



KHORDHA CENTRAL CO-OPERATIVE BANK LTD., KHORDHA

B. NOTES ON ACCOUNTS:

Borrowings from other sources represent the borrowing made from Government of Orissa. Out of Total Loans and Advances of Rs 7,94,42,43,486.23, Total NPA is Rs 50,09,00,370.34. The Segregation of the advances on the basis of Short Term, Medium Term and Long Term NPA has been ascertained.

Gross NPA of the Bank has been decreased from 7.48% to 6.31%. Also, NPA has been decreased by Rs 6,66,71,065.39.

Provision for NPA has already been made at higher side from the financial year 2016-17 to 2019-20, so in current financial year i.e. 2021-22 there is no provision made for NPA. As per the guidelines of RBI, provision on standard assets has been made at 0.25% on short term agriculture and 0.40% on other loan of the outstanding amount on a portfolio basis. Insurance expenditure includes Deposit Insurance Premium of Rs 75,26,441/- paid to Deposit Insurance & Credit Guarantee Corporation for the period of 01.04.2021 to 30.09.2021 and 01.10.2022 to 31.03.2022.

The Bank is a Central Co-operative Society, at Dist level registered under the Orissa Co-operative Society Act, 1962 (Orissa Act 2 of 1963) and there are no related parties required to be disclosed as per AS-18 issued by the Institute of Chartered Accountants of India. The Key Managerial Person is Sri Ananta Kumar Samal, Chief Executive Officer from 01.02.2021 to till date of the Bank. However, in terms of RBI circular dated 29.03.2003, he being single party coming under the category, no further details need to be disclosed.

| Sl. No. | Name of the CEO | Month | Salary | Reimbursement Salary |
|---------|------------------------|----------|--------------|----------------------|
| 01 | Sri Ananta Kumar Samal | Apr - 21 | 1,64,233.00 | 1,35,289.00 |
| 02 | Sri Ananta Kumar Samal | May - 21 | 1,63,658.00 | 1,34,777.00 |
| 03 | Sri Ananta Kumar Samal | Jun - 21 | 1,63,658.00 | 1,34,777.00 |
| 04 | Sri Ananta Kumar Samal | Jul - 21 | 1,68,097.00 | 1,38,467.00 |
| 05 | Sri Ananta Kumar Samal | Aug - 21 | 1,70,623.00 | 1,40,719.00 |
| 06 | Sri Ananta Kumar Samal | Sep - 21 | 1,70,623.00 | 1,40,719.00 |
| 07 | Sri Ananta Kumar Samal | Oct - 21 | 1,70,623.00 | 1,40,719.00 |
| 08 | Sri Ananta Kumar Samal | Nov - 21 | 1,73,739.00 | 1,43,496.00 |
| 09 | Sri Ananta Kumar Samal | Dec - 21 | 1,73,739.00 | 1,43,496.00 |
| 10 | Sri Ananta Kumar Samal | Jan - 22 | 1,73,739.00 | 1,46,272.00 |
| 11 | Sri Ananta Kumar Samal | Feb - 22 | 1,76,853.00 | 1,46,272.00 |
| 12 | Sri Ananta Kumar Samal | Mar - 22 | 1,76,853.00 | 1,46,272.00 |
| | | | 20,46,438.00 | 16,85,499.00 |

The Bank has invested in Shares with Odisha State Co-operative Bank, in Government Securities. Besides the above the Bank also made deposit with Cynosure. Details are given in appendix 18(A), 18(B), Statement - 6.

During the financial year 2021-22, Bank has incurred Gross Profit to Rs 28,58,26,999.80 after giving the provision entry towards. Overdue interest of Rs 60,67,912.00 and Imbalance of Rs 254,000,000.00. The Bank had kept provision towards Income Tax of Rs 55,00,000/- to arrive profit after tax of Rs 1,02,58,087.80.

The Bank has received interest Subvention of Rupees 40,42,80358/- from the Govt. of Orissa and Govt. of India for the FY - 2020-21 through Orissa State Cooperative Bank. The same has been received and accounted in the books of the entity during the financial year 2021-22. Bank has transferred an amount Rs 20,71,742.45 as on Dtd 31.03.2022 towards the Depositor Education & Awareness Fund Scheme 2014 in abeyance to Section 26A of the BR Act.

