

**S.R MOHAN & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT**

**To**  
**The Members of**  
**Telangana State Co-operative Apex Bank Limited,**  
**Hyderabad.**

**Report on the Financial Statements:**

We have audited the accompanying standalone financial statements of **Telangana State Co-operative Apex Bank Limited**, which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements:**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position , financial statements and cash flow statements of the bank in accordance with forms A and B respectively of the third schedule to the Banking Regulation Act, 1949 (As applicable to the Co-operative societies/Co-operative Banks). This responsibility includes the design, implementation and maintenance of the internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

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expressing an opinion on effectiveness of the Banks internal controls. An audit also includes evaluating the appropriateness of the 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.

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

### **Opinion**

In our opinion, and to the best of our information and according to the explanation given to us, the financial statements 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 the state of affairs of the Bank as at March 31, 2017; and
- (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date;
- (c) In the case of Cash flow statements for the year ended on that date;

### **Emphasis of Matter:**

We draw the attention to the following notes to financial statements:

1. Note No. 9 regarding surplus provision for Standard Assets, NPAs, Overdue interest reserve, other assets, Inter Branch reconciliation and Inter Bank Reconciliation available amounting to Rs. 339.51 crores after considering the current year provision requirement of Rs. 29.95crores.
2. Note No 20 regarding the amount payable/ receivable to / from the Telangana state Government which is subject to confirmation and reconciliation and regarding dues payable by the bank to the Telangana state Governments has not been paid as claims against these Governments are pending to be received.
3. Note No. 18 regarding the non-disclosure of certain related party information.

Our opinion is not qualified in respect of these matters.

### **Report on Other Legal and Regulatory Requirements:**

The Balance Sheet, Profit and Loss Account and Cash flow statement have been drawn up in forms A & B respectively of the Third schedule to the Banking Regulation Act, 1949 ( as applicable to the Co-operative Societies/ Co-operative Banks).

We report that:

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- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit and have found them to be satisfactory.
- b. The transactions of the bank which have come to my/our notice have been within the powers of the Bank.
- c. The returns received from the HO Departments and branches of the Bank have been found adequate for the purposes of our audit.

We further report that:

- i. the Balance Sheet, Profit and Loss account and Cash flow statements dealt with by this report are in agreement with the books of account and returns;
- ii. In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow statements comply with the applicable accounting standards;

Date: 01/06/2017  
Place: Hyderabad

For S.R. Mohan & Co  
Chartered Accountants  
(FRN: 002111S)

Sd/-  
G. Jagadeswara Rao  
Partner  
M. No. 021361