NASHIK MUNICIPAL CORPORATION

Rajiv Gandhi Bhavan, Sharanpur Road, Nashik – 422 002



HALF-YEARLY FINANCIAL STATEMENTS & LIMITED REVIEW REPORT

For the Half-Year Ended 30th September 2026

(Period: 1st April 2026 to 30th September 2026)

Name of Entity	Nashik Municipal Corporation
Reporting Period	Half-Year Ended 30th September 2026 (H1 FY 2026–27)
Accounting Framework	Accrual-Based Double-Entry System (NMAM)
Prepared & Approved By	Chief Accounts & Finance Officer, Nashik Municipal Corporation
Statutory / Review Auditors	M/s. Tushar Pagar and Co., Chartered Accountants (FRN: 120934W)
Signing Partner	CA Tushar Bajirao Pagar (Membership No.: 108831)
Review Standard & UDIN	SRE 2410 | UDIN: 26108831LXTKHH4363
Date & Place of Report	25th November 2026 | Nashik

NASHIK MUNICIPAL CORPORATION

Half-Yearly Financial Statements & Limited Review Report (Ended 30th September 2026)

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M/S. TUSHAR PAGAR AND CO.
CHARTERED ACCOUNTANTS
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Tilakwadi, Nashik - 422 002.
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Date : 25/11/2026

INDEPENDENT AUDITOR'S REVIEW REPORT ON HALF-YEARLY UNAUDITED FINANCIAL RESULTS

To,
The Chief Accounts & Finance Officer,
Nashik Municipal Corporation,
Rajiv Gandhi Bhavan, Sharanpur Road,
Nashik

We have reviewed the accompanying Statement of Unaudited Financial Results, comprising the Balance Sheet, Income & Expenditure Statement, and Statement of Cash Flows of Nashik Municipal Corporation for the half-year ended September 30, 2026.

This statement is the responsibility of the Urban Local Body's (ULB) Management and has been approved by the Competent Financial Authority. Our responsibility is to issue a report on these interim financial statements based on our review of its accrual base accounting.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity."* A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

During our review, we noted the following material deviations from the accrual-based double-entry accounting framework and the National Municipal Accounts Manual (NMAM):

- Several infrastructure projects under Capital Work-in-Progress have been fully completed and put to public use but have not been capitalised into fixed assets. Consequently, fixed assets are understated, and depreciation for the period has not been charged.
- The methodology deployed for calculating depreciation on municipal assets does not align with prescribed accounting standards for local bodies, leading to inaccurate carrying values of fixed assets.

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

- The ULB has failed to correctly classify revenue grants and capital grants into their respective accounting heads. This has resulted in the under/overstatement of corresponding grant balances.
- The ULB has failed to incorporate and account for the designated tax payment bank account within the primary books of accounts, leading to an incomplete representation of bank balances and underlying tax receipts.

Qualified Conclusion

Based on our review conducted as stated above, with the exception of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results has not been prepared, in all material respects, in accordance with the accrual-based double-entry system outlined in the National Municipal Accounts Manual (NMAM).

Emphasis of Matter Paragraph

We draw attention to certain matters disclosed in the Notes to Accounts relating to old outstanding balances, balances pertaining to the Education Department, sweep deposits, bank balances, employee advances, old stale cheques, interest on housing loans, other disclosures, tax deducted at source, recognition of challans, contingent liabilities, and other related matters. Our opinion is not modified in respect of these matters.

Other Matter Paragraph

The interim financial information is standalone and does not consolidate the accounts of the Corporation's subsidiaries and associates. Our review was based on the books of account, records, vouchers and other documents made available to us by management, within the scope of our engagement. The figures of the previous year were audited by the predecessor auditor. Our review pertains only to the current period.

