TIMES GUARANTY LIMITED

APPOINTMENT OF STATUTORY AUDITOR POLICY

Information:

Document	Classification	Version	Status
Policy on Appointment of Statutory Auditor	Confidential	1.0	Approved

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1. Background:

Times Guaranty Limited (the "Company") is a Base Layer Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and classified as an Investment and Credit Company (ICC). The Company is listed on both major stock exchanges and is committed to maintaining high standards of corporate governance.

The company primarily focuses on providing customized financial solutions to corporate clients to support their business growth, including structured credit products such as term loans with bullet repayment options that offer repayment flexibility. The Company may also extend credit facilities to individuals with a business or professional relationship, as per its internal policies and regulatory norms. Additionally, the company manages its surplus funds through investments in mutual funds and debt securities, aiming for optimal returns with prudent risk management, while maintaining a transparent, disciplined, and compliant approach in all its operations.

This policy is prepared in line with the requirements prescribed by Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 and various RBI notifications / directions ["RBI Regulations"] issued in this regard.

2. Objective

The objective of this Policy is to:

- Determine the eligibility of company's auditor including Statutory Auditors
- Lay down the procedure appointment of company's auditors
- Determination of minimum Scope of Audit
- Determination of communication lines with auditor
- Lay down procedures to implement the suggestions / observations of the auditor

3. Scope

The policy has been formulated considering the relevant provisions of Chapter X of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 provide for the appointment of statutory auditors in a Company registered under the Companies Act, 2013 and RBI prescribed regulations for Appointment of Statutory Auditors of Non-Banking Finance Companies. This policy covers the eligibility criteria, minimum requirement, procedure for the appointment of Statutory Auditor of the company

4. Roles And Responsibilities

- **Board of Directors**

  The responsibility of the board of directors for the appointment and performance evaluation of the Statutory Auditor is:

  a. To monitor and assess the independence of the auditors based on the "conflict of interest" position evaluate in terms of relevant regulatory provisions, standards and best practices and raise concerns, if any.
  b. To recommend appointment of Statutory Auditor in the Annual General Meeting.
  c. To address the concerns of the appointed Statutory auditor

d. To validate an audit firm providing services results in a conflict of interest or not and can be appointed as auditors
e. To review the performance of the Statutory Auditor
f. To submit the lapse or negligence in audit responsibilities to the RBI on recommendation of the board
g. To evaluate the audit fees to be paid to the Statutory Auditor.
h. To 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

5. Eligibility for Appointment of Statutory Auditors

Board of Directors shall determine the criteria for appointment of Statutory Auditor. The eligibility of statutory Auditor as determined by the board shall include atleast the below:

- The audit firm, proposed to be appointed as SAs, should be duly qualified for appointment as auditor of a company in terms of Section 141 of the Companies Act, 2013.
- 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.
- 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.
- If any partner of a Chartered Accountant firm is a director in any Company, the said firm shall not be appointed as SA of any of the group entities of the Company.
- The auditors should 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 Entities where the accounting and business data reside in order to achieve audit objectives.

6. Procedure for Appointment of Auditors

- Identification of prospective appointment of auditors
- Evaluation of eligibility of the auditors by board of directors
- Recommendation of the atleast 2 names for consideration
- Finalization of person / firm to be appointed as auditors
- Obtaining declaration as mandatory by regulations as well as
- Determination of Fees
- Communication of Appointment of Statutory Auditors

Note: For Statutory Auditors any specific procedure prescribed by the ICAI and Companies Act, 2013 shall be adhered by the company.

7. Minimum Scope of Audit

Statutory Audit

The board of directors or other responsible authority as determined by the board shall determine the minimum scope:

- Identify and examine all the overall aspects that need to be audited of an enterprise pertaining to the financial statements.
- Auditor need to ascertain correctness, sufficiency and reliability of the information and source data. For this purpose, the auditor should evaluate accounting systems and internal controls.
- Auditors should determine that Disclosure of overall relevant information in the financial statements has been made in accordance with statute and accounting standards.
- A detailed study and analysis of internal control and accounting system
- Verification of accounting transaction and balances through necessary test on check basis, enquiries and verification
- Financial statements are compared to the summary of transactions and events recorded in the underlying accounts
- Assessing the consistency of accounting policies that are applied while the financial statements are prepared by the management and also the disclosure to the effect should be adequate

8. Communication Channel

The company shall ensure the access to auditors to their appropriate reporting and communication channels:

- For Statutory Auditors – Board of Directors

9. Critical points for Audit

- **Statutory Audit**

  The company as well as the auditor shall ensure adherence with regulations for Statutory Audit issued by Companies Act 2013 as well as Institute of Chartered Accountants of India from time to time, including but not limited to:

  a. Tenure
  b. Communication of Acceptance
  c. Remuneration
  d. Restriction

10. Exception Handling

The policy shall always be updated with extant regulatory provisions. However, in case of conflict between the Policy and regulations, the regulatory provisions shall always supersede the policy.

The updated policy shall be adhered at all the times and exceptions if any to the policy shall be approved by the board of directors after recording a reason in writing.

11. Adoption, Effective Date and Review

This policy has been adopted vide resolution of the Board of Directors of the Company dated 11th June 2025. This policy shall be applicable organization wide with effect from 11th June 2025. This policy shall be reviewed by the Board of Directors on atleast an Annual basis.

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