K.D.C.C. BANK

Y-11, THE KANYAKUMARI DISTRICT CENTRAL CO-OPERATIVE BANK LTD., NAGERCOIL

Under Section 29 of the Banking Regulation Act 1949 (As Applicable to Co-op Societies)

AUDIT - 2024 - 2025

BALANCE SHEET AS ON 31.03.2025

(Rs.In Thousands)

LIABILITIES	Schedule No	As on 31.03.2025	As on 31.03.2024
Capital and Liabilities			
Capital	1	7,43,202	7,22,151
Reserves and Surplus	2	8,73,720	6,38,845
Deposits	3	1,11,46,496	1,08,96,345
Borrowings	4	43,22,859	35,38,060
Other liabilities and Provisions	5	14,13,141	13,25,691
Total		**1,84,99,418**	**1,71,21,092**

ASSETS	Schedule No	As on 31.03.2025	As on 31.03.2024
Cash and balances with RBI	6	2,98,777	2,48,811
Balance with Banks and Money at call and Short notice	7	1,90,489	4,91,596
Investments	8	30,89,637	33,41,087
Advances	9	1,39,70,928	1,24,63,771
Fixed Assets	10	2,85,429	54,893
Other Assets	11	6,64,158	5,20,934
Total		**1,84,99,418**	**1,71,21,092**
Contingent liabilites	**12**	**36,920**	**12,257**
Bills for collection		**-**	**-**

FORM OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH 2025

PARTICULARS	Schedule No	Year ended 31.03.2025	Year ended 31.03.2024
I. INCOME			
Interest earned	13	13,83,714	11,90,316
Other Income	14	63,655	39,698
Total		**14,47,369**	**12,30,014**
II.EXPENDITURE			
Interest Expended	15	9,65,879	8,25,920
Operating expenses	16	3,79,207	3,50,982
Provisions and contingencies	17	54,285	5,539
Total		**13,99,371**	**11,82,441**
III.PROFIT/LOSS			
Net Profit/loss (-) for the year		47,998	47,573
Profit/Loss (-) brought forward			
Total		**47,998**	**47,573**

IV. Appropriations		
Transfer to statutory reserves		
Transfer to other reserves		
Transfer to Government /Proposed dividend		
Balance Carried over of balance sheet	**47,998**	**47,573**

NOTES TO THE FINANCIAL STATEMENTS - FINANCIAL YEAR 2024-2025 -ANNEXURE

"NOTES ON ACCOUNTS"
Notes on Account as required vide RBI.RPCD.CO.RF.BE. No.44/07..38.03/2005.06 dated October 10 2005.

Sl. No.	PARTICULARS	(Rupees in Lakhs) 31.03.2025	31.03.2024
1	Investments-(only SLR)-with breakup under Permanent and Current Category-Under Current Category with the following breakup.	Under Permanent Category	
	a)Book value and Face value of Investments	20143.07	20462.33
	b)Market value of Investments	20143.07	20462.33

Further as regards Non-SLR investment instructions for disclosure already issued vide RBI circular RRPCD CO RF BC No.65/07-02-2003/2003-04 February 23 2004 should be strictly adhered to)

Issuer composition of Non-SLR investments

Sl. No. (1)	ISSUER (2)	AMOUNT (3)	Extent of Private Placement (4)	Extent of 'below Investment Grade' Securities already Invested(5)	Extent of 'Unrated Securities' already Invested (6)	Extent of 'Unlisted Securities' (7)
1	PSUs					
2	FLs					
3	Public Sector Banks					
4	Provisions held towards Depreciation					
5	Others	10753.31				
	TOTAL	**10753.31**				

2	Advances to Directors, their relatives companies/firms in which they are interested		
	a)Fund based	Nil	Nil
	b)Non fund based (Guarantee's L/C etc.,)	Nil	Nil
3	Cost of Deposits-Average Cost of Deposits	7.11-5.42	6.45-5.04
4	NPA's		
	a)Gross NPAs	8782.42	7504.42
	b)Net NPAs	2569.96	1729.97
	c)Percentage of Gross NPAs to Total Advances	6.29%	6.02%
	d)Percentage of Net NPAs to Net Advances	1.84%	1.39%
5	Movement of NPAs		
	Addition	1278.00	2787.21
	Deletion		