For, M/s. Tushar Pagar and Co.
Chartered Accountants



Partner
Tushar Bajirao Pagar
Membership No.: 108831
UDIN: 26108831LXTKHH4363
Date: 25-11-2026
Place: Nashik

Nashik Municipal Corporation
Balance Sheet
As on 30 September 2026

Sr.	As per NMAM Code No.	Particulars	As at 30-Sep-2026	As at 30-Sep-2025
A		**LIABILITIES & MUNICIPAL FUNDS**		
i		**Reserve & Surplus**		
	310	Municipal (General) Fund	106,201,838,197.10	97,173,145,760.47
	311	Earmarked Funds	3,024,870,182.16	2,741,421,549.56
	312	Reserves	5,494,421,432.61	4,953,510,231.61
			114,721,129,811.87	104,868,077,541.64
ii	320	**Grants Contributions for specific purposes**	33,335,524,975.47	20,118,400,027.47
iii		**Loans**		
	330	Secured Loans	-	-
	331	Unsecured Loans	4,000,000,000.00	-
			4,000,000,000.00	-
iv		**Current Liabilities and Provisions**		
	340	Deposits Received	2,346,853,093.81	1,727,582,336.81
	350	Sundry Creditors & Other Liabilities	282,226,408.00	132,629,839.00
	360	Provisions	13,460,608,962.95	12,166,609,126.30
			16,089,688,464.76	14,026,821,302.11
		Total Municipal Funds & Liabilities	**168,146,343,252.10**	**139,013,298,871.22**
B		**ASSETS**		
i		**Fixed Assets**		
	410	Gross Block	95,570,335,420.15	94,709,545,681.15
	411	Less: Accumulated Depreciation	47,686,416,024.68	46,317,156,451.40
		Net Block	47,883,919,395.47	48,392,389,229.75
	412	**Capital Work-in-Progress**	61,723,773,848.39	47,582,747,474.01
			109,607,693,243.86	95,975,136,703.76
ii		**Investments**		
	420	Investments -General Fund	9,050,669,423.90	4,486,210,815.90
	421	Investments -Other Funds	32,376,474,679.39	25,515,195,827.89
	421	Investments -Others	80,950,000.00	80,950,000.00
			41,508,094,103.29	30,082,356,643.79
iii		**Current Assets & Loans and Advances**		
	430	Stock in Hand (Inventories)	23,223,467.73	18,654,588.60
	431	Sundry Debtors (Receivables)		
		Gross amount outstanding	1,284,088,674.15	1,114,091,644.50
	432	Less: Accumulated provision against bad and doubtful Receivables	690,561,069.00	623,008,253.00
		Net amount outstanding	593,527,605.15	491,083,391.50
	440	Prepaid Expenses	-	-
	450	Cash and Bank Balances	9,907,261,313.53	7,328,892,059.03
	460	Loans Advances and Deposits		
		Gross amount outstanding	6,288,062,391.00	5,085,267,088.00
	461	Less: Accumulated provision against Loans & Other current assets	-	-
		Net amount outstanding	6,288,062,391.00	5,085,267,088.00
	470	Other Assets	218,481,127.54	31,908,396.54
	480	Miscellaneous Expenditure (to the extent not written off)	-	-
		Total Assets	**168,146,343,252.10**	**139,013,298,871.22**

Subject to our Qualified Limited Review Report on given date
Auditor
For Tushar Pagar & Co
Chartered Accountants

Partner
Tushar Bajirao Pagar
M. No. 108831
Place: Nashik
Date: 25.11.2026

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

For Nashik Municipal Corporation, Nashik

Chief Accounts & Finance Officer

NASHIK MUNICIPAL CORPORATION NASHIK

Nashik Municipal Corporation
Statement of Income & Expenditure
For the half year ended 30 September 2026

