entity will ensure compliance with all relevant statutory and regulatory requirements.

- Notification to the RBI at the Central Office of RBI (Department of Supervision) about the appointment of Statutory Auditors for each year (to be submitted in hard copy or through e-mails).

7. FRAMEWORK REVIEW

This Policy will be reviewed and updated annually or as required by RBI guidelines. This policy shall be hosted on the website of the Company.