Sl. No.	PARTICULARS	(Rupees in Lakhs) 31.03.2025	31.03.2024
6	Profitability		
	a)Interest income as a percentage of Working Funds	7.71%	7.17%
	b)Non-interest income as a percentage of Working Funds	0.41%	0.32%
	c)Operating Profit as a percentage of Working Funds	0.29%	0.28%
	d)Return on Assets	0.26%	0.28%
	e)Business (Deposits +Advances) per Employee	1794.10	1633.57
	f)Profit per Employee (Rs.479.98 lakhs/140 employees)	3.43	3.32
7	Provisions	(Rupees in Lakhs)	
	a)Provisions on NPA required to be made	Nil	Nil
	b)Provisions on NPA actually made	438.01	Nil
	c)Provisions required to be made in respect of overdue interest taken into income account gratuity fund, provident fund and arrears in reconciliation of inter branch account etc.,	-	-
	d) Provisions actually made in respect of overdue interest taken into income account, gratuity fund, provident fund and arrears in reconciliation of inter branch account	-	-
	e)Provisions required to be made on depreciation in investments	-	-
	f) Provisions actually made on depreciation in investments	-	-
8	Movement in Provisions		
	a)Towards NPAs	438.01	0.00
	b)Towards Depreciation on Investments	-	-
	c)Towards Standard Assets	54.85	35.39
	d)Towards all other items under7above		
9	Payment of Insurance Premium to the DICGC including arrears if any	154.35	153.59
10	Penalty imposed by RBI for any violation	0.00	7.50
11	Information on extent of arrears in Reconciliation of Inter-Bank and Inter-Branch account Net	141.17	60.49
12	Percentage of Capital Fund to Risk Weighted Assets (CRAR%)	11.54%	12.39%
13	Investment in Non SLR Investments by SCB/DCCBs (RBI/2016-17/14.DCBR.BPD.BC.No 01/19.51.026/2016-17 Date: 14.07.2016.	Nil	Nil

Sl. No.	PARTICULARS	(Rupees in lakhs) 31.03.2025	31.03.2024
14	**DEAF ACCOUNT**		
	Opening Balance of amounts transferred to DEAF	122.56	100.51
	Add: Amounts transferred to DEAF during the year	248.46	22.68
	Less: Amounts reimbursed by DEAF towards claims	1.82	0.63
	Closing balance of amounts transferred to DEAF	**369.20**	**122.56**

Independent Auditor's Report

To
The Members of The Kanyakumari District Central Co-operative Bank Limited., Nagercoil.

Opinion

We have audited the financial statements of The Kanyakumari District Central Co-operative Bank Limited (the entity), which comprise the Balance Sheet as at March 31, 2025, the Profit and Loss Account and the Cash Flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the entity are prepared, in all material respects, in accordance with the provisions of the Banking Regulation Act, 1949, the Tamil Nadu Co-operative Societies Act, 1983, the regulations of the Reserve Bank of India / NABARD. In our opinion, and to the best of our information and according to the explanation given to us, except for the effects of the matters described in the Basis for Qualified Opinion section part of our report, the financial statements read with the Annexure to Audit Report 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, 2025
(b) in the case of Profit and Loss Account, of the true balance of Profit for the year ended on that date and
(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by 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 entity in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis for Qualified Opinion:

1. The Bank is having two Policies for Payment of Gratuity to employees with Life Insurance Corporation of India. The Bank has invested various amounts over a period of years and LIC has paid interest on the invested amount and has also settled the gratuity claims of the employees upon their retirement. The balances in the policies as on 31.03.2025 are as below:

Policy No. 609004642 Rs. 15,60,180.30
Policy No. 33227 Rs. 11,86,93,736.46
Total Rs. 12,02,53,916.76

The investments with LIC and corresponding liability for Gratuity payable are not accounted in the books of the Bank. Hence, the Balance Sheet does not reflect a true and fair view.

