

## **Policy on Engagement of Statutory Auditor for Audit or Non-Audit Services (Policy)**

**Scope:** DBS Bank India Ltd. (DBIL)

**Issuer:** Finance Department

**Version:** 2.0

**Review Frequency:** Once in two years

## 1 Guiding Principle

- 1.1 DBS Bank India Ltd. (DBIL) is a Wholly Owned Subsidiary (WOS) of DBS Bank Ltd. (DBL), which is headquartered in Singapore. This Policy outlines the governance that has been established on the engagement of the DBIL Statutory Auditor and its network firms (Statutory Auditor) for audit and non-audit services. It seeks to ensure that the independence and objectivity of the Statutory Auditor are not compromised, in fact or appearance, due either to the nature of the services provided or the level of fees paid.
- 1.2 Nothing in this Policy is to be interpreted as removing or qualifying, in any way, the obligation of the Statutory Auditor not to undertake any services which are contrary to the applicable rules or policies of any relevant authority, laws or regulations in India.

## 2 Policy

### 2.1 Applicability

This Policy is consistent with the RBI's 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)' (RBI circular no. RBI/2021-22/25 Ref.No. DoS.CO. ARG/ SEC.01/08.91.001/2021-22 dated 27 April 2021) and FAQs thereon dated 11 June 2021 (the Guidelines).

This Policy would be applicable for financial year 2021-22 and onwards.

### 2.2 Prior Approval of RBI:

DBIL would obtain the prior approval of the concerned department of RBI for the appointment/reappointment of Statutory Auditors on an annual basis, or as prescribed in the Guidelines from time to time. The RBI application process would comply with the timelines specified by RBI.

### 2.3 Number of Statutory Auditors

- 2.3.1 The statutory audit should be conducted under the joint audit of a minimum of two audit firms [Partnership firms/Limited Liability Partnerships (LLPs)], or as mandated under the Guidelines. Further, the Audit Committee (AC) or AC delegates may finalise the work allocation among the appointed Statutory Auditors before the commencement of the statutory audit.
- 2.3.2 The decision on the number of Statutory Auditors to be appointed would be made after taking into account relevant factors such as the size and distribution of assets, accounting and administrative units, complexity of transactions, level of computerization, availability of other independent audit inputs, identified risks in financial reporting, etc.
- 2.3.3 The minimum and maximum number of Statutory Auditors would be with reference to the Guidelines.

### 2.4 Eligibility Criteria of Statutory Auditors

- 2.4.1 DBIL would obtain a declaration from the proposed Statutory Auditors on the fulfilment

of eligibility norms as prescribed in the Guidelines. Audit firm should satisfy below eligibility criteria based on the asset size of the Bank which inter-alia includes:

- 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 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 CAs with CISA/ISA Qualification
- Minimum No. of years of Audit Experience of the firm
- Minimum No. of Professional staff

Additionally, should satisfy that:

- Qualification as an auditor as per 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 appointment of SAs should be in line with the ICAI's Code of Ethics/ any other such standards adopted and should not give rise to any conflict of interest.
- SAs 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 Bank in order to achieve audit objective

## **2.5 Approval of fees paid to the Statutory Auditors**

- 2.5.1 The remuneration of the Statutory Auditors will be approved as per the provisions of Companies Act 2013.
- 2.5.2 The audit fees for SAs shall be reasonable and commensurate with the scope and coverage of audit, size and spread of assets, accounting and administrative units, complexity of transactions, level of identified risks in financial reporting, etc.

## **2.6 Assessing the Statutory Auditors' independence**

- 2.6.1 The concurrent auditors of DBIL will not be considered for appointment as statutory auditors.
- 2.6.2 The time gap between the engagement of the DBIL Statutory Auditors for any non-audit services (services mentioned under section 144 of Companies Act, 2013, internal assignments, special assignments, etc.) must comply with the Guidelines i.e. it should be at least one year, before or after its appointment as SAs
- 2.6.3 Similarly, any audit / non-audit work that the Statutory Auditor and its network firms undertake for the RBI Regulated Group Entities in India must comply with the Guidelines.
- 2.6.4 However, during the tenure as Statutory Auditors, an audit firm may provide such services which may not normally result in a conflict of interest with the endorsement of the AC. Any non-audit work intended to be undertaken by the Statutory Auditors that are not specifically stated as permissible services would be referred to the Audit Committee for assessment of independence prior to approval.