Sr.	As per NMAM Code No.	Particulars	H1 FY 2026-27	H1 FY 2025-26
A		**INCOME**		
i	110	Tax revenue	1,240,778,259.00	554,557,962.00
ii	140	Fees, User Charges and Fines	1,265,061,939.00	1,348,551,211.96
iii	170	Income from Investments	634,881,601.00	355,574,201.50
iv	171	Interest Earned	26,869,645.50	35,489,374.50
v	180	Other Income	66,143,030.00	59,038,106.80
vi	130	Rental Income from Municipal Properties	21,120,846.00	8,657,203.00
vii	160	Revenue Grants, Contributions & Subsidies	306,298,501.00	4,343,055.00
viii	150	Sale & Hire Charges	1,110.00	2,140.00
ix	120	Assigned Revenues & Compensation	8,229,504,689.00	7,516,478,263.00
x	404	Increase/ (Decrease) in Inventory	(2,782,452.10)	928,383.60
		Total Income	**11,787,877,168.40**	**9,883,619,901.36**
B		**EXPENDITURE**		
xi	220	Administrative Expenses	1,140,225,605.00	1,291,534,675.00
xii	210	Establishment Expenses	3,112,345,164.00	3,004,799,697.00
xiii	240	Interest & Finance Expenses	158,069,879.95	147,371.74
xiv	250	Operations and Programme Implementation	1,134,859,687.00	908,236,377.00
xv	230	Repair and Maintenance	396,223,857.00	316,817,567.00
xvi		Reserve Fund & Misc. Expenses	-	-
xvii	260	Revenue Grants, Contributions & subsidies	807,654,971.00	901,757,413.00
xviii	270	Provision for Doubtful Receivable	29,448,603.00	12,152,085.00
xix	272	Depreciation	691,689,112.18	684,429,908.08
		Total expenditure	**7,470,516,879.13**	**7,119,875,093.82**
		Surplus / (deficit) before exceptional items	4,317,360,289.27	2,763,744,807.54
		Exceptional / prior-period items (net)	220,351,976.40	-
		Net surplus / (deficit) for the period	4,537,712,265.67	2,763,744,807.54

Subject to our Qualified Limited Review Report on given date
Auditor
For Tushar Pagar & Co.
Chartered Accountants

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

Partner
Tushar Bajirao Pagar
M. No. 108831
Place: Nashik
Date: 25.11.2026

For Nashik Municipal Corporation, Nashik

Chief Accounts & Finance Officer

NASHIK MUNICIPAL CORPORATION, NASHIK

Nashik Municipal Corporation
Cash Flow Statement
For the half year ended 30 September 2026

Sr.	Particulars	For the half year ended 30 September 2026	For the half year ended 30 September 2025
A	**Cash Flow from Operating Activity**		
	Surplus/(Deficit) from Income & Expenditure Account	4,537,712,265.67	2,763,744,807.54
	Add: Non-Cash Expenses/ Non Operating Expenses		
	Depreciation	691,689,112.18	684,429,908.08
	Provision for Overdue Taxes & Income	29,448,603.00	12,152,085.00
	Interest, Bank Guarantee Charges & Bank Charges Paid	158,069,879.95	147,371.74
	Appropriations		
	Less: Non-Operative Income		
	Interest Received	(661,751,246.50)	(391,063,576.00)
	Cash flow before working capital changes	**4,755,168,614.30**	**3,069,410,596.36**
	Working Capital Adjustements		
	Changes in Current Assets	(149,599,728.86)	1,767,815,189.34
	Changes in Current Liabilities	589,664,677.56	1,211,913,531.75
	Net Working Capital Changes	**440,064,948.70**	**2,979,728,721.09**
	Net Cash flow from Operating Activities (A)	**5,195,233,563.00**	**6,049,139,317.45**
B	**Cash Flow from Investment Activity**		
	Purchase of Fixed Assets	(5,458,369,198.38)	(1,586,271,107.00)
	Investments Made (Net) / Matured (Net)	(11,693,231,207.02)	(7,372,225,672.45)
	Interest on investments	661,751,246.50	391,063,576.00
	Net Cash flow from Investment Activities (B)	**(16,489,849,158.90)**	**(8,567,433,203.45)**
C	**Cash Flow from Financing Activity**		
	Interest, Bank Guarantee Charges & Bank Charges Paid	(158,069,879.95)	(147,371.74)
	Bonds Raised	-	-
	Increase in Capital Reserves Funds	7,622,164,996.00	695,633,332.00
	Cash Flow from Financing Activity (C)	**7,464,095,116.05**	**695,485,960.26**
D	Net Surplus / (Deficit) [D = A + B + C]	(3,830,520,479.85)	(1,822,807,925.74)
E	Add: Opening Cash & Cash Equivalents (E)	13,737,781,793.38	9,151,699,984.77
F	Closing Cash & Cash Equivalents [F = D + E]	9,907,261,313.53	7,328,892,059.03