2. Leave Encashment - As per AS 15, Actuarial Valuation is required to be obtained by the entity when there is an obligation on the part of employer to settle leave encashment benefits to employees and necessary Provision for an increase if any, needs to be made in the books accordingly. The Bank was holding a Provision of Rs.4.70 crores as on 01/04/2024 and made a provision of Rs.3.96 crores towards balance estimated liability during the reporting year to reflect Leave Encashment liability of Rs.8.66 crores as on 31/03/2025. However, the Bank has not obtained Actuarial Valuation to provide for Leave Encashment benefits as envisaged by AS 15, the impact of which could not be quantified. This is a deviation from the AS -15 and hence our report is qualified in this respect.

3. Gratuity - As per AS 15, Actuarial Valuation is required to be obtained by the entity when there is an obligation on the part of Employer to settle gratuity benefits to employees and necessary Provision for an increase if any, needs to be made in the books accordingly. The Bank has not obtained Actuarial Valuation for the Gratuity liability as on 31/03/2025 and liability thereon is not provided in the Books as envisaged by AS 15, the impact of which could not be quantified. This is a deviation from AS 15 and hence our report is qualified in this respect. However, the Bank is having two policies with Life Insurance Corporation for payment of gratuity to employees. The Policies are up to date and the balance in the Policies is **Rs.12,02,53,916.76 as on 31.03.2025.**

Emphasis of Matter

We draw attention to the following matters stated in the Notes to the financial statements:

1. The Bank has revalued its Banking assets held in the form of Land & Building at Kanyakumari Irulappapuram branch and Land & Building at Agastheeswaram Taluk, Kanyakumari, after getting approval from RCS and has created Revaluation Reserve to an extent of Rs.21,07,53,076 in aggregate. As a resultant effect, the value of Premises has increased to such extent.

2. Relief amount receivable Rs.1,59,28,293/- from Tamilnadu Government in respect of Relief Scheme 2016, is pending for quite long. The Bank has not created Provision for the receivable, on reasons that they have been following up for the relief amount and confident of realising it in due course. However, this is found in contrary to RBI guidelines on Crop Loan Waiver Scheme which insists providing for Relief outstanding and hence profit is overstated to this extent.

3. Inter Branch balances under GL head namely Branch Adjustments reflects a credit balance of Rs.1,41,16,765 which is observed to be pending reconciliation for long.

4. Interest subvention received during the year Rs.8,72,72,108 relating to previous years is booked on receipt basis as revenue in Profit and Loss account of the current reporting year and hence profit to such extent is overstated in the books.

Interest subvention due in respect of KCC Crop Loans for the financial year 2024-25 receivable from TN Govt and Govt of India is not quantified or accounted for the year ending 31.3.2025 on mercantile basis. Profit for the reporting period is understated to such extent.

