

Independent Auditor's Report

To,
The Members,
Sree Narayan Guru Co-Op Bank Ltd.
Chembur, Mumbai.

Report on the audit of Financial Statements

Qualified Opinion

1. We have audited the accompanying financial statements of **Sree Narayan Guru Co-Op Bank Ltd. ('the Bank')** as at 31st March 2025, which comprise the Balance Sheet as at 31st March 2025, the Profit and Loss Account and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information forming part of the financial statements.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the *Basis for Qualified Opinion paragraph*, the aforesaid financial statements, together with the Notes thereon, read with our comments and observations, contained in audit memorandum in Part A, B, C, Form 1 and 7 attached herewith give the information required by the Banking Regulation Act, 1949 (As applicable to co-operative societies) as amended by the Banking Regulations (Amendment) Act 2020, the Maharashtra Co-operative Societies Act, 1960 and the Maharashtra Co-operative Societies Rules, 1961, circulars issued by the Registrar of Co-operative Societies, Maharashtra and the guidelines issued by Reserve Bank of India, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of state of affairs of the Bank as at 31st March, 2025;
- (b) In the case of the statement of Profit and Loss, of the profit for the year ended on that date.

Basis for Qualified Opinion

2. The Bank has accounted for leave encashment on a cash basis which is not in accordance with Accounting Standard (AS) 15 "Employee Benefits". Since the amount of leave encashment payable as per actuarial valuation is not made available, its effect on the Financial statement of the bank is not ascertainable.
3. We draw attention to Note 2(i) and (ii) to the financial statements regarding non reconciled inter-office accounts and various other outstanding accounts as at March 31, 2025. The impact, if any, of such non reconciled balances on the financial statements is presently not ascertainable.
4. We draw attention to Note No. 3 under Notes to Accounts in Schedule N to the financial statements regarding migration of data to core banking software of Jalgaon Janata Infotech Pvt Ltd (WebJCore) by the Bank during the year and consequent system-generated effects on certain modules, accounts, schedules and the possible impact on the financial statements is not ascertainable.

The cumulative impact of the above points from 2 to 4 on the CRAR, Net Worth and other Ratios of the Bank is not ascertainable.

We conducted our audit in accordance with the Standards on Auditing ("the SAs") issued by the Institute of Chartered Accountants of India ("the ICAI"). Our responsibilities under those SAs are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Maharashtra Co-operative Societies Act, 1960 and the Rules made thereunder and the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) as

amended by the Banking Regulation (Amendment) Act, 2020 and the guidelines issued by the Reserve Bank of India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics issued by the ICAI. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our *qualified* opinion.

Emphasis of Matter

5. We draw attention to the following matter :

a) The bank did not comply with the following Accounting standards issued by ICAI:

(i) **Accounting Standard 10** - Accounting for Property, Plant and Equipment:

The Bank has not disclosed the Gross Block and Accumulated Depreciation on Fixed Assets, as required by Accounting Standard ('AS') 10 Accounting for Property, Plant and Equipment issued by the Institute of Chartered Accountants of India ('ICAI'). Further bank has not separately disclosed Intangible assets as required by AS 26 "Intangible Assets".

(ii) The Bank has not disclosed information as required by AS 3 "Cash flow statement", AS 17 "Segment Reporting" and AS 20 "Earnings per share" issued by the Institute of Chartered Accountants of India ('ICAI').

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report thereon

6. The Bank's Management and Board of Directors are responsible for the preparation of other information. The other information comprises the information included in the Bank's Annual Report including other explanatory information but does not include Financial Statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our *qualified* opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our Audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report including other explanatory information, if based on the work we have performed, we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the Financial Statements

7. The Bank's management and Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the financial position, the financial performance of the Bank in accordance with the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) as amended by the Banking Regulation (Amendment) Act 2020, the guidelines issued by the Reserve Bank of India, the Registrar of Cooperative Societies, Maharashtra, The Maharashtra Co-operative Societies Act, 1960, and the Maharashtra Co-operative Societies Rules, 1961 (as applicable) and generally accepted accounting principles in India so far as applicable to the Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements

that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Bank to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal & Regulatory Requirements

9. The Balance sheet and the Profit and Loss Account have been drawn up in Form 'A' and Form 'B' respectively of the Third Schedule to the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) as amended by the Banking Regulation (Amendment) Act, 2020.
- We report that:
- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;
 - b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches/offices;
 - c. The transactions of the Bank which have come to our notice are within the powers of the Bank;
 - d. The Balance Sheet, the statement of Profit and Loss dealt with by this report, are in agreement with the books of account and the returns;
 - e. The accounting standards adopted by the Bank are consistent with those laid down by accounting principles generally accepted in India so far as applicable to Bank except as stated in Basis for Qualified Opinion Paragraph.
10. The details as required by Rule 69(6) of the Maharashtra Co-operative Societies Rules 1961 are given in the audit memorandum separately.
11. We further report that for the year under audit, the Bank has been awarded "A" classification.

For M/s. H M GOSHER & Co.

Chartered Accountants

Firm Registration No: 103344W

CA Swati S. Mota

Partner

Membership No: F/112087

UDIN: 25112087BMLGDJ7994

Place: Mumbai

Date: