

JOHN DEERE FINANCIAL INDIA PRIVATE LIMITED
POLICY FOR APPOINTMENT / RE-APPOINTMENT OF STATUTORY AUDITORS

Policy No. : JDF042	Version : 1.0
Prepared By : Finance & Accounts	Approved By : Board of Directors
Adopted on : 21 st Oct 2021 (Date of Board Meeting)	

1. OBJECTIVE OF THE POLICY:

The Objective of the policy is to lay down a framework of guidance and procedures for appointing Statutory Auditor(s) in compliance with the Guidelines of the Reserve Bank of India issued vide Ref.No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 Dated 27th April, 2021 ('Notification') and applicable provisions of the Companies Act, 2013. Notification stipulates conditions on the eligibility, procedures etc. for selection and appointment of Statutory Auditor(s) and requires Regulated Entities (RE) to put in place a Board approved policy for selection and appointment of Statutory Auditor(s) for the financial Year 2021-22 and onwards. These Guidelines are applicable for John Deere Financial India Private Limited (Company) as well and accordingly, the following policy and procedures are proposed. In case of conflict between the provisions of the Companies Act and the RBI regulations, the RBI regulations (being sectoral regulator) shall prevail.

2. REFERENCES

Sr.	Document Number
1	Notification of RBI/2021-22/25 Ref. No. DoS. CO. ARG/SEC.01/ 08.91.001/ 2021-22 Dated 27 th April, 2021 as guidelines for Appointment of Statutory Auditors of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs).
2	Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

3. APPLICABILITY:

This policy shall be applicable for Appointment of Statutory Auditor(s) for the Financial Year 2021-22 and onwards.

4. NUMBER OF STATUTORY AUDITORS:

Based on the guidelines provided under Notification, asset size of the Company being less than Rs. 15,000 crores, as per the latest audited financials, Company shall appoint a single Audit firm (Partnership firm/LLPs) as Statutory Auditor. Unless the asset size of Company increases beyond Rs. 15,000 Crores or as specified in the Notification from time to time or in case of revision of this policy, Company shall continue to have a single Statutory Auditor.

5. ELIGIBILITY OF STATUTORY AUDITORS:

A firm of Auditors (Partnership firm/Limited Liability Partnership) will be appointed as Statutory Auditor(s) only if all the eligibility criteria's as per Annexure 1 are fulfilled.

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6. INDEPENDENCE OF AUDITORS:

The Audit Committee of the Board shall from time to time ensure independence of the Statutory Auditor(s) and conflict of interest, if any. In the event of any concerns, the same shall be reported to the Board of Directors of the Company and the concerned authorities as specified in the Notification.

In case of any concern with the management of the Company such as non-availability of information/non-cooperation by the management, which may hamper the audit process, the Statutory Auditor(s) shall approach the Audit Committee or the *Board of Directors of the Company, under intimation to the concerned authorities of the RBI.

*Board of Directors shall be directly approached only when the auditors notice a matter of concern involving any member of the Audit Committee.

7. TENURE, REMOVAL AND REAPPOINTMENT:

In order to protect the independence of the Statutory Auditor(s)/Audit firm, Company shall not appoint Statutory Auditor(s) for a continuous period of more than three years, subject to the Statutory Auditor(s) satisfying the eligibility norms each year.

Appointment of Statutory Auditor(s) can be terminated by the Company before completion of the tenure of three years, provided that Company shall ensure to report with appropriate reasons for the same to the concerned authorities of RBI as stated under Notification, within a month of such a decision being taken.

Statutory Auditor(s) shall not be eligible for reappointment in the Company for six years after completion of full or part of one term of the audit tenure.

8. PROCEDURE FOR APPOINTMENT:

Below procedure will be followed for appointment of Statutory Auditor(s):

1. Company shall shortlist minimum of two audit firms for every vacancy of Statutory Auditor(s), 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 Statutory Auditor(s) does not get delayed.
2. The evaluation of the firms shall be done by the Chief Financial Officer of the Company and shall be recommended to the Audit Committee of the Board.
3. Company shall obtain a certificate, along with relevant information as per Annexure II - Form B, from the Audit firm proposed to be appointed as Statutory Auditor(s) by the Company to the effect that the Audit firm 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 Statutory Auditor(s) of the Company, under the seal of the said audit firm.

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4. The Audit Committee will recommend to the Board of Director, the appointment of proposed Audit firm to act as Statutory Auditor(s). Board shall pass the resolution to appoint the Statutory Auditor(s), subject to ratification of the appointment in the Annual general meeting / Extra ordinary general meeting.
5. Company shall inform to the concerned authorities of Reserve Bank India as stated under Notification about the appointment of Statutory Auditor(s) for each year by way of a certificate in Annexure II - Form A within one month of such appointment.