Our opinion is not modified in this regard.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significant in the audit of Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No	Key Audit Matters	How the key Audit matter was addressed
1	**Identification & Provisioning for NPA:** Asset classification and Income recognition in respect of Non–Performing advances in accordance with the RBI guidelines requires effective mechanism. The Bank accounts for all the transactions related to Advances in its Core Banking Solutions (CBS) which also identifies whether the advances are performing or non–performing except for Advances in the nature of Cash Credit. Significant Auditor judgements are involved in verifying this classification of Assets and Provi–sioning accordingly, which is having significant impact on Financial Statements.Considering the significance of the above matter to the Financial Statements and considering the heightened regulatory inspections, we have identified this as a key audit matter.	In carrying out substantive procedures, we have examined 1.All large advances/stressed advances /SMAs and Other advances on sample basis. 2.CIF based NPA identification. 3.Cover statements provided by PACS to ascertain the unsecured portion. 4.Move–ment of asset status from last year's classification 5.Various parameters inbuilt in CBS for tracking, identification and stamping of NPAs. 6.Operations of all large advances were verified by downloading Statement of accounts for the year from the CBS. Further, it was checked whether adequate Provisioning for the ascertained NPAs were made as per IRAC Norms by discussing the same with those who are in charge of the governance.
2	**IT systems and Internal Control:** A deficiency or combination of deficiencies in internal control that, in the Auditor's Professional Judgment, is of sufficient importance to merit the attention of those in charge of the governance.SA 265 mandates the Auditor to determine the deficiencies in Internal controls, evaluate as to whether it is significant and communicate the same with those in charge of the Governance. Deficiencies noted in the Internal Control during the course of our Audit and the IS Audit Report for the FY 2024–25 implies the likelihood of material misstatements in the Financial Statements, the susceptibility to loss or fraud of the related asset or liability, the non compliance of statutory/tax obligations which may/will result in material financial impact on the Bank and hence identified this as a Key matter.	We identified during audit, various deficiencies in internal controls that are listed in our Long Form Audit Report. We listed and communicated the impact of deficiencies in these controls especially relating to non–compliance in Tax laws, lack of monitoring of controls, lack of Doer & checker validation in many process, long pending reconciliations of TNSC OD accounts, Sundry Creditors account, Inter branch balances and Sundry Debtors account which are having financial implication leading to misstatement in Financial Statements. We assessed the risk involved because of existing inadequate controls, lack of knowledge of the staff and deficiencies in systems. We designed our audit procedures in such a way to overcome the above deficiencies and increased the sample sizes in various substantive testing procedures adopted. An Independent System Auditor is conducting Information Systems Audit every year as per NABARD guidelines. They are verifying the implementation of IS policy by the Bank across all the Branches and in their Report highlighted the various deficiencies in the IT systems of the Bank and suggested for remedial action. We have reviewed that report, noted the deficiencies in follow–up action taken by the Bank and considered the same in our audit procedures.
3	**PACS and their cover statements:** A major portion of the Bank's lending goes to PACS, which are separate entities, who in turn extend their lending to their members. They are giving cover statements to the Bank every month containing details of their lending to its members. The Branches are obtaining cover statements from PACS without assessing the details thereon. Further, these cover statements are not fed in to the CBS System to arrive at the Drawing Power of PACS. Instead, they are allowed Drawing Power upto their sanctioned limits. This methodology will not help the Bank to assess the financial health condition of the PACS.	We have visited all of the Branches, scrutinized the cover statements of PACS as on 31.03.2025 and submitted our observations to the Bank, for making sufficient Provision for the uncovered portion of the advances. We have advised the Bank to scrutinize the cover statements of PACS at Head Office level and set the drawing power in CBS based on the cover statements.

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

The Management is responsible for the other information. In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above 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.

As we have not been communicated by the management with any other information, other than financial information covered in our audit report, we conclude that we have nothing to report in this regard.

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 the provisions of the Banking Regulation Act, 1949, the Tamil Nadu Co-operative Societies Act, 1983, the regulations of the Reserve Bank of India / NABARD 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 entity'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 entity 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The Procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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.

Report on Other Legal and Regulatory Requirements

As required by the Banking Regulation Act, 1949, the Tamil Nadu Co-operative Societies Act, 1983, the regulations of the Reserve Bank of India / NABARD, we report that:

- 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.
- In our opinion, proper books of account have been kept by the Bank.
- The Balance Sheet and the Profit and Loss Account dealt with by this Report are in agreement with the books of account after giving effect to Memorandum of Changes.

ANNEXURE TO THE AUDITOR'S REPORT

THE KANYAKUMARI DISCTRICT CENTRAL CO-OPERATIVE BANK LTD.

For the year ended March 31, 2025

1. The bank has a system of physical verification of fixed assets, which is found to be adequate. Fixed Assets Register is not maintained for movable and immovable assets.

2. In respect of PACS accounts across all branches, the cover statements are not uploaded in CBS system. As a result, the Drawing power of working capital borrowal accounts could not be ascertained from CBS.

