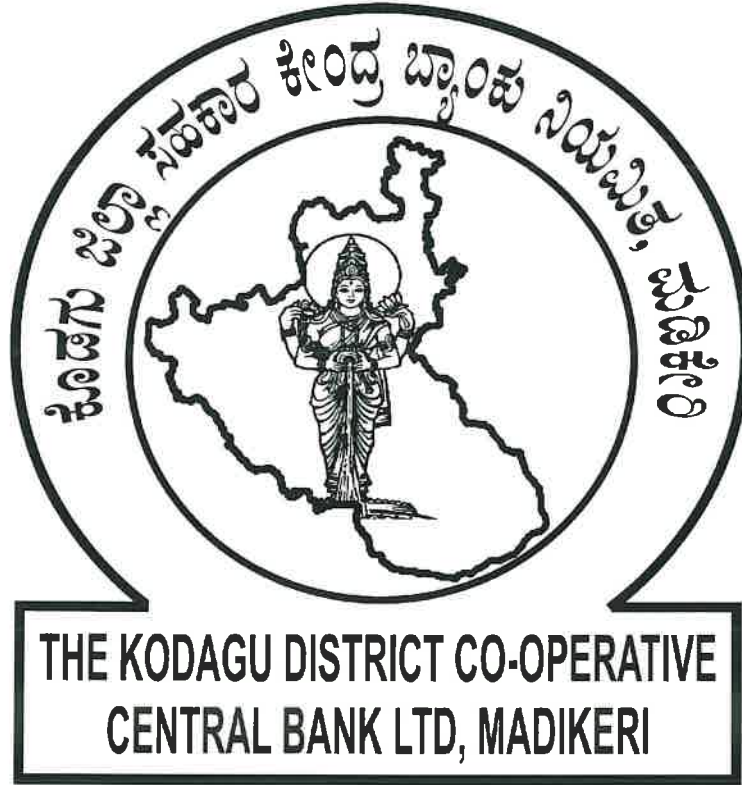


**THE KODAGU DISTRICT  
CO-OPERATIVE CENTRAL BANK LTD.,  
MADIKERI-571201**

WEBSITE: [www.kodagudccb.com](http://www.kodagudccb.com)

EMAIL: [kccb@yaho.com](mailto:kccb@yaho.com)



**AUDIT REPORT FOR THE YEAR 2025-26**

## **INDEX**

<b>SL NO</b>	<b>PARTICULARS</b>	<b>PAGE NUMBERS</b>
01	Independent Auditor's Report	1-6
02	Balance Sheet	7
03	Profit and Loss Account	8
04	Schedule forming part of Balance sheet	9-19
05	Schedule forming part of Income & Expenditure Account	20-21
06	Cash Flow Statement	22
07	Significant Accounting Policies	23-31
08	Note on Accounts	32-54
09	Long Form Audit Report	55-94
10	Annexure A-L	95-121
11	Branch Long Form Audit report	122-505

**INDEPENDENT AUDITOR'S REPORT**  
**Under the Banking Regulation Act, 1949**

**THE KODAGU DISTRICT CO-OPERATIVE  
CENTRAL BANK LIMITED, MADIKERI**

**FINANCIAL YEAR: 2025-2026**

**P. K. SUBRAMANIAM & Co.,**

Chartered Accountants  
No. 1010 First Floor,  
Above Union Bank of India  
26<sup>th</sup> Main 4<sup>th</sup> T Block,  
Jayanagar, Bengaluru – 560041

## INDEPENDENT AUDITOR'S REPORT

To,  
**THE MEMBERS OF**  
**THE KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED,**  
**MADIKERI**

### Report on Audit of the Financial Statements

#### 1. Opinion

We have audited the accompanying financial statements of The Kodagu District Co-operative Central Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31<sup>st</sup> March 2026, the Statement of Profit and Loss for the year then ended, Statement of Cash Flows for the year then ended and notes to financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements gives a true and fair view of the financial position, financial performance of Bank which have been prepared in accordance with the generally accepted accounting principles, including the Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI), and provisions of section 29 of the Banking Regulation Act, 1949 and the provisions of The Karnataka Co-operative Societies Act, 1959, circulars and guidelines issued by Reserve Bank of India (RBI) and NABARD from time to time

- i. In case of the Balance Sheet, of the state of affairs of the Bank as at 31<sup>st</sup> March 2026;
- ii. In case of Statement of Profit and Loss, of the Profit / Loss for the year ended on that date; and
- iii. In case of Statement of Cash Flows, of the cash flows for the year ended on that date.

