



## Finance

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# Appointment of Statutory Auditor

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Internal

## Policy for Appointment of Statutory Auditor



### Document Control

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## Policy for Appointment of Statutory Auditor



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## Policy for Appointment of Statutory Auditor

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### 1. Objective

The objective of this Policy is to lay down the criteria to be considered for selection of statutory auditors ('SA') for Bajaj Auto Credit Limited ('Company'). The Policy is framed pursuant to RBI's Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued vide circular Ref.No .DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ("the RBI Guidelines"), as may be amended or modified, replaced, substituted or clarified from time to time, read with the FAQs issued by RBI in this regard.

The Board of Directors ('BOD') of the Company have adopted the following policy and procedures with regard to Appointment of SAs, in line with the requirements of extant norms of RBI and as per Section 141 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

This Policy shall act as a guideline for establishing proper procedures for determining inter-alia, qualifications, eligibility and procedure for appointment of the SAs that conform with the extant norms of applicable laws and regulations.

### 2. Definitions

1. **Act:** Companies Act, 2013 and rules made thereunder.
2. **Audit Committee:** The Audit Committee of the Board (ACB) of the Company.
3. **Board:** Board of Directors of the Company.
4. **Group entities:** Entities related through subsidiary-parent, joint venture, associate, promoter-promotee (for listed entities), related party as per applicable accounting standards, common brand name, or equity investment of 20% and above.
5. **RBI Circular:** RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001 /2021-22 dated April 27, 2021 and FAQs/clarifications issued thereunder, as amended from time to time.
6. **SAs:** Statutory Auditors appointed by shareholders under the Act and eligible as per RBI guidelines to conduct the statutory audit of the Company

### 3. Number of Statutory Auditors and Joint Audit

- a. The Company shall appoint:

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- A minimum of one (1) audit firm (partnership firm/LLP) if the Company's asset size is below ₹15,000 crore as at March 31 of the preceding financial year.
- A minimum of two (2) independent audit firms as joint auditors if the Company's asset size is ₹15,000 crore or more as at March 31 of the preceding financial year. Joint auditors shall not have common partners and shall not belong to the same network, and work allocation shall be finalized prior to audit commencement.
- The Company may appoint more than two joint auditors depending on size, complexity, and risk profile.

### 4. Eligibility Criteria for Statutory Auditors

- Basic Eligibility (as on 31 March of the previous year)

| Asset Size (₹ crore)         | Min.Full-time Partners (≥3 yrs) | Min. FCA Partners (≥3 yrs) | Min.CISA/ISA Qualified (FTP/Paid CAs) | Audit Experience (years) | Min. Professional Staff |
|------------------------------|---------------------------------|----------------------------|---------------------------------------|--------------------------|-------------------------|
| Above 15,000                 | 5                               | 4                          | 2                                     | 15                       | 18                      |
| Above 1,000 and up to 15,000 | 3                               | 2                          | 1                                     | 8                        | 12                      |
| Up to 1,000                  | 2                               | 1                          | 0*                                    | 6                        | 8                       |

#### Notes:

- Full-time partners (FTPs) must be exclusively associated; at least two partners should have continuous association for ≥10 years.
  - At least one-year continuous association is required for CISA/ISA-qualified Paid CAs and professional staff to be counted.
  - Audit experience refers to experience as SCA/SA/SBA of banks/UCBs/NBFCs/AIFIs (merger effects after two years; demerger immediate).
  - Professional staff includes audit/article clerks engaged in on-site audits (typists/clerical staff excluded).
- b. The audit firms to be considered for appointment as auditor SA of the Company shall fulfil the eligibility norms as prescribed in the RBI Guidelines including, number of full-time partners, number of Fellow Chartered Accountants, number of full time partners/paid CAs with CISA/ISA qualification, completed Peer review of firm, number of years of audit experience of the firm, minimum number of professional staff and eligibility in terms of Section 141 of the Companies Act, 2013,

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### c. Additional Considerations:

- Audit firm must be qualified under Section 141 of the Act and not under debarment by NFRA/ICAI/RBI/other regulators.
- Appointment must comply with ICAI Code of Ethics and avoid conflict of interest.
- If any partner of the audit firm is a director in any RBI-regulated entity within the Group, the firm is ineligible.