Subject to our Qualified Limited Review Report on given date
Auditor
For Tushar Pagar & Co
Chartered Accountants

Partner
Tushar Bajirao Pagar
M. No. 108831
Place: Nashik
Date: 25.11.2026

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

For Nashik Municipal Corporation, Nashik

Chief Accounts & Finance Officer

NASHIK MUNICIPAL CORPORATION NASHIK

Notes to Accounts

The Notes to Accounts form an integral part of the financial statements and provide detailed disclosures required under applicable accounting standards. These notes aim to offer transparency, clarity, and additional information to stakeholders regarding the financial position and performance of the corporation. In opinion of corporation the following notes does not have any material impact on financial statement of the corporation.

1. Old Balances -
   The Nashik Municipal Corporation has certain old unreconciled balances under debtors, creditors, and advances, deposits, liabilities, which have been carried forward over the years.
   Some very old balances pertaining to loans, debtors, creditors and advances have been reconciled during the year on the basis of balance confirmations obtained from the respective departments. Differences identified, if any, have been appropriately adjusted in the books of accounts either by way of write-off or write-back or reclassification or rectification.
   Management is undertaking a focused reconciliation exercise; appropriate adjustments (write-off/write-back/reclassification/rectification) will be recorded on completion with requisite approvals.

2. Education Department
   The Education Department was merged with the Nashik Municipal Corporation in the year 2015. The process of merging and consolidation of its accounts with the Nashik Municipal Corporation's accounts is still under progress. Accordingly, the accounts pertaining to the Education Department have not been considered in these financial statements.

3. Sweep Deposits
   Interest on sweep deposits has been recognized on redemption/maturity in cases where formal bank confirmations were not available during the period; recognition is based on verified credit entries in the bank statements. In the absence of sweep deposit balance confirmations, balances and interest have been accounted for on the basis of bank statement entries and available correspondence, subject to subsequent confirmation and reconciliation.

4. Bank Balances
   There are certain old unreconciled bank balances pertaining to bank accounts that have since been closed; these balances continue to lie in the books and are currently under detailed reconciliation and review by management Upon completion of the reconciliation exercise, appropriate accounting adjustments, if any, will be carried out to write back/write off/reclassify/rectify such items.
   There are differences between balances as per day book, bank statement and those reflected in the Tally accounting system arising from incorrect accounting treatment and timing/classification issues; these are under detailed reconciliation. All bank account details, as provided by the corporation, have been incorporated in book of accounts. Pending completion of reconciliation, the balances as per Tally have been carried in the books of account, and adjustments (write-off/write-back/ reclassification/rectification) will be recorded upon completion of the reconciliation with proper approvals. Bank Balances are subject to reconciliation and rectification. However, with respect to General funds, reconciliation statements were not prepared in the General fund Cash Book for the period ending 30th September 2026. In the absence of the said reconciliation, the bank reconciliation is prepared on the basis of the double entry accounting system and the Bank Statement. Moreover, no separate physical day books are maintained for other bank accounts, instead it has been incorporated in tally (accounting software) itself.

NASHIK MUNICIPAL CORPORATION, NASHIK

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

Nashik Municipal Corporation

5. Employee Advances -
There are differences between employee advance balances as per the books of accounts and the employee advance register maintained by the Nashik Municipal Corporation. The differences mainly relate to certain unrecorded/uncaptured entries in the employee advance register. Management has reviewed the matter and is in the process of reconciling the same.

6. Old Stale Cheques -
Certain cheques issued in past years which have not been presented for payment till date have been parked under a Control Account. These cheques, though considered time-barred, are still being carried in the books under a Control Account until their status is fully reconciled.

