

INDEPENDENT AUDITOR'S REPORT

To,
All Members,
THE KHERALU NAGARIK SAHAKARI BANK LTD.

Report on the Financial Statements

1. We have audited the accompanying financial statements of THE KHERALU NAGARIK SAHAKARI BANK LTD. which comprise the Balance Sheet as at 31st March 2025 ,Profit and Loss Account and Cash Flow Statement for the year then ended 31st March 2025,and a summary of significant accounting policies other explanatory information. The returns of four branches audited by us are incorporated in these financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Cooperative Societies Act 1961 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, its profit (or Loss)* for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing specified Cooperative Societies Act 1961 our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Management's Responsibility for the Financial Statements

The Company's board of directors are responsible for the matters stated in Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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 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 SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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 Company's ability 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 Company to cease to continue as a going concern.

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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Matters

1. The Balance Sheet and the Profit & Loss Account have been drawn up in as nears as to the prescribed form "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949 and they give the information as required to be given under the law and are in conformity with it.
2. The administration of the Bank is managed by the Board of Directors and they have observed the norms and the rules issued under the Gujarat Co-Operative Societies Act, 1961.
3. The Board of Directors has observed the norms and guidelines issued by Reserve Bank of India (R.B.I.) from time to time.
4. Bank has maintained the Annual Accounts, records as per R.B.I. guidelines and the provisions of the Gujarat Co-Operative Societies Act, 1961.
5. Balance Sheet is full and fair one, showing the correct position of Assets – Liabilities, Profit and Loss Accounts of the Bank.
6. Bank has adhered to the norms of C.R.R. and S.L.R. properly.
7. The classification of the assets and provisions of Non-Performing Assets has been made by the bank according to the guidelines of R.B.I.
8. The Bank has not given any advances to the directors and their relatives except the advances mentioned in table below:

9. Any director or office bearer does not possess disqualification as per law & bye-laws of the Gujarat Co-Operative Societies Act, 1961.
10. During the year Bank has received Rs Nil Proposal under Onetime Settlement Scheme introduced by Government of Gujarat.
11. During the Year Bank has made Compromise of Dues in Nil Cases and Total interest Rs Nil is Waived
12. Subject to our observations read with Significant Accounting Policies and Notes on Accounts, 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.
 - B. The Balance Sheet and Profit & Loss Accounts dealt with by this report are in agreement with the books of accounts and returns.
 - C. In our opinion and to the best of our information and according to the explanations given to us and as shown by the books of Bank,
 - a) The Balance Sheet exhibit true and fair view of the affairs of the bank as on 31st March, 2025.
 - b) The Profit & Loss Account shows the true profit for the year ended on 31st March, 2025.
13. We further report that for the year under audit, the bank has been awarded "A" classification

DATE: 28th May, 2024
PLACE: Ahmedabad
FRN: 104614W

FOR, KAMAL C. MEHTA & CO.
Chartered Accountants

[CA. Malav Mehta]
Partner
Membership No.: 129801
UDIN: 25129801BMICIM1518