#### 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of 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 (ICAI) together ethical requirements that are relevant to our audit of the financial statements under provisions of Banking Regulation Act, 1949, and the Rules made there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's code of ethics. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3. Key Audit Matters

Key Audit Matters (KAMs) are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31<sup>st</sup> March 2026. 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, in accordance with SA 701 – Communicating Key Audit Matters in the Independent Auditor's Report.

#### KAM 1 — Proper Identification of Non-Performing Assets (NPA) including Investments

##### Key Audit Matter

The Bank's loan and investment portfolios are subject to the Income Recognition, Asset Classification and Provisioning (IRACP) norms prescribed by RBI. Identification of NPAs and Non-Performing Investments (NPIs) requires application of objective criteria as well as management judgement.

##### How Our Audit Addressed the Key Audit Matter

##### Our audit procedures included:

- i. Assessed design and operating effectiveness of controls over NPA identification, including the CBS overdue-tracking process and branch-level review mechanism.
- ii. On a sample basis, independently recalculated



Why this is a Key Audit Matter:

- i. Gross NPA as at 31st March 2026 stands at ₹ 1,993.56 Lakhs (1.12% of Gross Advances), down from ₹2197.87 Lakhs (1.37%) in the previous year. Incorrect classification directly impacts provisioning requirements, reported profit and net worth.
- ii. The portfolio includes agricultural loans, gold loans, and PACS on-lending, each with distinct NPA identification challenges — seasonality, renewal of overdue accounts, and artificial extension of credit to conceal deterioration in asset quality.
- iii. The Bank's investment portfolio as at 31st March 2026 is ₹ 753.30 Crore (gross). Out of which SLR Investments is ₹ 354.87 Crore, Non-SLR Investments is ₹ 33.67 crore and FD with others banks is ₹ 350.78 Crore . Non-performing non-SLR investments of ₹ 13.98 Crore are outstanding with full provisions held. NPI on current-category investments stands at ₹ 14.63 Crore (provision held).
- iv. CBS-based NPA tagging requires manual overrides and supervisory review, increasing risk of misclassification especially at year-end.
- v. Provisioning adequacy — particularly 100% provisioning for Loss Assets — is critical to a true and fair view. Provision Coverage Ratio for the current year stands at 145%, compared to 129.25% in the previous year.

Refer: Notes to Accounts — Asset Quality (Clause 21.4(i)) and SLR & Non-SLR Investments (Clause 21.3). Detailed observations in Annexure to this Report.

- iii. Reviewed accounts manually upgraded / overridden from NPA status and obtained documentary evidence for each such override.
- iv. Examined gold loan accounts showing patterns of repeated same-day closures and re-bookings with fresh principal — a practice that may artificially project accounts as performing — and assessed whether such accounts ought to be classified NPA.
- v. For investments, obtained the scrip-wise portfolio (total investments ₹ 753.30 Crore; NPI provisions ₹ 14.63 Crore) and confirmed NPI provisioning for investments where income was not received for 90+ days.
- vi. Verified provisioning rates against RBI IRACP norms and confirmed 100% provision for Loss Assets (Gross NPA ₹29.92 Lakhs, Provision ₹ 29.92 Lakhs).
- vii. Reconciled NPA figures in CBS with figures disclosed in financial statements and statutory returns.

Based on procedures performed, NPA identification and provisioning is broadly in accordance with RBI IRACP norms, subject to observations in the Annexure.

**KAM 2 — Existence of Controls while Sanctioning and Disbursement of Loans**

**Key Audit Matter**

The Bank's total advances as at 31st March 2026 aggregate to ₹ 1,77,214.43 Lakhs, spanning agricultural credit, gold loans, PACS on-lending, co-operative society loans, and personal/term loans. Controls over loan sanctioning and disbursement are critical to the integrity of the credit portfolio.