7. Interest on Housing Loan
The interest charged on housing loans provided to employees was not separately disclosed as interest income in the Income & Expenditure Statement as data was not available. Consequently, both the interest income and the outstanding receivables from employees against the housing loans were understated. Steps are taken by concern department to ensure proper segregation and reporting of such transactions.

8. Other Disclosures
For improved financial presentation and clarity, certain items have been regrouped and reclassified where necessary. These changes have been made without impacting the overall financial results.

9. Tax Deducted on Source
Income earned by municipal corporation are exempt by the virtue of the article 243W of the constitution of India. It was observed that the reconciliation between the TDS entries as reflected in Form 26AS (as available on the Income Tax portal) and the corresponding entries recorded in the books of accounts of the Municipal Corporation are yet under review.

10. Challans Recognition
Certain receipts in the nature of Recruitment Fees, E-Tender Fees and EV Charging Station Income, Building permission management system & amount so collected in nature of road damage penalties though received during the year, are yet to be recognized as income in the books of accounts of the Corporation due to pendency of creation of challans against the said amounts. The income will be accounted for once amounts are reconciled and challans are prepared for same.

11. Contingent Liabilities
The Corporation may face claims, disputes, or demands in the ordinary course of business that are currently not reliably measurable, and hence no provision has been recognised at this stage. Such matters are monitored continuously, and contingent liabilities are disclosed only where an outflow is not remote and estimation is practicable, with non-disclosure when such disclosure would seriously prejudice the Corporation's position as permitted by the standards. Based on management's assessment as of the reporting date, no contingent liability requires recognition and no disclosure is necessary beyond this policy, as the likelihood of material outflow is assessed as remote.

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

NASHIK MUNICIPAL CORPORATION, NASHIK

Nashik Municipal Corporation

Other Information

Nashik Municipal Corporation (NMC) successfully raised funds through both private placement and public issuances of its green bonds. The private placement comprised the 7.80% Series I Bonds, while the public tranche was issued as the 8.05% Series II Bonds. Both issues utilize a staggered, multi-year maturity structure (STRPPs) spanning from 2029 to 2036. The mobilized capital is strictly earmarked to fund sustainable urban development, including the "Clean Godavari" project and local infrastructure upgrades. Details are as follows:

Municipal Bonds

Name of Bonds: Clean Godavari Bonds 2030 - Series I
Issue Size: Rs. 200.00 Crores
Debenture Trustee: Beacon Trusteeship Limited
Issue: Private Placement
Coupon Rate: 7.80%
Date of Allotment: November, 25 2025

Tranche	*Maturity Date*	*ISIN*
STRPP A	*November, 25 2029*	*INE579F24016*
STRPP B	*November, 25 2030*	*INE579F24024*

Green Bonds

Name of Bonds: 8.05% NMC Green Bonds -Series II
Issue Size: Rs. 200.00 Crores
Debenture Trustee: Beacon Trusteeship Limited
Issue: Public Issue
Date of Allotment: March, 05 2026
Coupon Rate: 8.05%

Tranche	*Maturity Date*	*ISIN*
STRPP A	*March 05, 2029*	*INE579F24099*
STRPP B	*March 05, 2030*	*INE579F24065*
STRPP C	*March 05, 2031*	*INE579F24032*
STRPP D	*March 05, 2032*	*INE579F24057*
STRPP E	*March 05, 2033*	*INE579F24040*
STRPP F	*March 05, 2034*	*INE579F24081*
STRPP G	*March 05, 2035*	*INE579F24073*
STRPP H	*March 05, 2036*	*INE579F24107*

DSCR

The Corporation's Debt Service Coverage Ratio (DSCR) stands at 8.45 times for the period ended September 30, 2026, computed based on amount apportioned to Debt Reserve Payment Account and operating surplus considered for H1 FY 2026-27.

ISCR

The Corporation's Interest Service Coverage Ratio (ISCR) stands at 28.31 times for the period ended September 30, 2026, computed based on amount apportioned to Interest Reserve Payment Account and Operating surplus for H1 FY 2026-27.

