

# **THE MALAD SAHAKARI BANK LIMITED**

**6, Sujata Niketan CHS, Rani Sati Marg,  
Malad (East), Mumbai – 400 097.**

## **Statutory Auditor Appointment Policy**

**2025-2026**



**POLICY FOR APPOINTMENT OF STATUTORY AUDITOR OF THE BANK****PURPOSE**

As per RBI circular Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 and subsequent FAQ released, the Bank is required to formulate a Board Approved Policy and formulate necessary procedure there under to be followed for appointment of Statutory Auditor (SA). Apart from conforming to all relevant statutory/regulatory requirements in addition to the RBI circular, this should afford necessary transparency and objectivity for most key aspects of this important assurance function.

**APPLICABILITY**

This Policy will be applicable to the Bank for Financial Year 2025-26 and onwards in respect of appointment/reappointment of Statutory Auditor.

**PRIOR APPROVAL OF RBI**

The Bank is required to take prior approval of RBI (Department of Supervision) for appointment/reappointment of Statutory Auditors, on an annual basis. For the purpose, the Bank is required to apply to The **Department of Supervision, Regional Office, RBI, Mumbai before 31st July of the reference year.**

**NUMBER OF STATUTORY AUDITORS**

The statutory central audit shall be conducted by one audit firm (Partnership firm /LLPs) since the asset size of our bank is below ₹15000 crores.

**COVERAGE OF AUDIT**

The Statutory Central Auditors shall visit and audit at least 20% of the branches of the entities, to be selected in order of the level of outstanding advances in such a manner as to cover a minimum of 15% of total gross advances of the Bank or such other limits if RBI may specify from time to time.

**MINIMUM ELIGIBILITY CRITERIA OF AUDITORS**

The Bank shall ensure to obtain Eligibility Certificate as mentioned in **FORM-B** for adherence to the minimum eligibility criteria as mentioned in the RBI circular for appointment of the Statutory Auditor considering the asset size of the Bank.

**FORM-B**

Norms on Eligibility, Empanelment and Selection of Statutory Auditor

There should be at least One-year association of partners with the firm as on the date of short listing

Asset size as on 31st March of 2021	Minimum No. of Full-Time partners (FTPs) associated with the firm for a period of at least three (3) years	Out of total FTPs, Minimum no. of FCA Partners associated with the firm for a period of at least three (3) years	Minimum No. of years of Audit Experience of the firm	Minimum No. of Professional Staff
Up to Rs.1000 Cr.	2	1	6	8
Notes	There should be	-----	Audit experience shall mean experience of the Audit firm	Professional staff includes audit and article clerks with knowledge of



	at least One-year association of partners with the firm as on the date of short listing		as Statutory Central/Branch Auditor of Commercial Banks (excluding RRBs)/UCBs/NBFCs/AIFIs. 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.	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 short listing.
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#### INDEPENDENCE OF AUDITORS

Audit Committee of the Board (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 may be flagged by the ACB to the Board of Directors of the Bank and concerned Senior Supervisory Manager (SSM)/Regional Office (RO) of RBI.

Concurrent auditors of the Bank should not be considered for appointment as Statutory Auditors. The audit of the Bank and any entity with large exposures to the Bank for the same reference year should also be explicitly factored in while assessing independence of the auditor.

The time gap between any non- audit works like internal assignments, special assignments etc. by the Statutory Auditor for the Bank should be at least one year, before or after its appointment as Statutory Auditors. However, during the tenure as Statutory Auditor, an audit firm may provide such services to the Bank, which may not normally result in a conflict of interest, and Bank may take their own decision in this regard, in consultation with the Board/ACB.

The restrictions as detailed above, should also apply to an audit firm Under the same network of audit firms or any other audit firm having common partners.

#### PROCEDURE FOR SELECTION AND APPOINTMENT OF STATUTORY AUDITOR

1. The Bank shall shortlist minimum of 2 audit firms for every vacancy of Statutory Auditor 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 does not get delayed. However, in case of reappointment of Statutory Auditor, till completion of tenure of continuous term of 3 years, there would not be any requirement of short listing and sending names of multiple audit firms to RBI while seeking approval to appointment.

