



THE DISTRICT CO-OPERATIVE CENTRAL BANK LTD, MAHABUBNAGAR

(Government Partnered Bank)

RBI License No. RPCD (H) Co-OP/20/05-08-03/2011-12 Dated: 28-11-2011

INDEPENDENT AUDITOR'S REPORT

To The Members of
 District Cooperative Central Bank Ltd, Mahabubnagar,
 Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of District Cooperative Central Bank Limited, Mahabubnagar ("the Bank"), which comprise the balance sheet as at March 31, 2022, the statement of Profit and Loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements of the Bank, because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report; we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

- i) New accounting software (FINARIO) was introduced in place of the existing accounting software (INTELLECT) from 01st December, 2020, which resulted in numerous errors /changes in books of accounts. As of the date of our report, management is still in the process of identifying/rectifying the system deficiencies and correcting the errors.
- ii) The management has not fully resolved the issues relating to differences in Long term loan account balance raised due to introduction of LT Module in erstwhile CBS (INTELLECT) in January, 2020 / February, 2020. The account balances in INTELLECT were again migrated to new accounting software (FINARIO) with another different value. In the absence of written operation manual and frequent oral instructions from management, the users of the software at various levels have adopted different options in recording the transactions and interpretation of the account operations, however during the year the bank reconciled accounts between manual & CBS ledgers and dispensed manual ledgers from 01.03.2022
- iii) In computerized accounts (CBS) system the NPA module for complying IRAC norms is not effective due to inherent limitations of the Software. We were unable to confirm or verify by alternative means of revenue recognition of IRAC norms in the Profit and Loss Account for the year ending March 31, 2022 and classification of Non-Performing Assets as at March, 31, 2022.
- iv) Non-Compliance of Accounting Standards issued by Institute of Chartered Accountants of India ("ICAI") AS-15 (Employee Benefits)
- v) Reconciliations of amounts between DCCB & PACS are not being carried out – as most of loans being disbursed to PACS by the DCCB without reconciliation it is difficult to identify or detect early frauds and also it is observed that amounts disbursed by DCCB to PACS are further disbursed to Individual farmers where it is identified that PACS are settling amounts paid by one customer to another customer so as to make accounts not fall into NPA – it is clear that they are doing Window dressing. Hence it is mandatory to do reconciliation between DCCB & PACS on a regular basis.

As a result of these matters, we were unable to determine whether any adjustments might have found necessary in respect of recorded and unrecorded transactions of above matters and the elements making up the Balance Sheet as at 31st March, 2022 and statement of Profit and Loss for the year ended on that date.

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

Management is responsible for the preparation of the financial statements in accordance with Banking Regulation Act, 1949 and for such internal control as management determines is necessary to enable the preparation of financial statements that 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.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Bank's financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. We are independent of the Bank in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the Bank.

Report on Other Legal and Regulatory Requirements

Subject to the observations at paragraph "Basis for Disclaimer of Opinion", we have obtained necessary the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found to be satisfactory;

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 the branches. Subject to the matters on which disclaimer of opinion has been issued.

The transactions of the Bank which came to our notice have been within the powers of the bank.

For Y TIRUPATHAIAH & CO.,
 Chartered Accountants
 FRN 004429S

Y. Tirupathaiah
 Partner
 MRN: 025911
 UDIN: 22025911AJJKOJ5784



THE DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED., MAHABUBNAGAR
Balance Sheet as at 31st March 2022

LIABILITIES	Sch No	As at 31-03-2022	As at 31-03-2021
Capital	1	91,39,67,986.40	86,64,15,864.59
Reserves and Surplus	2	1,08,13,92,326.68	1,024,763,920.65
Deposits	3	3,18,28,63,223.52	3,16,35,52,207.09
Borrowings	4	5,29,46,85,616.00	5,10,48,79,617.00
Other Liabilities and Provisions	5	55,43,53,218.37	65,72,72,339.71
Total		11,02,72,62,370.97	10,81,68,83,949.04
ASSETS	Sch No	As at 31-03-2022	As at 31-03-2021
Cash Balances	6	3,92,35,205.00	6,01,96,871.00
Balances with Other Banks	7	80,10,43,560.71	68,48,74,214.45
Investments	8	96,36,55,500.00	87,89,78,851.00
Loans and Advances	9	8,78,30,77,344.80	8,63,99,13,054.26
Fixed Assets	10	9,80,92,993.56	11,58,84,681.53
Other Assets	11	34,21,57,766.90	43,70,36,276.80
Total		11,02,72,62,370.97	10,81,68,83,949.04
Contingent Liabilities	12	7,48,07,868.37	6,66,33,106.70
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This is the Balance Sheet referred to in our report of even date

THE DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED., MAHABUBNAGAR
Statement of Profit and Loss for the year ended 31st March 2022

Income	Sch No	Year ended 31-03-2022	Year ended 31-03-2021
Interest Earned	13	89,97,13,241.84	79,41,02,664.24
Other Income	14	3,37,67,741.90	2,31,84,494.21
Provisions Written back		11,72,91,562.31	
Total		1,05,07,72,546.05	81,72,87,158.45
Expenditure	Sch No	Year ended 31-03-2022	Year ended 31-03-2021
Interest Expended	15	49,57,72,494.87	46,16,70,803.16
Operating Expenses	16	26,04,74,669.15	20,57,38,293.99
Write-Off Assets & Bad Debts	16A	-	-
Depreciation on Fixed Assets & Investments	16B	1,79,83,167.53	2,01,52,192.43
Total		77,42,30,331.55	68,75,61,289.58
Profit before Provisions & Contingencies		27,65,42,214.50	12,97,25,868.87
Special Reserve U/S 36 (1) VIII of IT Act	16C	2,00,00,000.00	-
Bad and Doubtful Debt Provision 36 (1) (VIIa) of IT Act	16C	5,00,00,000.00	-
Reserve For Overdue Interest	16C	-	-
Provision For Standard Assets at 0.25 percent	16C	20,00,000.00	37,00,000.00
Provision For NPA	16C	-	-
Reserve For Deferred Interest on LT Reschedule Loans	16C	-	-
Reserve For Audit Objection Due to/Frauds	16C	3,77,22,797.00	7,63,52,500.00
Reserve For Debt Relief Amount Due from Govt.	16C	-	-
TOTAL PROVISIONS MADE		10,97,22,797.00	8,00,52,500.00
Profit before Tax		16,68,19,417.50	4,96,73,368.87
Less: Current Tax		5,35,00,000.00	4,75,00,000.00
Short/(Excess) Provision for earlier years		49,48,285.00	-
Profit after Tax (Transfer to Balance Sheet)		11,82,67,702.50	21,73,368.87

APPROPRIATION OF PROFIT

Reserve Fund	5,91,33,851.25
Agriculture Credit Stabilization Fund	1,77,40,155.38
Dividend Equalization Fund	1,77,40,155.38
Education Fund	2,00,000.00
Investment Fluctuation Fund	2,34,53,540.49
Total	11,82,67,702.50

This is the Profit & Loss Account referred to in our report of even date

For: THE DCC BANK LTD., MAHABUBNAGAR **For Y Tirupathaiah & Co.,**
 Chartered Accountants
 FRN: 004429S

CEO DIRECTOR DIRECTOR PRESIDENT (Y Tirupathaiah)
 Partner
 Place: Mahabubnagar
 Date: 21-05-2022
 Membership No. 025911
 UDIN: 22025911AJJKOJ5784