9. AUDIT FEES AND EXPENSES

Based on the recommendations of Audit Committee, the Board of Directors shall decide the Audit fees and expenses which shall be reasonable and would be subject to the approval of shareholders in their meetings.

10. REVIEW OF THE POLICY:

The Audit Committee of the Board and Board of the Company may review the policy as and when may be required. In case there are any regulatory changes requiring modifications to the Policy, the Policy shall be reviewed and amended at the next possible opportunity. However, the amended regulatory requirements will supersede the Policy till the time Policy is suitably amended.

Need to know departments				
Finance	Credit	Risk and Compliance	Legal	

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**ANNEXURE I :
ELIGIBILITY CRITERIA FOR APPOINTMENT AS STATUTORY AUDITOR(S)**

Asset Size of Entity as on 31st March of Previous Year	Minimum No. of Full-Time partners (FTPs) associated with the firm for a period of at least three (3) years Note 1	Out of total FTPs, Minimum No. of Fellow Chartered Accountant (FCA) Partners associated with the firm for a period of at least three (3) years	Minimum No. of Full Time Partners/ Paid with CISA/ISA Qualification Note 2	Minimum No. of years of Audit Experience of the firm Note 3	Minimum No. of Professional staff Note 4
Above ₹ 1,000 crore and Up to ₹15,000 crore	3	2	1	8	12

Note:

1. The above eligibility criteria has to be read along with RBI's Master Notification RBI/2021-22/25 Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April 2021, for additional eligibility criteria.
2. Eligibility Certificate should be signed by the main partner/s of the audit firm proposed for appointment of SCAs/SAs of the Entities, under the seal of the said audit firm

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ANNEXURE II

FORM A

INFORMATION TO BE SUBMITTED BY THE NBFC REGARDING APPOINTMENT OF
STATUTORY AUDITORS

1. The company has appointed M/s _____, Chartered Accountants (Firm Registration Number _____) as Statutory Central Auditor (SCA)/Statutory Auditor (SA) for the financial year ____ for their 1st/2nd/3rd term.
2. The company has obtained eligibility certificate from (name and Firm Registration Number of the audit firm) appointed as SCA/SA of the company for FY ____ along with relevant information in the format as prescribed by RBI.
3. The firm has no past association/association for _____ years with the company as SCA/SA/SBA.
4. The company has verified the said firm's compliance with all eligibility norms prescribed by RBI for appointment of SCAs/SAs of NBFCs.

Signature
(Name and Designation)
Date:

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FORM B
ELIGIBILITY CERTIFICATE FROM
(NAME AND FIRM REGISTRATION NUMBER OF THE FIRM)

A. PARTICULARS OF THE FIRM:

Asset Size of Entity as on 31st March of Previous Year	Number of Full-Time partners (FTPs) associated* with the firm for a period of three (3) years	Out of total FTPs, Number of FCA Partners associated with the firm for a period of three (3) years	Number of Full Time Partners/ Paid CAs with CISA/ISA Qualification	Number of Years of Audit Experience#	Number of Professional staff

*Exclusively associated in case of all Commercial Banks (excluding RRBs), and UCBs/NBFCs with asset size of more than ₹ 1,000 crore
#Details may be furnished separately for experience as SCAs/SAs and SBAs

B. Additional Information:

- Copy of Constitution Certificate.
- Whether the firm is a member of any network of audit firms or any partner of the firm is a partner in any other audit firm? If yes, details thereof.
- Whether the firm has been appointed as SCA/SA by any other Commercial Bank (excluding RRBs) and/or All India Financial Institution (AIFI)/RBI/NBFC/UCB in the present financial year? If yes, details thereof.
- Whether the firm has been debarred from taking up audit assignments by any regulator/Government agency? If yes, details thereof.
- Details of disciplinary proceedings etc. against firm by any Financial Regulator/Government agency during last three years, both closed and pending.

C. Declaration from the firm

The firm complies with all eligibility norms prescribed by RBI regarding appointment of SCAs/SAs of Commercial Banks (excluding RRBs)/UCBs/NBFCs (as applicable). It is certified that neither I nor any of our partners / members of my / their families (family will include besides spouse, only children, parents, brothers, sisters or any of them who are wholly or mainly dependent on the Chartered Accountants) or the firm / company in which I am / they are partners / directors¹⁵ have been declared as wilful defaulter by any bank / financial institution.

It is confirmed that the information provided above is true and correct.

Signature of the Partner

(Name of the Partner)

Date: