

CHARTERED ACCOUNTANTS' ASSOCIATION

STRENGTHENING AND UPLIFTMENT OF THE PROFESSION OF CHARTERED ACCOUNTANTS'

URGENT REPRESENTATION ON BEHALF OF MEMBER FIRMS

The Chief Managing Director
Indian Bank
Chennai

Date : 22-03-2021

SUB: REQUEST TO ISSUE APPOINTMENT LETTER TO PREVIOUS ELIGIBLE STATUTORY AUDITORS OF ALLAHABAD BANK (NOW MERGED WITH INDIAN BANK)

Sir

It has been brought into our notice that your esteemed organization has escaped to issue necessary letters for appointment of statutory branch auditors as per the agreed terms to auditors of erstwhile Allahabad Bank now merged with Indian Bank. Also, we have received an update from PDC, ICAI and also from members of Association regarding pendency of audit allotments till date by Indian Bank to the auditors of erstwhile Allahabad Bank for remaining tenure. This has caused undue hardship to the members of ICAI at large.

It is important to note that as per the RBI's guidelines and standard protocol, a public sector bank engages Chartered Accountant or CA firm for the tenure of minimum 4 years as a Statutory Branch Auditor (SBA). Further, in situation of merger of banks, as per the generally followed practice and under the Principle of Natural Justice, the 'continuing auditor' of the merged bank continue to render their professional services till the completion of their respective tenure (maximum being 4 years). Also, it has been stated by Finance Minister in Press Conference and Parliament that none of the branches would be closed after merger.

<https://economictimes.indiatimes.com/industry/banking/finance/banking/customers-wont-face-any-disruption-post-allahabad-bank-merger-indian-bank/articleshow/74916568.cms?from=mdr>

Details of mergers of public sector banks that took place in last few years are as follows:

Merger Date	Lead Bank	Merged Bank
01 st April, 2017	SBI	State Bank of Patalia, State Bank of Bikaner and Jaipur, State Bank of Raipur, State Bank of Travancoor, State Bank of Hyderabad
01 st April, 2019	BOB	Dena Bank, Vijaya Bank
01 st April, 2020	PNB	United Bank, OBC
01 st April, 2020	Canara Bank	Syndicate Bank
01 st April, 2020	Union Bank of India	Andhra Bank, Corporation Bank
01st April, 2020	Indian Bank	Allahabad Bank

In above context, the undersigned would like to bring to your kind notice that where all the banks have followed and respected the existing practice of continuing with the Statutory Branch Auditor of the merged banks for their remaining tenure, Indian Bank has abruptly removed the SBAs of Allahabad bank, post its merger.

CHARTERED ACCOUNTANTS' ASSOCIATION

STRENGTHENING AND UPLIFTMENT OF THE PROFESSION OF CHARTERED ACCOUNTANTS'

We believe that this practice by Indian Bank is extremely unfair and harsh and is also against the practice of natural justice. This has caused undue hardship to the members of ICAI at large.

As a good governance practice, we need following answers from the management of Indian Bank:

1. Has merger of Allahabad Bank with Indian Bank resulted in removal of employees of Allahabad Bank?
2. Are customers of Allahabad Bank not migrated to Indian Bank as a result of merger?
3. Was it not the responsibility of bank management and RBI to consider it as a policy decision and to take care of concerns of all stakeholders that would arise due to merger?
4. Is the business of the merged Allahabad Bank being discontinued and not being taken over by Indian Bank?
5. Is the business of Indian Bank and number of branches substantially reduced due to merger?

If the answer to all above questions is No, how does your bank and RBI justify snatching rights of ICAI Members that were allotted audit for Allahabad Bank? This act has caused undue stress and hardship to members in this already tough economic spell due to COVID-19 and rather than focusing on professional development, they have to put their important time to secure an assignment which was already allotted to them.

To mitigate genuine hardship caused to members due to your act, we humbly request your goodself to re-consider your decision and to allot branches of Indian Bank to eligible auditors of Allahabad Bank till the completion of four year audit cycle on the basis of merits and experience of the firm.

In case your bank decides not to consider our request in the interest of members at large, please let us know by end of day of 23rd March, 2021, so that we may approach the appropriate authorities with grievance of our members and issue may be resolved timely so that the followed delay due to your adamancy does not cause any hardship to stakeholders of bank and the general public.

Looking forward for a positive outcome of this communication.

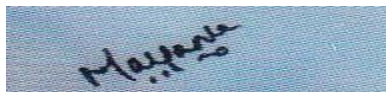
For CHARTERED ACCOUNTANTS' ASSOCIATION



(CA Sharad Sharma)

President

+91-9990365673



(CA Mayank Kulshrestha)

National Secretary

+91-9650565452

Copy to:

1. Hon'ble Finance Minister
2. President, ICAI
3. Chief General Manager-Supervision, RBI