Why this is a Key Audit Matter:

- i. Weak pre-sanction appraisal and non-adherence to the sanctioning authority matrix can lead to credit losses and future NPAs.
- ii. Gold loans (closing balance ₹ 196.05 Crore, 11.06% of total loans; 1 auction conducted during the year with ₹ 0.0029 Crore recovered) are susceptible to overvaluation of pledged ornaments, disbursal without adequate purity/weight verification, and LTV breaches

**How Our Audit Addressed the Key Audit Matter**

**Our audit procedures included:**

- i. Obtained and reviewed the Bank's Credit Policy and Delegation of Financial Powers to assess whether sanctioning authority is appropriately defined and segregated from disbursement.
- ii. On a sample basis, verified loan files for pre-sanction documentation completeness loan application, KYC documents, income and repayment capacity assessment, security valuation, legal opinion and credit bureau report.
- iii. For gold loans, verified maintenance of gold assay/weight registers at branch level, confirmed LTV ratio is within the 75% ceiling, and checked compliance with bullet repayment



- beyond the 75% ceiling prescribed by RBI.
- ii. PACS on-lending (₹ 66510.87 Lakhs outstanding) involves dual-tier credit risk. End-use verification and PACS-level appraisal are critical; disbursements without sub-borrower schedules create systemic recovery risk.
- iv. 2 fraud accounts were reported during the year involving ₹ 3.20 Lakhs (with ₹ 3.20 Lakhs fully provisioned), underscoring the need for robust sanction and disbursement controls.
- v. RBI imposed a penalty of ₹ 1.00 Lakh for contravention of Section 20 of the BR Act (restrictions on loans and advances to directors), paid on 02.04.2026.
- Refer: Advances Policy — Clause 4 (Part II); Director Loan Disclosures — AS-18; Observations in Annexure below.
- norms. Total new gold loans sanctioned during the year: ₹ 311.53 Crore; Closing balance ₹ 196.05 Crore.
- iv. Verified that disbursements were routed through banking channels and not in cash except as permitted; reviewed end-use certificates for term and project loans.
- v. Reviewed CBS audit logs and exception reports for maker-checker overrides and same-day sanction-and-disbursement, following up anomalies with branch management.
- vi. For PACS loans, confirmed availability of sub-borrower schedules, crop loan registers, and PACS-level audited accounts. Verified post-disbursement monitoring.
- vii. Verified compliance with RBI norms on director loans — outstanding director/related-party loans as at 31.03.2026: ₹ 143.54 Lakhs (previous year ₹ 237.62 Lakhs). RBI penalty noted and considered in risk assessment.

Specific control observations are reported in the Annexure and have been communicated to the Board.

#### 4. Other Information

The Bank's Board is responsible for the other information. Other information which are obtained prior to date of this Auditor's Report, and the Directors' Report, expected to be made available after the date of this Report.

Our opinion on financial statements does not cover the other information and we do not and will not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this Auditor's Report, we conclude there is a material misstatement of this other information, and we are required to report that we have nothing to report in this regard.

#### 5. Responsibilities of Management for Financial Statements

The Bank's Board is responsible for preparation of financial statements that give a true and fair view of the financial position, financial performance of Bank in accordance with generally accepted accounting principles, including the Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI), and provisions of section 29 of the Banking Regulation Act, 1949 and Registrar of Co-operative Societies under the Karnataka Co-operative Societies Act, 1959, and circulars and guidelines issued by Reserve Bank of India (RBI) and NABARD from time to time.

This responsibility includes:

- i. Maintenance of adequate accounting records for safeguarding assets of the bank and preventing and detecting frauds and irregularities;
- ii. Selection and application of appropriate accounting policies;
- iii. making judgments and estimates that are reasonable and prudent and
- iv. Design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of accounting records relevant to the preparation and presentation of 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 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.

