

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of **“Vidarbha Konkan Gramin Bank”** (The Bank) as at 31st March 2016 which comprises the Balance Sheet as at 31st March 2016 and the Profit and Loss Account for the year ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of a 20 branches audited by us and the 289 branches audited by other statutory branch auditors. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 12 branches (including service branch) which have not been subjected to audit.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Bank's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Bank in accordance with the requirements of the Reserve Bank of India, the provisions of the Banking Regulation Act 1949, National Bank for Agriculture & Rural development (NABARD), Regional Rural Banks Act 1976 and recognized accounting policies and practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). This Responsibility of the management includes the design, implementation and maintenance of internal controls and risk management systems relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In making those risk assessments, the management has implemented such internal control that are relevant to the preparation of the financial statements and designed procedures that are appropriate in the circumstances so that the internal control with regard to all the activities of the Bank is effective.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have 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 misstatements.
4. An audit involves performing procedure to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgement, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Bank's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

OPINION

6. In our opinion, as shown by books of the Banks, to the best of our information and according to the explanations given to us:-
 - i) The Balance Sheet, read with the significant accounting policies and the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, and it has been properly drawn so as to exhibit a true and fair view of State of Affairs of the Bank as at 31st March 2016 in conformity with accounting principles generally accepted in India.
 - ii) The Profit and Loss Account, read with the significant accounting policies and the notes thereon shows a true balance of Profit, in conformity with accounting principles generally accepted in India, for the year covered by the account.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. The Balance sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act 1949 and Regulations, there under.
8. Subject to limitations of the audit indicated in paragraphs 1 to 5 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and beliefs, were necessary for the purpose of our audit and have found them to be satisfactory.
 - b) The transactions of the bank, which have come to our notice, have been within powers of the bank.
 - c) The returns received from the offices and branches of the bank have been found adequate for the purpose of our audit.
9. In our opinion, except AS-22 regarding Taxes on Income, the Balance Sheet and Profit and Loss Account comply with the applicable accounting standards.

Place: Nagpur
Date: 20th June 2016

For KBCS & Co.
Chartered Accountants
FRN: 109255W

CA. Vilas V. Saranjame
(Mem No. 033584)