NASHIK MUNICIPAL CORPORATION, NASHIK

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

Nashik Municipal Corporation

Significant Accounting policies

The Significant Accounting Policies and Principles adopted for compiling Balance Sheet, Income and Expenditure & Cash Flow Statement of Nashik Municipal Corporation as on 30th September 2026 covers the following:

1. Income and Expenditure Statement:

The accounting of revenue is carried out on accrual basis for all possible items, duly considering the nature of income. In cases where income is realized through challans, revenue is recognized at the point of preparation of challans, since such preparation establishes the enforceable right to receive the income.

Balances relating to unreconciled challans are maintained in a control account within debtors pending for definitive identification and classification. Provisions for sundry debtors are determined based on confirmations obtained from the respective departments. For all tax streams, the period-end receivable is derived as opening balance plus current-period demand less collections during the period, with residual balances presented as receivables and subjected to provisioning and disclosure in accordance with the accounting policy.

a) Tax Revenue: Tax revenues, including property tax, water tax, sewerage tax, conservancy tax, and streetlight tax, are recognized on an accrual basis consistent with the revenue recognition criteria, subject to reasonable certainty of ultimate collection.
b) Octroi, professional tax, vehicle tax, and rental income from municipal properties are recognized on an accrual basis when the enforceable right to receive arises and amounts are measurable with reasonable certainty.
c) Interest Income: Interest on fixed deposits is recognized on a time proportion basis using the accrual method where determinable; receipts are recorded on collection where accrual is not reasonably estimable.
d) Establishment expenses: Establishment expenses comprise salaries, wages, bonuses, pension and other retirement benefits, and incidental employee-related costs, recognized on an accrual basis in the period of service.
e) Other expenditures: Other expenditures are recognized on an accrual basis upon approval of last approving authority and on incurrence of the underlying obligation, matched to the period of benefit.

2. Grants –

Grants are recognized when there is reasonable assurance that attached conditions will be complied with and the grants will be received. Grants related to revenue are recognized in the Statement of Income as income. Grants related to capital are recognized under the capital in the Balance Sheet.
In the absence of classification details, nature wise grant balances have not been adjusted and remain carried forward pending verification. The Corporation is undertaking a comprehensive reconciliation to ensure accurate recognition, presentation, and disclosure of grant; consequential adjustments, if any, will be effected upon completion of this exercise with appropriate disclosures.

3. Sundry Creditors

Sundry creditors are recognized upon occurrence of a present obligation for approval of last approving authority coupled with other relevant parameters.

NASHIK MUNICIPAL CORPORATION, NASHIK

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

Nashik Municipal Corporation

4. Fixed Assets –

Fixed assets are recognized when they are expected to provide future economic benefits to the Corporation.

The opening balance of fixed assets has been brought forward from the previous year's Financial Statements. In the current Financial Statements, fixed assets represent the cost incurred by various works departments for capital infrastructure, including the opening balance and expenditures capitalized during the period. Assets for which final completion certificates have not been received from the concerned departments, for all possible items, are classified as Capital Work in Progress (CWIP) until completion and formal acceptance. Movable assets, to the extent identified and verifiable, are recognized on the basis of vendor bills or invoices, with qualifying items capitalized as fixed assets.

5. Capital Work in Progress –

Movable assets, under installation or assembly carried as Capital Work in Progress (CWIP). For immovable assets, capitalization is effected upon receipt of completion/hand over certificates from the competent authority; pending such certification, related expenditures are presented as CWIP and are not depreciated. The delay in capitalisation is primarily due to pending final measurement certificates, administrative approvals, and the final settlement of contractor bills. The Corporation is in the process of expediting the reconciliation and anticipates transferring these assets to the Fixed Asset Register.

6. Depreciation –

The Nashik Municipal Corporation charges depreciation on the SLM basis as per the useful lives prescribed under the applicable norms/policy (NMAM) on the gross block of fixed assets. In the absence of a detailed item-wise fixed asset register for certain legacy assets, depreciation has been computed on a gross block basis for those classes.

