

Independent Auditor's Report

To,
The Members of Jharkhand Rajya Gramin Bank

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Jharkhand Rajya Gramin Bank ('the Bank'), which comprise the Balance Sheet as at 31 March 2022 and the Profit and Loss Account for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included the returns for the year ended on that date of:
 - i) 42 branches audited by us and
 - ii) 201 branches audited by statutory branch auditors.

The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the National Bank for Agricultural and Rural Development ('NABARD'). Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 200 branches which have not been subjected to audit. These unaudited branches account for 24.39 percent of advances, 34.82 per cent of deposits, 68.12 per cent of interest income and 42.09 per cent of interest Expenses.

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 Banking Regulation Act, 1949 in the manner so required for bank and are in conformity with accounting principles generally accepted in India and:

- a. the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2022;
- b. the Profit and Loss Account, read with the notes thereon shows a true balance of profit; and

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the ICAI. 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 Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with ethical requirements that are relevant to our audit of the financial statements prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by the ICAI, and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') & NABARD from time to time 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

3. 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. There exists no such matters which requires separate reporting thereon.

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

4. The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report for the Financial Year 2021-22 but does not include the financial statements and our auditor's report thereon. The reports containing the other information as above are expected to be made available to us after the date of this auditor's report.

Our 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. The Bank's Board of Directors is responsible with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') and the National Bank for Agricultural and Rural Development (NABARD) from time to time. 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 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 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, management is 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 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

6. 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 scepticism 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 but not for the purpose of expressing and opinion on the effectiveness of the Bank's Internal Control.
- 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 bank'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 bank 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 the misstatements in the financial statements that, individually or 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 of the scope of our audit work and evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatement 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 periods and are therefore the key matters. We describes these matters in our auditors report unless law or regulation precludes public disclosure about the matters 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 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.

Other Matters

7.

- a. We did not audit the financial statements / information of 200 branches and processing centres included in the financial statements of the Bank whose financial statements / financial information reflect total assets of Rs. 8798.26 Crores as at 31st March 2022 and total revenue of Rs. 533.43 Crores for the year ended on that date, as considered in the financial statements. These branches and processing centres cover 24.39% of advances, 34.82% of deposits and 27.57% of Non-performing assets as at 31st March 2022 and 68.12% of revenue for the year ended 31st March 2022. The financial statements / information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.
- b. The data extracted from Bancs24 software has been compiled for preparation of financial statements for this year.



- c. The bank is in the process of reconciling the net credit of Rs. 106.71 Lakhs (Previous Year Debit Balance of Rs. 821.22 Lakhs) between the Head Office and Branches which represents un-reconciled entries as on 31st March 2022.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

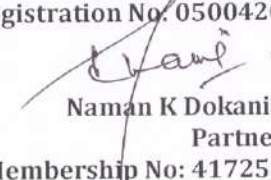
8. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949 and NABARD Guidelines

Subject to the limitations of the audit indicated in paragraphs 5 to 7 above and as required by the provisions of the Banking Regulation Act 1949 read with related provisions of Regional Rural Banks Act 1976, 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 purposes of the audit and have found them to be satisfactory;
- b. The transactions of the branch which have come to our notice have been within the powers of the Bank;
- c. the returns received from the branch have been found adequate for the purposes of our audit.
9. We further report that:
- a. 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 branches not visited by us;
- b. the Balance Sheet, and the Profit and Loss Account dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- c. the reports on the accounts of the branch offices audited by branch auditors of the bank under Section 29 of the Banking Regulations Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
- d. In our opinion, the Balance Sheet, and the Profit and Loss Account comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

For M/s D. N. Dokania & Associates
Chartered Accountants
Firm Registration No. 050042C




Naman K Dokania
Partner
Membership No: 417251
UDIN: 22417251AHULBQ5497

Place: Ranchi
Date: 21st April 2022