## 6. 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 misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- i. Identify and assess 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.
- ii. 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 an opinion on the effectiveness of the Bank's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether 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.
- v. 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.
- vi. Obtain sufficient appropriate audit evidence regarding the financial information to express an opinion on the financial statements.
- vii. 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.
- viii. 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.
- ix. 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 period. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter 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 reasonably be expected to outweigh the public interest benefits of such communications.

## 7. Report on Other Legal and Regulatory Requirements

The Balance Sheet and Statement of Profit and Loss have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 (as applicable to Co-operative Societies) as amended by the Banking Regulation (Amendment) Act, 2020 and The Karnataka Co-operative Societies Act, 1959. Subject to the limitations of the audit and as required by Section 31 of the Banking Regulation Act, 1949, we report that:

- i. 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 have found them to be satisfactory;
- ii. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
- iii. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

#### 8. We Further Report That

- i. In our opinion, proper books of accounts as required by law have been kept by the Bank so far as it appears from our examination of those books.
- ii. The Balance Sheet and the Statement of Profit and Loss dealt with by this report are in agreement with the books of account.
- iii. In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the applicable accounting standards.

**For P.K.Subramaniam and Co.,  
Chartered Accountants  
Firm Reg. No.: 004135S**

*V.S. Gouda*

**CA Veerabasana Gouda S  
Partner**

**ICAI Membership No. 208698**

**UDIN: 26208698ULUIQE6404**

Place: Madikeri

Date: 25.06.2026



**THE KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED, MADIKERI**

**FORM -A**


**BALANCE SHEET AS ON 31.03.2026**


<b>PARTICULARS</b>	<b>SCH NO</b>	<b>31.03.2026 Amount ( Rs. )</b>	<b>31.03.2025 Amount ( Rs. )</b>
<b><u>CAPITAL AND LIABILITIES</u></b>			
Capital	1	37,99,05,652	35,91,71,652
Reserves and Surplus	2	1,73,75,46,717	1,54,00,16,519
Deposits	3	20,43,11,15,572	17,71,33,35,159
Borrowings	4	3,74,92,31,192	3,44,19,64,404
Other Liabilities and Provisions	5	97,63,92,638	85,00,51,925
<b>TOTAL</b>		<b>27,27,41,91,772</b>	<b>23,90,45,39,658</b>
<b><u>ASSETS</u></b>			
Cash and Balances with Reserve Bank of India	6	19,25,84,727	13,73,30,398
Balance with Other Banks & Money at Call and Short	7	4,19,93,17,926	3,10,12,85,680
Investments	8	4,02,52,03,332	3,64,63,95,280
Advances	9	17,72,14,42,843	16,00,79,28,994
Fixed Assets	10	35,03,48,160	34,77,49,630
Other Assets	11	78,52,94,785	66,38,49,677
<b>TOTAL</b>		<b>27,27,41,91,772</b>	<b>23,90,45,39,658</b>
Contingent Liabilities	12	1,96,46,433	1,88,65,106
Bills for Collection		NIL	NIL
Significant Accounting Policies	18		
Notes on Accounts	19		

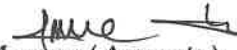
As per our report of even date

for The Kodagu District Co-Operative Central Bank Limited, Madikeri

For P.K.Subramaniam & Co.  
Chartered Accountants  
FRN 004135S

  
Chief Executive Officer

  
General Manager

  
Manager (Accounts)