3. The Bank is regular in remitting statutory dues such as PF/ESI/Gratuity, GST and Income Tax.

In respect of an appeal preferred by the Bank with Commissioner of Income Tax (Appeals), Madurai challenging an order passed under section 143(3) of Income Tax Act relevant to Financial Year 2012-13, the Bank has won the appeal proceedings in its favour through Intimation order under section 154 of Income Tax Act dated 06.03.2025 with a refund amount of Rs.5,10,43,160.

Since the Bank had already provided for the Income Tax demand amount in full in earlier years, the entire refund amount of Rs. 5,10,43,160/- received during the reporting period is booked as revenue and hence profit for the year is overstated to such extent.

4. Confirmation of balance as obtained from TNSC bank shows a Credit balance of Rs.16,64,23,633.86, whereas balance as per books of the Bank shows a Debit balance of Rs.8,19,98,597.65 and found unreconciled. It is observed and informed that the reconciliation of the difference in balances is pending since long.

Differences in Reconciliation of balances with TAMCO and TABCEDCO as on 31.3.2025 are observed as under:

Balance with	*As per books Credit (Rs.)*	*As per balance confirmation Debit (Rs.)*	*Difference (Rs.)*
TAMCO	5,86,93,702	6,62,00,901	75,07,199
TABCEDCO	5,88,94,190	Confirmation of balance is not obtained from TABCEDCO	

5. Liability for Leave Encashment payable as on 31.3.2025 is Rs.8,65,92,690 as estimated by the Bank. With an opening Provision of Rs.4,70,00,000 already held in books, balance provision of Rs.3,95,92,690 is created during the reporting period by charging to Profit & Loss account. Profit reported during the year is understated to such extent.

6. Imbalances reported by the Bank as on 31.3.2025 was Rs.515.70 lakhs in respect of 5 PACS, for which it was informed by the Bank that existing Provision held was adequate and hence no new provision is created during the reporting period.

Cover deficit reported by the Bank as on 31.3.2025 was Rs.248.65 Lakhs in respect of 3 PACS, for which it was informed by the Bank that existing Provision held was adequate and hence no new provision is created during the reporting period.

7. The bank has not granted any loans and advances by way of pledge of shares, debentures and other securities.

According to the information and explanation given by the management, the bank has not been dealing or trading in securities.

The bank has not issued debentures during the period of our audit.

The bank has not raised any capital by way of public issue during the year.

Status	*Number*	*Amount (Rs.lakhs)*
Notice issued	3676	3293.53
Arbitration claims filed	291	448.51
Cases awarded	375	295.10
EP filed	274	70.73
Time barred debts	1390	157.95
Total	**6006**	**4265.81**

8. In respect of 6006 irregular and overdue loans with outstanding amount aggregating to Rs.4265.81 lakhs, status of Legal action taken by the Bank is as under:

9. Inter branch balances pending reconciliation included in Suspense Sundry Creditors aggregating to Rs.1,41,51,405.51 are observed to be long pending. Such Inter branch balances may be reconciled at the earliest.

10. Long pending entries under Sundry creditors (with Total outstanding of Rs.15,01,40,238.02 as on 31.3.2025) and Sundry debtors (with Total outstanding of Rs.53,09,91,144.89 as on 31.3.2025) are pending reconciliation.

11. During the financial year under review, the Bank has transferred to DEAF Rs.2,48,45,685.53.

12. SLR/CRR requirements have been regularly compiled by the bank.

Date : 25.06.2025, Nagercoil

Sd / **S.JOSEPH UTHAYA KUMAR**
Asst. General Manager (Bkg)
K.D.C.C Bank Ltd., Nagercoil.

Sd / **G.JEYALAKSHMI**
General Manager (i/c)
K.D.C.C Bank Ltd., Nagercoil.

Sd / **R.GANESA SETHURAMALINGAM**
Deputy Registrar / Managing Director
K.D.C.C Bank Ltd., Nagercoil.

Sd / **A.BALAJI** PARTNER
M.No.211978, UDIN : 25211978BMIPDD2451
For **PONRAJ & CO., SIVAKASI**
CHARTERED ACCOUNTANTS. FRN :002672S

-குமரி கூட்டுறவு விளம்பரம்-