## **2.7 Tenure and Rotation of Statutory Auditors**

- 2.7.1 The appointment of Statutory Auditors would be maximum for such periods as

prescribed in the Guidelines, subject to the firms satisfying the eligibility norms each year. DBIL would also comply with the Companies Act, 2013 for matters not explicitly covered by the Guideline.

2.7.2 Once the audit firm completes the period as specified under para 2.7.1, it would not be eligible for reappointment for such number of years as may be prescribed by RBI, after completion of full or part of one term of the audit tenure.

2.7.3 Further, other regulatory guidance on the number of audits that an audit firm can undertake would also be taken into consideration as specified in the Guidelines.

## **2.8 Review of Professional Standards**

2.8.1 The AC shall consider the performance of Statutory Auditors while reviewing their re-appointment as 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 would be dealt with on a prudent basis with reference to the Guidelines.

## **2.9 Statutory Auditor's responsibilities**

2.9.1 The Statutory Auditor is also expected to have its own control and monitoring framework to ensure independence in fact and appearance. The Statutory Auditors will report to the AC on such matter.

## **2.10 Statutory Auditor's appointment/reappointment procedure**

2.10.1 The Bank shall shortlist minimum of two (2) audit firms for every vacancy of SA as per the RBI guidelines as amended from time to time.

2.10.2 However, in case of reappointment of SCAs/SAs by banks/UCBs till completion of tenure of continuous term of 3 years, there would not be any requirement of shortlisting and sending names of multiple audit firms to RBI while seeking approval to appointment

2.10.3 The Bank shall obtain a certificate on eligibility norms, along with relevant information from the audit firms proposed to be appointed/ reappointed as SAs by the Bank as per RBI guidelines and other statutory requirements. Form B and Form C are prescribed by RBI for this purpose.

2.10.4 Proposal for appointment/re-appointment of SAs will be placed at the Audit Committee/ Board. Upon confirmation of the shortlisted SAs by the Audit Committee/Board the Bank will seek RBI's prior approval for the appointment/reappointment of SAs by filing the prescribed documents with RBI.

2.10.5 Upon the approval of RBI, the appointment/reappointment of SAs shall be approved by the shareholders at the annual general meeting.

## **2.11 Modifications and Review of the Policy**

2.11.1 If any applicable law or regulation changes, the new law/regulation takes precedence over this Policy. The Policy will eventually be updated to reflect these changes, but even before modification, the new law/regulation will prevail, and the Policy should be interpreted accordingly. The updated Policy will then be presented to the Audit Committee and the Board for their review and ratification.

2.11.2 The policy may be updated based on any change in the guidelines or any changes recommended by the management with approval by Audit Committee and by the Board.

## 2.12 Disclosure of Policy:

2.12.1 The Policy will be available on the Bank's website.

## 2.13 Review of Policy

2.13.1 This document is subject to review at least once in two years (with a grace period of 3 months), unless significant new developments warrant an earlier review.

### 3 Version History

Version	Date Initiated	Approved By	Key Changes
1	28.07.2021	Board	-
2	12.09.2025	Board	<p>Para 2.4 – Eligibility criteria of statutory auditors elaborated in the policy.</p> <p>Para 2.5.2 Approval of fees paid to the Statutory Auditors elaborated.</p> <p>Para 2.6.2 time gap between the engagement of the DBIL Statutory Auditors for any non- audit services is explicitly mentioned.</p> <p>Para 2.10 - Statutory Auditor's appointment/ reappointment procedure is incorporated in the policy basis the existing RBI guidelines.</p> <p>Para 2.11 – Para 2.11.1 is inserted to include the scenario in case of changes in the regulations.</p> <p>Para 2.12 added to give reference of the Bank's website where the policy is available to refer.</p> <p>Para 2.13 Review of policy – once in two years</p>