### 5. Ineligible for Appointment as an SA:

- a. Any firm under debarment by any Government Agency, National Financial Reporting Authority, the Institute of Chartered Accountants of India, RBI or any other Regulator regulating the Company shall also not be considered eligible for appointment as SA.
- b. The Company shall ensure that appointment of SAs is in line with the Institute of Chartered Accountants of India's Code of Ethics/ any other such standards adopted and does not give rise to any conflict of interest.
- c. Mandatory confirmation from SA that no partner is disqualified under Section 141(3) of Companies Act

### 6. Continued Compliance

- a. Post-appointment, if eligibility is breached (e.g., partner exit, regulatory action), the auditor shall confirm continued eligibility before audit commencement; the Audit Committee Borad (ACB)/Board shall take suitable action.

### 7. Network firm restrictions

Restrictions apply at the network level or to firms having common partners.

### 8. Independence of the statutory auditors

The Audit Committee of the Board of Directors of the Company ('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 shall be flagged by the ACB to the BOD of the Company and concerned Senior Supervisory Manager /Regional Office of RBI.

The time gap between any non-audit works by the SAs for the Company or any audit/non-audit works for its RBI Regulated Group Entities should be at least the

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minimum period specified in the RBI Guidelines, before or after its appointment as SAs.

Audit firm must disclose relationships with directors, senior management, group entities, and significant borrowers.

However, during the tenure as SA, an audit firm may provide such services to the Company which may not normally result in a conflict of interest, with prior approval of ACB.

The audit of the Company and any Company with large exposure to the Company for the same reference year should also be explicitly factored in while assessing independence of the auditor.

The restrictions as detailed above, shall also apply to an audit firm under the same network (As defined in Rule 6(3) of the Companies (Audit & Auditors) Rules, 2014) of audit firms or any other audit firm having common partners.

Further, the Company shall obtain a confirmation annually from SA regarding their independence and compliance with the RBI Guidelines.

### **9. Procedure for Appointment of Statutory Auditor**

- The Company shall shortlist audit firms, with an order of preference, for every vacancy of SA. While shortlisting the audit firms, the Company shall also consider their past experience as statutory auditor of others banks / NBFCs, geographical proximity to the Company's place of operations, their ability to audit technology and such other parameters that it may consider necessary.
- Company shall 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.
- The ACB shall recommend the appointment to the BOD who shall recommend the same for the approval of the shareholders.
- The Company shall inform RBI about the appointment of SA as required under the RBI Guidelines.

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### **10. Tenure of Appointment and Rotation**

- a. As per the RBI guidelines, the Company shall appoint the SAs for a continuous period of 3 years or such other period as deemed fit by Member of Company, subject to the SA satisfying the eligibility norms each year.
- b. The Company in line with the RBI Guidelines shall not reappoint an audit firm for the minimum period specified in the RBI Guidelines (six years) after the completion of full or part of one term of the audit tenure.
- c. Cooling-off period of 6 years shall apply to the audit firm and its network entities in accordance with RBI Guidelines
- d. The time gap between any non-audit works by the SAs for the Company or any audit/non-audit works for its Group Entities shall be at least the minimum period specified in the RBI Guidelines (one year) after completion of the audit assignment as SA.
- e. Any violation of this Policy or the RBI Guidelines shall be reported to the ACB and Board, and may result in termination of the audit engagement

### **11. Remuneration to Auditors**

The audit fees for SAs shall be in terms of applicable regulatory provisions and shall be reasonable and commensurate with their respective 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.

Further, it shall be the discretion of the Company to decide on the quantum of remuneration payable to each joint SA as appointed by the Company, depending upon their respective scope of work.

### **12. Confidentiality and Data Security**

SAs and their personnel shall execute confidentiality undertakings and comply with the Company's information security policies. Secure channels shall be used for data transfer; personal data shall be handled per applicable laws/policies.

### **13. Review of the performance of statutory auditors**

The ACB shall review the performance of SAs on an annual basis. Any serious lapses/negligence in audit responsibilities or conduct issues on part of the SAs or any other matter considered as relevant shall be reported to RBI within two months from

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completion of the annual audit. Such reports shall be sent with the approval/recommendation of the ACB, with the full details of the audit firm.

### **14. Review of Policy**

This Policy shall be reviewed by the ACB and BOD as and when any changes are to be incorporated in the Policy due to change in applicable law or regulation, or when considered necessary by the BOD.

To the extent any change/ amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law, however, notwithstanding such non-modification or pending such modification, the applicable law and regulations (as changed) shall prevail over the Policy, and the Policy shall be read accordingly.

**Date:** 17 MARCH 2026

**Place:** Pune

**RAJIV BAJAJ**  
**CHAIRMAN**