

Indifi Capital Private Limited
(Formerly known as Riviera Investors Private Limited)

Policy on Appointment of Statutory Auditors

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Prepared By	Finance Department
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1. Objective

This policy lays down the framework for appointment/reappointment of Statutory Auditors (SAs) of the Company in compliance with the Reserve Bank of India (RBI) guidelines. The Reserve Bank of India (RBI) has issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April 2021) regarding Auditor's appointment for Financial Year 2021-22 and onwards in respect of appointment/reappointment of SAs of the Entities. It ensures independence, transparency, and quality in the statutory audit process.

2. Definition:

- a. **“Act”** means the Companies Act, 2013
- b. **“Company”** means Indifi Capital Private Limited
- c. **“Audit Committee”** means the Audit Committee of the Board of the Company.
- d. **“Board”** means Board of Directors of the Company
- e. **“Statutory Auditor” (SA/SAs` as case may be)** mean auditors as required to be appointed under the provisions of Companies Act, 2013 and eligible as per RBI Circular, to conduct statutory audit of the Company, from time to time.
- f. **“RBI Circular”** means RBI circular RBI/2021-22/25 Ref No. DOS.CO.ARG/ SEC.01/ 08.91.001/ 2021-22 dated April 27, 2021, on the ‘guidelines for appointment of Statutory Central Auditors/Statutory Auditors of Commercial Banks, UCBs and NBFCs (including HFCs)’.
- g. **Asset Size** means total assets
- h. **Group** entities shall mean two or more entities related to each other through any of the following relationships, viz. Subsidiary – parent (defined in terms of AS 21), Joint venture (defined in terms of AS 27), Associate (defined in terms of AS 23), Promoter-promotee [as provided in the SEBI (Acquisition of Shares and Takeover) Regulations, 1997] for listed companies, a related party (defined in terms of AS 18), Common brand name, and investment in equity shares of 20% and above.

Words and expressions used in this Policy and not defined herein but defined in the RBI circular shall have the meaning respectively assigned to them in the RBI circular

3. Eligibility Criteria for Audit Firms

- Audit firms must comply with RBI's prescribed standards on independence, peer review, and quality control and as well as the provisions of Section 141 of the Companies Act, 2013 and the rules made thereunder,
- Firms should have adequate experience in NBFC/HFC audits.
- The audit firm should not have any conflict of interest with the Company.
- The Company will take into account all the relevant factors such as the size and spread of assets, accounting and administrative units, complexity of transactions, level of computerization, availability of other independent audit inputs, identified key risks in businesses and financial reporting, etc. while deciding the appointment of Statutory Auditors. Also, the requirement of the number of auditors/ audit process as specified by RBI regulations and guidelines, issued from time to time, will be adhered to, while making the appointment of Statutory Auditors.

- In addition, the Company shall ensure adherence to the provisions of Section 143(8) of the Companies Act, 2013 regarding audit of accounts of all branches/divisions, as applicable

For detailed Guidelines on Auditor's eligibility – *please refer to annexure A*

4. Tenure, Rotation and number of Auditors

- Continuous tenure of SAs shall not exceed three years.
- After completion of the tenure, there must be a cooling-off period of six years before reappointment of the same audit firm.
- Minimum of one audit firm is required for Company till asset size below ₹15,000 crore.
- Joint audit (two firms) mandatory with asset size \geq ₹15,000 crore.

5. REPORTING / INTIMATION TO RBI:

The Company will intimate the concerned Regional Office of RBI (Department of Supervision), under whose jurisdiction their Head Office is located, regarding the appointment of SAs for each year by way of a certificate in **Form A** as prescribed in the RBI Guidelines within one month of such appointment.

6. AUDIT FEES AND EXPENSES:

The fees for audit shall be decided in terms of the provisions of Applicable Law and shall be reasonable considering 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. Such fee shall be either approved by the shareholders of the Company or under the power delegated by the shareholders of the Company. Such fee shall be exclusive of the expenses, if any, incurred by the SAs in connection with the audit of the Company.

7. PROCEDURE FOR APPOINTMENT OF SAs

- 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.
- The Company shall obtain a certificate, along with relevant information as per Form B, as prescribed in the RBI Guidelines, 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, under the seal of the said audit firm.

8. Professional Standards of SAs

- The SAs shall be strictly guided by the relevant professional standards in discharge of their audit responsibilities with highest diligence.

- The Board/ACB of Entities 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/ACB, with the full details of the audit firm.
 - In the event of lapses in carrying out audit assignments resulting in misstatement of an Entity's financial statements, and any violations/lapses vis-à-vis the RBI's directions/guidelines regarding the role and responsibilities of the SCAs/SAs in relation to Entities, the SCAs/SAs would be liable to be dealt with suitably under the relevant statutory/regulatory framework.
9. **ACB checklist** – Please refer Annexure B of policy for concise summary of obligations on Company's ACB's as regard to Compliance of the policy.

10. REVIEW OF POLICY

The Policy shall be amended or modified with approval of the Board. The Policy shall be reviewed from time to time. Consequent upon any amendments in Applicable Laws or any change in the position of the Company, necessary changes in this Policy shall be incorporated. Notwithstanding anything contained in this Policy, in case of any contradiction of the provision of this Policy with any existing legislation, rules, regulations, laws or modification thereof or enactment of a new applicable law, the provisions under such law, legislation, rules, regulation or enactment shall prevail over this Policy.