7. Investments –

Fixed Deposit & Sweep Deposit

Investments comprises of fixed deposit and sweep deposit accounts with banks. Investment is valued at cost. Interest on fixed & sweep deposits is recognized on a time proportion basis using the accrual method where determinable; receipts are recorded on collection where accrual is not reasonably estimable.

Other Investments

The Corporation has made the following investments, which are recorded at face value:

- Nashik Smart City Development Corporation Limited – 50% equity stake
- Nashik Mahanagar Parivahan Mahamandal Limited – 100% equity stake.

These investments are long-term and carried at cost.

8. Deposits –

Municipal Corporation has an unpaid liability against deposit received from contractor or supplier. The same are booked on the basis of day books & bank statements.

9. Receivables:

The opening balances of receivables, as provided by the respective departments, have been brought forward. During the period, demands for taxes are raised, and collections received are adjusted against these demands. Sundry debtors are recognized based on confirmations received from the respective departments. The closing balance of receivables at the end of the period is determined after considering

NASHIK MUNICIPAL CORPORATION NASHIK

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

Nashik Municipal Corporation

the opening balances, current period demands, and collections, with any resulting difference being recorded in the Income Control Account to ensure compliance with the accrual concept of accounting.

With respect to property tax receivable, the accounts have been finalized on the basis of information furnished by the Property Tax Department, extracted from its internal software. On examination of the report generated from the software, it was observed that demand has been raised for six months only, while receipts, if any, are recorded for the whole period. In general practice, the Municipal Corporation raises the demand for the entire year at the start of the financial year, and citizens may pay the tax for the entire year. As a result, receipts may relate to the full year while the demand reflects only six months. The software is not equipped to bifurcate receipts, so the tax received for the period October to March 2026 cannot be separately identified. Accordingly, the property tax receivable balance is subject to this limitation.

10. Closing Stock -

The closing stock has been accounted for on the basis of details and confirmations received from the concerned departments. In respect of departments from which such details were not received, the opening balances of stock have not been carried forward as closing balances.

11. Employee Retirement Benefits –

Retirement benefits accruing to its employees during the year are provided on Cash based method and no Actuarial Valuations and Provisions.

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

Nashik Municipal Corporation

M/S. TUSHAR PAGAR AND CO.
CHARTERED ACCOUNTANTS
1, Vaishali Apartment, Opp Mayor's Bunglow
Tilakwadi, Nashik - 422 002.
Phone : 0253 - 2577800, 2987800
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Email : tusharpagar@gmail.com

Date :

Engagement Letter
Nashik Municipal Corporation

Date: 21 April 2026

To,
The Chief Accounts & Finance Officer,
Nashik Municipal Corporation,
Rajiv Gandhi Bhawan,
Nashik

Subject: Engagement letter for audit of accrual-based double-entry accounts for the financial year 2026-27, along with half-yearly limited review.

Reference: Appointment letter no. Ja. Kr. Lekha/Vashi/829/2026 dated 31 March 2026.

Dear Sir,

We are pleased to confirm our engagement as auditors of Nashik Municipal Corporation (the "Corporation") for the financial year 2026-27. This letter sets out the terms of our engagement, the scope of our work and the respective responsibilities of the Corporation and of Tushar Pagar & Co, Chartered Accountants ("we", "us" or the "Auditor").

We will audit the Corporation's financial statements, prepared under the National Municipal Accounting Manual (NMAM), to express an opinion on whether they are prepared, in all material respects, in accordance with the applicable financial reporting framework. We will also perform a limited review of the Corporation's interim financial information, as described below.

1. Scope of Audit

Our audit will cover the accrual-based double-entry accounts of the Corporation for the financial year 2026-27 and will determine whether the financial statements:

1. are prepared on the accrual basis of accounting;
2. comply with the National Municipal Accounting Manual (NMAM) 2004;
3. comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), as applicable to local authorities;
4. comply with generally accepted accounting principles and standards in India; and
5. properly reflect provisions, depreciation, grants, liabilities, payables, receivables, the fixed assets register, investments and other relevant accounting effects.

