



**HEAD OFFICE
FINANCE DEPARTMENT**

**Policy for appointment of Statutory Branch
Auditors (SBAs) for the year FY2024-25**

(Extracts from the Board approved policy dt. 25.02.2025)

Reserve Bank of India has issued detailed guidelines on Norms on Eligibility, Empanelment and Selection of SBAs for the public sector banks (PSBs) for the year 2022-23 onwards vide their Circular dated 06.03.2023 and Remuneration Payable to SCAs and SBAs of nationalized banks from FY2022-23 onwards vide their Circular dated 01.03.2023 /13.10.2023. In terms of the extant guidelines, our Bank has considered the Board approved policy for appointment of Statutory Branch Auditors (SBAs) vide Board approval dated 25.02.2025.

2. Based on the RBI guidelines dated 01.03.2023, 06.03.2023 and 13.10.2023, we have adopted the Policy for “Appointment of SBAs for the year FY2024-25”, including the Eligibility Norms & General Guidelines and the Remuneration Payable etc.

3. The brief key highlights of the policy for appointment of Statutory Branch Auditor for the year FY2024-25 are reproduced as under:

(a) As per the existing policy of RBI dated 06.03.2023, for FY 2023-24 and onwards, banks have been given the discretion to determine the business coverage under Statutory Branch audit after considering Bank specific aspects relating to business and financial risks. The selection of branches for statutory audit shall include a representative cross section of rural / semi-urban / urban and metropolitan branches, predominantly including branches which are not subjected to concurrent audit. Accordingly, the Bank would conduct statutory audit of branches which will cover around 80% of the advances for FY 2024-25.

- (b) The Basic audit fees payable to the SBAs shall be as under:

Quantum of Advances of the Branch	Audit Fees per branch (Rs.)
Upto Rs 10 crores	44,250
Above Rs 10 crores and upto Rs 20 crores	63,250
Above Rs 20 crores and upto Rs 30 crores	87,300
Above Rs 30 crores and upto Rs 50 crores	132,800
Above Rs 50 crores and upto Rs 75 crores	151,800
Above Rs 75 crores and upto Rs 125 crores	201,150
Above Rs 125 crores and upto Rs 175 crores	251,750
Above Rs 175 crores and upto Rs 300 crores	316,250
Above Rs 300 crores and upto Rs 500 crores	356,750
Above Rs 500 crores and upto Rs 1000 crores	395,950
Above Rs 1000 crores and upto Rs 5000 crores	435,150
Above Rs 5000 crores	474,350

- (c) The Board has accorded approval for statutory audit of the 10% (i.e. 55 branches) of Specialised branches such as SME City Centres, Agriculture Business Centres, Retail Business Processing Centres and Z-CODs (Zonal Centralised Operation Department) of the Bank. Since these Processing Centres and Z-CODs do not have any outstanding advances, the audit fee shall be payable of Rs.40,000/- approved by ACB/Board of our Bank.
- (d) As per the RBI guidelines, the Audit fees payable to NPA Recovery branches, fees shall not exceed the slab-wise limits of the Branch audit fees indicated at Para 2.2(i) of the instruction dated 01.03.2023, accordingly the fees payable to NPA Recovery branches shall be on par with other normal branches and same has been approved in ACB dated 12.07.2024.
- (e) Further, as per the RBI guidelines dated 01.03.2023, the ACB of the bank may decide on the fees for the preparation of the LFAR. Accordingly, the ACB/Board of the Bank has fixed the fees of 15% of audit fees for preparation of the LFAR. As the Tax Audit from FY 2023-24 has been centralized vide ACB approval dt. 18.08.2023, SBAs are not required to do

Tax Audit at branch level. The same will be carried out centrally by SCAs as per ACB approval dated 18.08.2023.