Additional disclosures:

| Particulars | As on 31.03.2022 (Current Year) (Rs. In Lakhs) | As on 31.03.2021 (Previous Year) (Rs. In Lakhs) |
|--|--|---|
| Capital to Risk Assets Ratio (CRAR) | | |
| (i) Total Capital Funds | 11005.50 | 9442.48 |
| (ii) Risk Weighted Assets | 87608.94 | 77230.54 |
| (iii) CRAR | 12.56% | 12.23% |
| Investments (Govt. Security) | | |
| (i) Book Value | 13076.28 | 13076.28 |
| (ii) Face Value | 13200.00 | 13200.00 |
| (iii) Market Value | Unavailable | Unavailable |
| Advance Against | | |
| (i) Real Estate | Nil | Nil |
| (ii) Construction Business | Nil | Nil |
| (iii) Housing | 67.27 | 13.16 |
| Advance against shares & Debentures | Nil | Nil |
| Advances to directors, their relatives, companies/firms in which they are interested | | |
| (i) Fund Based | Nil | Nil |
| (ii) Non-Fund based | Nil | Nil |
| Average Cost of Deposits | 4.27% | 4.48% |
| NPAs | | |
| (i) Gross NPAs | 5009.00 | 5927.78 |
| (ii) Net NPAs | 448.15 | 1366.93 |
| NPAs | | |
| (i) Gross NPAs | 5675.71 | 4801.76 |
| Opening Balance | 2278.55 | 2315.52 |
| Add Additions During the year | 1364.91 | 3189.47 |
| Less Reduction During the year | 4762.07 | 5675.71 |
| Closing Balance | | |
| Profitability (Annualized Basis) | | |
| (i) Interest income as a percentage of working funds | 7.43% | 6.55% |
| (ii) Non-interest income as a percentage of working funds | 0.01% | 0.03% |
| (iii) Operating profit as a percentage of working funds | 0.12% | 0.11% |
| (iv) Return on average Assets | 7.37% | 6.49% |
| (v) Business (Deposits + Advances) per employee | 958.37 | 1057.36 |

| | (i) NPAs | 4500.85 | 4500.85 |
|--------------------------------------|----------|---------|----------|
| (i) Towards Overdue Interest Reserve | | | |
| Opening Balance | | 3117.12 | 2,790.17 |
| Add Additions during the year | | 60.68 | 900.00 |
| Less Reduction during the year | | | |
| Closing Balance | | 3177.80 | 3,690.17 |

13. Previous year figures have been regrouped or reclassified, wherever necessary to conform to the presentation of the current year.

INDEPENDENT AUDITOR'S REPORT

To
The Members
Khordha Central Cooperative Bank Ltd., Khordha

Report on the Financial Statements
We have audited the accompanying financial statements of Khordha Central Co-operative Bank Ltd., Khordha, which comprise the Balance Sheet as at 31st March, 2022, the Profit and Loss Account of the bank annexed thereto for the year ended on that date along with the Funds Flow Statement for the above period, which incorporated the returns of Head Office and 18 Branches (eighteen) audited by the respective branch auditors. The branches audited by us have been selected by the Bank in accordance with the guidelines issued by the NABARD. These financial statements are the responsibility of the Bank Management.

Management's Responsibility for the Financial Statements
The management is responsible for 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 provisions of the Banking Regulation Act, 1949, the guidelines issued by the Reserve Bank of India, National Bank for Agriculture and Rural Development (NABARD), the Odisha Cooperative Societies Act, 1962 and recognized accounting policies and practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

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 Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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. Making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements in order to design audit procedures that are appropriate in circumstances. 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 obtained by us 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 explanations given to us, the Balance Sheet and Profit and Loss Account have been drawn up in 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 by the provisions of the Odisha Cooperative Societies Act, 1962 and the rules made there under in the manner so required and give a true and fair view in conformity with the accounting policies generally accepted in India, the state of affairs of the bank as at 31st March, 2022, and its profit and its cash flows for the year ended on that date.

Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- a. In case of Balance Sheet the state of affairs of the Bank as at 31st March 2022.
- b. In case of Profit and Loss Account the state of the Profit for the year ended on that date.
- c. In case of Cash Flow Statement of Cash Flow for the period covered by the statement.

Report on other Legal and Regulatory Requirements

The Balance Sheet and Profit & Loss Account have been drawn up as per the prescribed format and are in accordance with provisions of section 29 of the Banking Regulations Act 1949 and Odisha State Co Operative Societies Act 1962 and the terms of the MOU (Clause-9.20) signed by the State Government with Govt. of India and NABARD and the reforms made in Odisha State Co-operative Societies Act and subject to the limitation of disclosure required therein, notes on account and accounting policies forming part of the accounts as on 31st March 2022.

Subject to the limitations of the audit indicated in Para 1 and 2 above and subject to the limitation of disclosure required therein and also subject to the effect of the following:

- a) Accounting Policy Number 6 of "Accounting policies and notes forming part of accounts" regarding the recognition of certain items of Income / expenditures on receipt / payment

basis, which is not in conformity with Accounting Standard No 9 on "revenue Recognition" issued by the Institute of Chartered Accountants of India, the effect of which could not be ascertained.

