

INDEPENDENT AUDITORS' REPORT

To the Members of Bangiya Gramin Vikash Bank

Report On The Financial Statements

We have audited the accompanying financial statements of **Bangiya Gramin Vikash Bank** as at 31st March 2016, which comprise the Balance Sheet as at 31st March 2016, 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. Incorporated in these financial statements are the returns of 20 branches audited by us and 526 branches audited by branch auditors and returns received from 41 unaudited branches. The Bank selected the branches to be audited in accordance with the guidelines issued by the National Bank for Agriculture and Rural Development (NABARD).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements, that give true and fair view of the financial position and financial performance of the Branches in accordance with the Banking Regulation Act, complying with Reserve Bank of India Guidelines from time to time. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a



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basis for our qualified audit opinion.

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Basis of Qualification

Provision for Deferred Tax liabilities as required under AS - 22 issued by the Institute of Chartered Accountants of India has not been made during the year.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, and read with the significant accounting policies and notes thereon the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of Balance Sheet, of the state of affairs of the Bank as at 31st March 2016;
- (ii) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
- (iii) In the case of Cash Flow Statement of the profit for the year ended on that date

Emphasis of Matter

We draw the attention of note 17 to the Financial Statements which describes that provision for gratuity on the basis of actuarial valuation has not been done because the Bank have an arrangement with LIC under LIC's Group Gratuity Scheme to take care of its future liabilities on account of gratuity on retirement of employees and in case of leave encashment liability is taken on cash basis.

Other Matter

Reconciliation of Inter Branch Transactions is underway and elimination of outstanding entries is in process. Reconciliation between General Ledger Accounts and Subsidiary Ledger Accounts in Head Office and Branches in respect of erstwhile Head Offices and old general account balance are still pending and the unreconciled amounts stands as on 31.03.2016 at Rs. 16.46 lac (cr) [Previous year Rs. 5.43 lac (cr)]. This may have financial implication when updated.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and Profit & Loss Account have been presented in accordance with Section 29 of the Banking Regulation Act, 1949.
2. Subject to the limitations of the audit indicated above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
 - (ii) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

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(iii) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

3. We further report that:

- (i) the Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account and returns;
- (ii) in our opinion, proper books of account as required by law have been kept by the bank so far as appears from our examination of those books;

Place: Kolkata
Date : 13/06/2016



For Dutta Sarkar & Co.
Chartered Accountants

FRN : 303114E

CA B.K.Patra
Partner

Membership No.-063444