- (f) Further, in respect of those branches, which are subject to concurrent audit by Chartered Accountants and not selected for branch audit, LFARs and other certifications done by concurrent auditors will be addressed to the Bank which will be consolidated / compiled and will be submitted to Statutory Central Auditor of the Bank, as per the existing guidelines in place.
4. The selection of Branches for Statutory Audit shall include the following:
- (a) The Bank shall appoint the required number of auditors as Statutory Branch Auditors every year out of the approved names by RBI fulfilling the eligibility norms, and based on the expression of interest received from these auditors.
 - (b) We adopt the policy of one audit firm for one Bank. Accordingly, an audit firm shall be eligible to be appointed as a branch auditor of only one PSB during a particular year. A self-declaration, in this regard, shall be obtained from the Audit Firms, as per the bank accepted format or otherwise.
 - (c) The appointed statutory branch auditors will continue for 4 years term in the Bank subject to the firms satisfying the eligibility norms each year. The appointed SBA firms cannot be removed during the above period without the prior approval of the RBI.
 - (d) While allotting the branches, the Bank shall normally select auditors / audit firms which are in close proximity to our offices / branches. Bank shall have a suitable mix of various categories of auditors / audit firms while selecting the branch auditors keeping in view the size of the branch to be audited. However, in case, sufficient number of local audit firms is not available from nearby place / state, Auditors from other state will be considered. Further, no TA / DA will be payable to the Audit Firms, if the allotted branches are within the 50 kms vicinity from their respected Head Office, mentioned as per the RBI list.
 - (e) The remuneration and other charges to SBAs will be paid as per Reserve Bank of India guidelines. In case of any disputes as regards the settlement of the bills,

the decision of the MD & CEO or Executive Director (in case of non-availability of the MD & CEO) of the Bank shall be regarded as the final authority.

5. The selection of SBAs will be made based on the following conditions, as under:
- (a) Eligible Auditors / Audit Firms should be qualified under provisions of Section 141 of Companies Act, 2013 for appointment as Auditors of the Bank. No adverse remarks / disciplinary proceedings pending / initiated against the Firms / any of its Partners / Proprietor on record of Institute of Chartered Accountants of India (ICAI) or National Financial Reporting Authority (NFRA). A self declaration, in this regard, shall be obtained from the Audit Firms, as per the bank accepted format or otherwise.
 - (b) The Auditors and their relatives (as per the definition given in the Companies Act, 2013) should not be indebted to any bank and their names should not appear as 'defaulter' in any of the credit information company data. A self declaration, in this regard, shall be obtained from the Audit Firms, as per the bank accepted format or otherwise.
 - (c) The Auditors / Audit Firms should not be a defaulter or willful defaulter of any Banks / Financial Institutions. A self-declaration, in this regard, shall be obtained from the Audit Firms, as per the bank accepted format or otherwise.
 - (d) The Auditors / Audit Firms should not be carrying any assignment of Statutory Audit or acting as Consultants in any capacity in any of our Bank's subsidiary / associates, as on 15th March of the current financial year onwards. A self declaration, in this regard, shall be obtained from the Audit Firms, as per the bank accepted format or otherwise.
 - (e) The Audit Firm whose partner/s are on the Boards of our Bank or any of our Bank's subsidiary / associates, are not to be appointed as SBA of the Bank. A self-declaration, in this regard, shall be obtained from the Audit Firms, as per the bank accepted format or otherwise.

- (f) The Auditors / Audit Firms should not be carrying any assignment of Concurrent Audit or ASM Audit of the Bank or any of our Bank's subsidiary / associates, as on 15th March of the current financial year onwards. A self-declaration, in this regard, shall be obtained from the Audit Firms, as per the bank accepted format or otherwise.
- (g) The Auditors / Audit Firms should not be carrying any assignment as Consultant in the Bank or in any of our Bank's subsidiary / associates, as on 15th March of the current financial year onwards. A self-declaration, in this regard, shall be obtained from the Audit Firms, as per the bank accepted format or otherwise.
- (h) The Auditors / Audit Firms should not enter into sub-contract of the Audit assigned to them.
- (i) The audit firms retiring as Statutory Central Auditors will not be eligible to be appointed as SBA during the prescribed cooling period for SCAs as per the RBI guidelines or 6 years, whichever is later, in our Bank. A self-declaration, in this regard, shall be obtained from the Audit Firms, as per the bank accepted format or otherwise.
- (j) The SBAs, continued for 4 years (and/or resigned before expiring 4 years) shall not be appointed as SBAs in our Bank for another term, unless completed another term of full or part tenure in any of the PSBs. A self-declaration, in this regard, shall be obtained from the Audit Firms, as per the bank accepted format or otherwise.
- (k) If any of the self-declarations, as above, is proved to be false, then the Bank shall report the same to RBI, CAG, NFRA and ICAI for initiating appropriate proceedings.

6. **Process of appointment of SBAs** : The Institute of Chartered Accountant of India (ICAI) has developed Audit Allotment Software, namely "Automatic Audit Allocation Software (AAAS)" for the appointment of SBAs. We have procured the software and allocate SBAs audit assignment with the help of the above software.

(Approved by the Board dated 25.02.2025)