- We report that:**
- a) The software of the Bank needs to be upgraded immediately to comply with IRAC Norms, Income Tax Act and GST Act. CBS system should be developed in such a way that all returns can be taken from the system directly.
 - b) Provision on advances is made at a much higher rate than prescribed, which results in under-statement of income to the extent of Rs. lakhs.
 - c) KYC is not being done properly. Multiple IDs for same person found in some of the Branches. In our opinion Aadhaar number should be made mandatory for all account holders by which multiple IDs issue may be resolved.
 - d) Steps should be taken to eliminate old outstanding entries pending in Sundry Creditors, Sundry Debtors and Suspense Account.
 - e) Most of the fixed assets have been classified as "Furniture & Fixtures" in Balance Sheet. Fixed assets need to be classified under appropriate heads.
 - f) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and found them satisfactory.
 - g) The transactions of the bank that have come to our notice are within the powers of the bank. The report on accounts of the branches audited by us has been dealt with in preparing our report in the manner considered necessary by us.
 - h) The returns received from the head office and the 18 branches of the bank have been found adequate for the purposes of our audit.
 - i) The Balance Sheet read with notes on accounts is a full and fair Balance Sheet containing the necessary particulars and is properly drawn-up as to exhibit a true and fair view of the state of affairs of the bank as on 31st March 2022.
 - k) In our opinion, proper books of accounts, as required by law have been kept by the Bank, so far as appears from our examination of these books.
 - l) The Cash Flow statement gives a true and fair view of the cash flows for the period ended on that date.
 - m) In our opinion and to the best of our information and according to the explanations given to us the books of accounts maintained by the bank are in accordance with the accounting principles generally accepted in India.

We Further Report That:

- a) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account and returns.
- b) In our opinion, proper books of account as required by law have been kept by the bank as far as appears from our examination of those books.

BALANCE SHEET AS ON 31.03.2022

Form - A

| Liabilities | | | Assets | | |
|-------------|-------------------------------|--------------------------|---------|--------------------------------|--------------------------|
| Sl. No. | Particulars | Amount | Sl. No. | Particulars | Amount |
| 1 | Paid up Share Capital | 981,652,877.00 | 1 | Cash in Hand | 33,333,737.00 |
| 2 | Reserve Fund & Other Reserves | 109,389,255.09 | 2 | Current Account with Banks | 637,325,313.27 |
| 3 | Deposit & Other Accounts | 5,472,866,398.57 | 3 | Investment | 4,692,462,538.14 |
| 4 | Borrowings | 5,425,686,100.00 | 4 | Loans & Advances | 7,944,245,486.23 |
| 5 | Bills for Collection | - | 5 | Interest receivable | 425,141,087.79 |
| 6 | Overdue Interest Reserve | 317,780,190.84 | 6 | Bills receivable as per contra | - |
| 7 | Interest payable | 310,307,063.66 | 7 | Premises | 70,178,256.00 |
| 8 | Other Liabilities | 1,247,802,045.13 | 8 | Furniture & fittings | 12,582,221.62 |
| 9 | Accumulated Profit | 10,259,087.80 | 9 | Other Assets | 60,474,378.04 |
| | Total | 13,875,743,018.09 | | Total | 13,875,743,018.09 |

PROFIT & LOSS ACCOUNT FOR THE YEAR 2021-22

Form - B

| Income | | | Expenditure | | |
|---------|---|-----------------------|-------------|---|-----------------------|
| Sl. No. | Particulars | Amount | Sl. No. | Particulars | Amount |
| 1 | Interest received on loans & Investment | 975,976,121.07 | 1 | Interest paid on deposits & borrowings | 566,082,940.00 |
| 2 | Commission, Exchange & Brokerage | 1,075,353.47 | 2 | Salary & Allowances | 93,514,831.00 |
| 3 | Subsidy & Donation | | 3 | Director & Local Committee member fees & Allowances | 0.00 |
| 4 | Income on Non-Banking Assets | | 4 | Rent Taxes, Insurance Charges & Lighting etc. | 18,529,459.39 |
| 5 | Other receipts | 894,254.92 | 5 | Law Charges & Legal Expenses | 202,366.00 |
| 6 | Provision for profit & loss A/c | | 6 | Postage & Telegram & Telephone Charges | -2,718,800.43 |
| | | | 7 | Audit fees | 1,343,710.00 |
| | | | 8 | Depreciation | 6,583,255.67 |
| | | | 9 | Stationery, Printing & Advertisement | 1,086,409.80 |
| | | | 10 | Other Expenditure | 757,695.37 |
| | | | 11 | Provisions | 27,006,792.00 |
| | | | 12 | Profit for the year 2021-22 | 10,259,087.80 |
| | Total | 977,945,729.46 | | Total | 977,945,729.46 |

Sd/- D. Mohapatra Manager (Accounts) Sd/- S. Satapathy DGM Sd/- A.K. Samal Chief Executive Officer Sd/- Shri K. Sudarshan Chattravorthy Collector & DM, Khordha-cum-Administrator Sd/- Siva Prasadha Patil Chartered Accountant Khordha Central Cooperative Bank Ltd., Khordha