We will conduct the audit in accordance with the Standards on Auditing issued by ICAI and will frame our opinion on the financial statements accordingly.

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

2. Scope of Limited Review

In addition to the audit, we will carry out a limited review of the Corporation's interim financial information for such interim period(s) of the financial year 2026-27 as are specified in the work order. The review will be conducted in accordance with the Standard on Review Engagements (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by ICAI.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing. Consequently, it does not enable the Auditor to obtain assurance that the Auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the Auditor does not express an audit opinion on the interim financial information.

3. Responsibilities of Management

The Corporation's management is responsible for preparing financial statements, with significant accounting policies and notes to accounts, that give a true and fair view of the Corporation's financial position and financial performance. This includes:

- maintaining adequate accounting records in accordance with applicable law and the NMAM, to safeguard assets and to prevent and detect fraud and other irregularities;
- selecting and applying appropriate accounting policies, and making reasonable and prudent judgments and estimates; and
- designing, implementing and maintaining adequate internal financial controls that operate effectively, so that the accounting records are accurate and complete and the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern and for disclosing any related matters. Management must use the going-concern basis of accounting unless it intends to liquidate the Corporation or cease operations, or has no realistic alternative but to do so. Management is also responsible for overseeing the financial reporting process.

Management will also provide the interim financial information for review, give us access to all records and personnel we need, and provide a written Management Representation Letter in connection with both the audit and the limited review.

4. Responsibilities of the Auditor

Our responsibility is to express an opinion on the Corporation's financial statements, prepared on the accrual basis under the NMAM. We will conduct the audit independently and in accordance with the Standards on Auditing issued by ICAI and the standards applicable to audit under the double-entry method.

We will follow the procedures set out in our detailed audit plan to obtain evidence about the amounts and disclosures in the financial statements. We will perform risk assessment based on our professional judgment and experience.

For the limited review, our responsibility is to report on the interim financial information based on the review procedures described in Section 2. We will not express an audit opinion on it.

We have no responsibility to update our reports for events and circumstances occurring after their date.

M/S. TUSHAR PAGAR AND CO. ★ FRN : 120934W ★ CHARTERED ACCOUNTANTS

5. Liability and Indemnification

Except in cases of gross negligence or wilful misconduct by Tushar Pagar & Co, our maximum liability is limited to the fees paid for the services giving rise to the liability. The Corporation will indemnify Tushar Pagar & Co against claims, liabilities and expenses related to our services. If we are later asked to produce documents or provide personnel as witnesses, the Corporation will reimburse our professional time, expenses and legal fees. If conditions arise that prevent us from completing the audit or review, or from issuing a report, we will notify you promptly and take appropriate action.

6. Fees

Fees for this engagement, covering both the audit and the limited review, will be as per the work order issued by the Corporation. Any additional services requested outside the scope of this letter will be subject to separate fees and a separate agreement.

7. Limitation of Scope

This engagement is limited to the areas specified above. Consulting or advisory services beyond that scope are not part of this assignment and will need a separate engagement agreement. Our reports and findings are prepared solely at the request of management and for its use only. They are not intended for third parties unless we are informed otherwise in writing.

8. Peer Review and Representations

Our audit process is subject to peer review or quality review under the Chartered Accountants Act, 1949. The reviewer(s) may inspect, examine or take abstracts of our working papers during the course of that review.

As part of our process, we will request written confirmation from management of the representations made to us in connection with the audit and the limited review (the Management Representation Letter).

We look forward to working with you on this assignment. Please acknowledge your acceptance of these terms by signing and returning the enclosed copy of this letter.

Yours faithfully,

For Tushar Pagar & Co
Chartered Accountants

Partner
Tushar Bajirao Pagar
M. No. 108831
Place: Nashik

M/S. TUSHAR PAGAR AND CO. FRN : 120934W CHARTERED ACCOUNTANTS

Acknowledged and accepted

For Nashik Municipal Corporation, Nashik

Chief Accounts & Finance Officer

NASHIK MUNICIPAL CORPORATION, NASHIK