2. Bank shall place the name of shortlisted audit firms, in order of preference, before Audit Committee of the Board (ACB) for selection as Statutory Auditor. Upon selection of Statutory Auditor in consultation with the ACB and verifying the compliance with the eligibility norms prescribed by RBI, Bank shall seek RBI's prior approval for appointment of Statutory Auditor.

3. Bank shall obtain a certificate, along with relevant information as per Form B of RBI circular Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, from the audit firm(s) proposed to be appointed as Statutory Auditor 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 Statutory Auditor, under the seal of the said audit firm.

4. The Bank shall ensure to obtain Eligibility Certificate as per the prescribed format for adherence to the minimum eligibility criteria as mentioned in the RBI circular and after being satisfied of their eligibility, recommend the names along with a certificate, in the format as per Form C of RBI circular Ref.No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, stating that the audit firm(s) proposed to be appointed as Statutory Auditor comply with all eligibility norms prescribed by RBI for the purpose.



**Form C****Certificate to be submitted by the Commercial Banks (excluding RRBs) and UCBs regarding eligibility of audit firm proposed to be appointed as SCA/SA**

1. The bank/UCB is desirous of appointing 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 and therefore has sought the prior approval of RBI as per the section 30(1A) of the Banking Regulation Act, 1949/ Section 10 (1) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980/ Section 41(1) of SBI Act, 1955.

2. The bank/UCB has obtained eligibility certificate (copy enclosed) from (name and Firm Registration Number of the audit firm) proposed to be appointed as Statutory Central Auditor (SCA)/Statutory Auditor of the bank/UCB for FY along with relevant information (copy enclosed), in the format as prescribed by RBI.

3. The firm has no past association/association for years with the bank/UCB as SCA/SA/SBA. 4. The bank/UCB has verified the said firm's compliance with all eligibility norms prescribed by RBI for appointment of SCAs/SAs of Commercial Banks (excluding RRBs)/UCBs.

Signature (Name and Designation)

Date

5. While approaching the RBI for its prior approval for appointment of Statutory Auditor, Bank shall indicate its total asset size as on March 31st of the previous year (audited figures), forward a copy of Board/ACB Resolution recommending names of audit firms for appointment as Statutory Central Auditors/ Statutory Auditors in the order of preference and also furnish information as per Form B and Form C as mentioned above, to facilitate expeditious approval of appointment/re-appointment of the concerned audit firm.

**PROFESSIONAL STANDARDS OF STATUTORY AUDITORS.**

The Board/ACB of Bank shall review the performance of Statutory Auditors on an annual basis. Any serious lapses/negligence in audit responsibilities or conduct issues on part of the Statutory Auditors 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.

**TENURE AND ROTATION**

The Bank will make the appointment of Statutory Auditor for a continuous period of three years subject to the firm satisfying the eligibility norms each year. An Audit firm would not be eligible for reappointment in the Bank for six years (two tenures) after completion of full or part of one term of the audit tenure.

**REMUNERATION**

The audit fees for statutory audit will be decided by Board of Directors and will be limited to the provisions of Maharashtra co-operative societies act.

**REMOVAL**

Bank will not remove the audit firm during the above period without the prior approval of the Reserve Bank of India. The BOD of the bank will be the complete authority to recommend removal of Any Statutory Auditor to RBI.



**OTHER GUIDELINES**

- The time gap between any non-audit works by the Statutory Auditors for the bank should be at least one year before or after its appointment as Statutory Auditor.
- Concurrent auditor of the bank should not be considered for appointment as Statutory Auditor.
- The restrictions as detailed in para 3.3 and 3.4 will also apply to an audit firm under the same network of audit firms or any other audit firm having common partners.
- The incoming audit firm shall not be eligible if it is associated with the outgoing audit firm under the same network of audit firms.
- The BOD shall monitor and assess the independence of the auditors. any concerns in this regard will be flagged by the BOD to RO of RBI.
- In case of any concern with the management of the bank such as non-availability of information/non-co-operation by the management which may hamper the audit process, the auditor shall have to approach the board of the bank under intimation to the concerned RO of RBI.

**REVIEW OF THE POLICY**

The policy shall be reviewed periodically and shall be placed to Audit Committee Board for recommendation and to the Board of Directors for approval.

  
Manager

  
Chief Manager

  
Chief Executive Officer

  
Hon. Committee Chairman  
(Audit Committee)

Approved / Ratified in Board Meeting

No:  Held on:

Hon. Chairman

Date: 28/3/2025