Annexure A

ELIGIBILITY CRITERIA FOR APPOINTMENT OF STATUTORY AUDITORS:

The audit firm(s) proposed to be appointed as the Statutory Auditors (SAs) of the Company shall comply with the eligibility criteria and independence requirements prescribed under the RBI Guidelines on the appointment of Statutory Auditors (dated April 27, 2021), as well as the provisions of Section 141 of the Companies Act, 2013 and the rules made thereunder, including compliance with the maximum number of entities permitted for statutory audit appointments. The number of SAs to be appointed for a financial year shall be decided, inter alia, considering the relevant factors such as the size and spread of assets, accounting and administrative units, complexity of transactions, level of computerization, availability of other independent audit inputs, identified risks in financial reporting, etc.

Basic Eligibility:

S. No.	Asset Size of as on 31st March of Previous Year	Above Rs. 1000 crore
1.	Minimum No. of Full-Time partners (FTPs) associated with the firm for a period of at least three (3) years	3
2.	Out of total FTPs, Number of FCA Partners associated with the firm for a period of three (3) years	2
3.	Minimum No. of Full Time Partners/ Paid CAs with CISA/ISA Qualification	1
4.	Minimum No. of years of Audit Experience of the firm	8 Years
5	Minimum No. of Professional staff	12

Note 1: There should be at least one-year continuous association of partners with the firm as on the date of shortlisting for considering them as full time partners. Further, for appointment as SAs of the Company, at least two partners of the firm shall have continuous association with the firm for at least 10 years.

For full-time partner's association with the firm would mean exclusive association. The definition of 'exclusive association' will be based on the following criteria:

- (a) The full-time partner should not be a partner in other firm/s.
- (b) She/He should not be employed full time / part time elsewhere.
- (c) She/He should not be practicing in her/his own name or engaged in practice otherwise or engaged in other activity which would be deemed to be in practice under Section 2(2) of the Chartered Accountants Act, 1949.
- (d) The Board/ Audit Committee of the Board (ACB) shall examine and ensure that the income of the partner from the firm/LLP is adequate for considering them as full-time exclusively associated partners, which will ensure the capability of the firm for the purpose.

Note 2: CISA/ISA Qualification:

There should be at least one-year continuous association of Paid CAs with CISA/ISA qualification with the firm as on the date of empanelment (for PSBs)/ shortlisting (for other Entities) for considering them as Paid CAs with CISA/ISA qualification for the purpose.

Note 3: Audit Experience:

Audit experience shall mean experience of the audit firm as Statutory auditor of NBFCs. In case of merger and demerger of audit firms, merger effect will be given after 2 years of merger while demerger will be affected immediately for this purpose.

Note 4: Professional Staff

Professional staff includes audit and article clerks with knowledge of book-keeping and accountancy and who are engaged in on-site audits but excludes typists/stenos/computer operators/secretaries/subordinate staff, etc. There should be at least one-year continuous association of professional staff with the firm as on the date of empanelment for considering them as professional staff for the purpose.

Additional Consideration

(i) The audit firm, proposed to be appointed as SAs for the Company, should be duly qualified for appointment as auditor of a company in terms of Section 141 of the Companies Act, 2013.

(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) The Company shall ensure that appointment of SAs is in line with the ICAI's Code of Ethics/any other such standards adopted and does not give rise to any conflict of interest.

(iv) If any partner of a Chartered Accountant firm is a director in any RBI regulated Entity in the Group¹, the said firm shall not be appointed as SA of any of the group entities of the Company.

(v) The auditors should preferably have capability and experience in deploying Computer Assisted Audit Tools and Techniques (CAATs) and Generalized Audit Software (GAS), commensurate with the degree/ complexity of computer environment of the Entities where the accounting and business data reside in order to achieve audit objectives.

Continued Compliance with basic eligibility criteria

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 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 31st 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, RBI will have the discretion to allow the concerned audit firm to complete the audit, as a special case.

Annexure B

Obligations of ACB – as per RBI Circular

- **Policy Oversight**
 - Ensure the Board-approved policy for appointment of Statutory Auditors (SAs) complies with RBI guidelines.
- **Auditor Appointment**
 - Recommend appointment/reappointment of SCAs/SAs to the Board.
 - Verify eligibility of audit firms as per RBI norms (size, experience, independence).
 - **Independence & Conflict of Interest**
 - Obtain independence declarations from auditors.
 - Ensure auditors are not engaged in prohibited non-audit services (consultancy, internal audit, etc.).
 - Confirm no financial/management relationships exist between auditors and the entity.
- **Rotation & Tenure**
 - Ensure maximum continuous tenure of **3 years** for auditors.
 - Enforce a **6-year cooling-off period** before reappointment of the same audit firm.
 - Maintain rotation schedules and compliance logs.
- **Audit Scope & Branch Coverage**
 - Approve statutory branch audit coverage as per RBI norms (minimum % of advances/deposits).
 - Ensure risk-based selection of branches for audit.
 - Review adequacy of audit scope for entity size and complexity.
- **Audit Quality Oversight**
 - Review statutory audit reports and management responses.
 - Ensure timely corrective actions on audit observations.
 - Monitor overall quality and effectiveness of statutory audits.
- **Transparency & Reporting**
 - Maintain records of eligibility checks, independence confirmations, and appointment decisions.
 - Report compliance with RBI guidelines to RBI.
 - Ensure public disclosure of auditor appointments in annual reports/website.

- **Continuous Monitoring**
 - Periodically review compliance with RBI requirements.
 - Update policies/procedures in line with RBI amendments.
- Document ACB discussions and decisions for audit trail.

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