CA Veerabasana Gouda S  
Partner  
ICAI Membershi.No.208698

  
President

  
Director

  
Director

Place : Madikeri  
Date : 25.06.2026



**THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI**

**FORM -B**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2026**



PARTICULARS		SC H NO	31.03.2026 Amount ( Rs. )	31.03.2025 Amount ( Rs. )
<b>I INCOME</b>				
	Interest Income	13	1,84,11,94,289	1,58,58,14,806
	Other Income	14	6,77,32,317	9,04,85,216
	<b>TOTAL</b>		<b>1,90,89,26,606</b>	<b>1,67,63,00,022</b>
<b>II Expenditure</b>				
	Interest Expended	15	1,33,67,24,207	1,17,59,13,538
	Operating Expenses	16	26,20,62,904	23,91,36,536
	Provisions & Contingencies	17	8,62,00,000	9,42,00,000
	<b>TOTAL</b>		<b>1,68,49,87,111</b>	<b>1,50,92,50,075</b>
<b>III Profit &amp; Loss</b>				
	Add: Net profit brought down from previous year		22,39,39,495	16,70,49,948
			16,70,49,948	7,91,49,345
			<b>39,09,89,443</b>	<b>24,61,99,292</b>
<b>Less: Appropriations of net profit as per the Bye-laws</b>				
	Transfer to Statutory Reserve Fund		5,01,14,984	1,97,87,336
	Transfer to Co-Operative Education Fund		23,38,699	11,87,240
	Transfer to Agricultural Credit Stabilization Fund		1,14,59,626	29,08,738
	Transfer to Building Fund		2,57,84,159	93,95,225
	Transfer to Doubtful Debts Fund		-	68,80,621
	Transfer to Investment Fluctuation Fund		77,35,248	19,49,509
	Transfer to Dividend Equalization Fund		83,54,068	3,70,407
	Transfer to Common Good Fund		18,37,895	3,66,703
	Transfer to Staff Welfare Fund		29,71,263	3,63,036
	Transfer to Co-Operative Society Incentive Fund		39,51,780	10,78,216
	Transfer to Bonus & Exgratia		1,04,91,678	61,52,694
	Transfer to Dividend		4,09,05,800	2,84,19,000
	Balance transferred to Building Fund		-	2,90,620
	Balance transferred to Statutory Reserve Fund		11,04,746	
	<b>Total appropriations amount</b>		<b>16,70,49,948</b>	<b>7,91,49,345</b>
	<b>Net Profit</b>		<b>22,39,39,495</b>	<b>16,70,49,948</b>

Significant accounting policies 18  
Notes on accounts 19

As per our report of even date

for The Kodagu District Co-Operative Central Bank Limited, Madikeri

For P.K.Subramaniam & Co.  
Chartered Accountants  
FRN 004135S

 Chief Executive Officer  
 General Manager

 Manager (Accounts)

 President  
 Director

 Director

CA Veerabasana Gouda S  
Partner  
ICAI Membershi.No.208698

Place : Madikeri  
Date : 25.06.2026



**THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2026**

**SCHEDULE - 1 CAPITAL**

PARTICULARS	31.03.2026	31.03.2025
<b>i For Nationalised Banks</b>		
Capital (Fully owned by Central Government)	-	-
<b>ii For Banks Incorporated Outside India</b>		
Capital (The amount brought in by banks by way of start-up capital as prescribed by RBI should be shown under this head.) Amount of deposit kept with RBI under section 11(2) of the Banking Regulation Act, 1949		
<b>Total</b>		
<b>I AUTHORISED CAPITAL:</b>		
'A', 'B' & 'C' CLASS SHARES	NA	NA
<b>SUBSCRIBED CAPITAL :</b>		
<b>'A' CLASS SHARES</b>	-	-
<b>II 'B' CLASS SHARES</b>		
15065 Shares of Rs. 25,000/- each, 45 Shares of Rs.50,000/- each (Previous year 35891 Shares of Rs. 10,000/- each)	37,88,75,000	-
90 Shares PARTIALLY PAID	9,05,000	35,89,10,000
SUB TOTAL (i)	37,97,80,000	35,89,10,000
<b>C' CLASS SHARES</b>		
12 SHARES OF Rs.10,000/- each (Previous Year 52 Shares of Rs. 5,000/- each)	1,20,000	2,60,000
2 Shares PARTIALLY PAID	5,652	1,652
SUB TOTAL (ii)	1,25,652	2,61,652
<b>TOTAL (i) to (ii)</b>	<b>37,99,05,652</b>	<b>35,91,71,652</b>
<b>III AMOUNT CALLED UP</b>		
<b>'A' CLASS SHARES</b>	-	-
<b>'B' CLASS SHARES</b>		
15065 Shares of Rs. 25,000/- each, 45 Shares of Rs.50,000/- each (Previous year 35891 Shares of Rs. 10,000/- each)	37,88,75,000	35,89,10,000
90 Shares PARTIALLY PAID	9,05,000	-
SUB TOTAL (i)	37,97,80,000	35,89,10,000
<b>C' CLASS SHARES</b>		
12 SHARES OF Rs.10,000/- each (Previous Year 52 Shares of Rs. 5,000/- each)	1,20,000	2,60,000
2 Shares PARTIALLY PAID	5,652	1,652
SUB TOTAL (ii)	1,25,652	2,61,652
<b>TOTAL (i) to (ii)</b>	<b>37,99,05,652</b>	<b>35,91,71,652</b>
<b>LESS : CALLS UNPAID</b>	-	-
<b>TOTAL</b>	<b>37,99,05,652</b>	<b>35,91,71,652</b>



**THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2026**

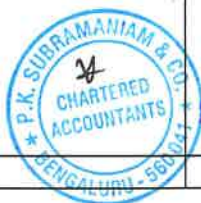
**SCHEDULE - 2 RESERVES & SURPLUS**

PARTICULARS	31.03.2026	31.03.2025
<b>I. STATUTORY RESERVES</b>		
<b>1. STATUTORY RESERVE FUND</b>		
<b>Opening Balance</b>	48,66,90,690	38,99,28,806
Additions as per Bye-Law	5,12,19,730	1,97,87,336
Additions: Transferred from others		7,69,74,547
<b>Closing Balance</b>	<b>53,79,10,420</b>	<b>48,66,90,690</b>
<b>II. CAPITAL RESERVES</b>		
<b>1. Agricultural Credit Stabilization Fund</b>		
<b>Opening Balance</b>	14,41,68,604	14,12,59,866
Additions as per Bye-Law	1,14,59,626	29,08,738
Deductions during the year	-	-
<b>Closing Balance</b>	<b>15,56,28,230</b>	<b>14,41,68,604</b>
<b>2. BUILDING FUND</b>		
<b>Opening Balance</b>	13,69,16,496	12,98,65,198
Additions as per Bye-Law	2,57,84,159	96,85,845
Garnt From KSC Apex Bank	-	-
Deductions during the year	-	26,34,547
<b>Closing Balance</b>	<b>16,27,00,655</b>	<b>13,69,16,496</b>
<b>3. DIVIDEND EQUALIZATION FUND</b>		
<b>Opening Balance</b>	2,85,71,260	2,82,00,854
Additions as per Bye-Law	83,54,068	3,70,406
Deductions during the year	-	-
<b>Closing Balance</b>	<b>3,69,25,328</b>	<b>2,85,71,260</b>
<b>4. COMMON GOOD FUND</b>		
<b>Opening Balance</b>	1,84,09,393	1,85,15,801
Additions as per Bye-Law	18,37,895	3,66,703
Deductions during the year	3,33,555	4,73,111
<b>Closing Balance</b>	<b>1,99,13,733</b>	<b>1,84,09,393</b>
<b>5. STAFF WELFARE FUND</b>		
<b>Opening Balance</b>	2,19,96,847	2,19,38,898
Additions as per Bye-Law	29,71,263	3,63,036
Additions: Transferred from others	2,10,820	
Deductions during the year	2,00,000	3,05,086
<b>Closing Balance</b>	<b>2,49,78,931</b>	<b>2,19,96,847</b>
<b>III. SHARE PREMIUM</b>		
<b>IV. REVENUE AND OTHER RESERVES</b>		
<b>1. SPECIAL RESERVE U/SEC.36(1) (VIIA) OF I.T. ACT,</b>		
<b>Opening Balance</b>	6,37,53,676	5,37,53,676
Provision made during the year	-	1,00,00,000
Deductions during the year	-	-
<b>Closing Balance</b>	<b>6,37,53,676</b>	<b>6,37,53,676</b>
<b>2. DOUBTFUL DEBTS FUND</b>		
<b>Opening Balance</b>	-	6,00,10,992
Additions as per Bye-Law	-	68,80,621
Deductions during the year	-	6,68,91,613
<b>Closing Balance</b>	-	-



**THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2026**

<b>3. RESERVE FOR STANDARD ASSETS</b>		
Opening Balance	5,33,23,491	5,03,23,491
Provision made during the year	50,00,000	30,00,000
Deductions during the year		
<b>Closing Balnce</b>	<b>5,83,23,491</b>	<b>5,33,23,491</b>
<b>4. CAPITAL REDEMPTION FUND</b>		
Opening Balance	1,20,000	1,20,000
Additions during the year	-	-
Deductions during the year	-	-
<b>Closing Balance</b>	<b>1,20,000</b>	<b>1,20,000</b>
<b>5. EROSION OF VALUE OF ASSET</b>		
Opening Balance	35,00,000	33,00,000
Provision made during the year	2,00,000	2,00,000
Deductions during the year	-	-
<b>Closing Balnce</b>	<b>37,00,000</b>	<b>35,00,000</b>
<b>6. COOPERATIVE WELFARE FUND</b>		
Opening Balance	36,33,511	36,33,511
Additions during the year	-	-
Deductions during the year	-	-
<b>Closing Balnce</b>	<b>36,33,511</b>	<b>36,33,511</b>
<b>7. COOPERATIVE SOCIETY INCENTIVE FUND</b>		
Opening Balance	35,29,433	28,51,217
Additions as per Bye-Law	39,51,780	10,78,216
Deductions during the year	1,50,000	4,00,000
<b>Closing Balance</b>	<b>73,31,214</b>	<b>35,29,433</b>
<b>8. CO-OPERATIVE EDUCATION FUND</b>		
Opening Balance	-	-
Additions as per Bye-Law	23,38,699	11,87,240
Deductions during the year	23,38,699	11,87,240
<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>9. SPECIAL RESERVE U/SEC.36(1)(VIII) OF I.T. ACT, 1961</b>		
Opening Balance	40,00,000	40,00,000
Additions during the year	-	-
Deductions during the year	-	-
<b>Closing Balance</b>	<b>40,00,000</b>	<b>40,00,000</b>
<b>10.INVESTMENT FLUCTUATION FUND</b>		
Opening Balance	4,05,48,567	3,85,99,058
Additions as per Bye-Law	77,35,248	19,49,509
Transfer from Investment Fluction Reserve	-	-
Provision made During the year	-	-
Deductions during the year	-	-
<b>Closing Balance</b>	<b>4,82,83,815</b>	<b>4,05,48,567</b>
<b>11.GRATUITY FUND</b>		
Opening Balance	11,36,74,483	10,78,39,846
Additions during the year	87,53,553	1,10,62,313
Deductions during the year	12,99,814	52,27,676
<b>Closing Balance</b>	<b>12,11,28,222</b>	<b>11,36,74,483</b>



**THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2026**

<b>12. SPECIAL RESERVE FUND</b>		
Opening Balance	20,05,982	20,05,982
Additions during the year	-	-
Deductions during the year	-	-
<b>Closing Balnce</b>	<b>20,05,982</b>	<b>20,05,982</b>
<b>13. REVALUATION RESERVE FOR LAND</b>		
Opening Balance	17,46,67,876	-
Additions during the year	-	17,46,67,876
Deductions during the year	-	-
<b>Closing Balnce</b>	<b>17,46,67,876</b>	<b>17,46,67,876</b>
<b>14. REVALUATION RESERVE FOR BUILDING</b>		
Opening Balance	1,45,19,735	-
Additions during the year	-	1,45,19,735
Deductions during the year	7,25,988	-
<b>Closing Balnce</b>	<b>1,37,93,747</b>	<b>1,45,19,735</b>
<b>15. LEAVE ENCASHMENT</b>		
Opening Balance	5,89,36,527	5,48,14,295
Additions during the year	2,18,84,831	1,10,95,285
Deductions during the year	60,12,966	69,73,053
<b>Closing Balnce</b>	<b>7,48,08,392</b>	<b>5,89,36,527</b>
<b>PARTICULARS</b>	<b>31.03.2025</b>	<b>31.03.2025</b>
PROFIT AS PER LAST BALANCE SHEET	16,70,49,948	7,91,49,345
LESS: APPROPRIATIONS	16,70,49,948	7,91,49,345
	-	-
ADD: PROFIT FOR THE YEAR BEFORE APPROPRIATION AS REQUIRED BY BYE-LAWS	22,39,39,495	16,70,49,948
<b>BALANCE OF NET PROFIT CARRIED TO BALANCE SHEET</b>	<b>22,39,39,495</b>	<b>16,70,49,948</b>
<b>TOTAL</b>	<b>1,73,75,46,717</b>	<b>1,54,00,16,519</b>
<b>SCHEDULE - 3 DEPOSITS</b>		
<b>PARTICULARS</b>	<b>31.03.2026</b>	<b>31.03.2025</b>
<b>i TERM DEPOSITS</b>		
<b>FROM INDIVIDUALS &amp; OTHER INSTITUTIONS</b>		
FIXED DEPOSIT	9,01,62,96,696	7,55,88,80,610
RECURRING DEPOSIT	1,00,77,564	86,95,898
PIGMY DEPOSIT	22,71,94,686	22,68,87,909
PIGMY AGENTS SECURITY DEPOSIT	2,54,875	1,38,294
STAFF CASH SECURITY DEPOSIT	1,10,49,285	93,39,664
MATURED FIXED DEPOSIT	1,70,70,094	1,01,55,841
SPECIAL DEPOSITS 365 PUBLIC	1,60,00,000	1,00,00,000
SECURITY DEPOSIT CONTRACTORS	41,70,255	38,98,190
SUB TOTAL (i)	<b>9,30,21,13,455</b>	<b>7,82,79,96,406</b>
FROM CENTRAL CO-OPERATIVE BANKS	-	-
SUB TOTAL (ii)	-	-
FROM OTHER SOCIETIES		
FIXED DEPOSITS	2,63,27,74,909	2,99,79,72,351
RESERVE FUND DEPOSIT	1,36,12,98,883	1,20,20,75,917



**THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2026**

MATURED FIXED DEPOSIT	57,57,470	62,745
SPECIAL DEPOSITS 365 SOCIETIES	27,05,00,000	5,50,00,000
SPECIAL DEPOSITS 365 PACS	54,28,85,093	22,41,00,000
SUB TOTAL (iii)	<b>4,81,32,16,355</b>	<b>4,47,92,11,013</b>
<b>ii SAVINGS BANK DEPOSITS</b>		
FROM INDIVIDUAL & OTHER INSTITUTIONS	4,87,73,43,801	4,17,11,49,873
FROM COOPERATIVE SOCIETIES	91,12,47,164	81,07,05,637
FROM SAVING DEP NOFRL SB A/C	49,10,038	2,05,49,740
SUB TOTAL (iv)	<b>5,79,35,01,004</b>	<b>5,00,24,05,250</b>
<b>iii CURRENT DEPOSITS</b>		
FROM INDIVIDUAL & OTHER INSTITUTIONS	7,55,19,173	3,81,27,016
FROM COOPERATIVE SOCIETIES	44,67,64,674	36,55,95,475
FROM CENTRAL COOPERATIVE BANKS	-	-
SUB TOTAL (v)	<b>52,22,83,847</b>	<b>40,37,22,490</b>
<b>iv OD/CC CREDIT BALANCE</b>	-	-
OD -BUS INDV PUB	910	-
ST AGR KCC CROP - SAO IND PUB	1	-
SUB TOTAL (vi)	911	-
<b>TOTAL (i) to (vi)</b>	<b>20,43,11,15,572</b>	<b>17,71,33,35,159</b>
(I) DEPOSITS OF BRANCHES IN INDIA	<b>20,43,11,15,572</b>	<b>17,71,33,35,159</b>
(II) DEPOSITS OF BRANCHES OUTSIDE INDIA	-	-

**SCHEDULE - 4 BORROWINGS**

PARTICULARS	31.03.2026	31.03.2025
<b>I. BORROWINGS IN INDIA</b>		
<b>i FROM RESERVE BANK OF INDIA /NATIONAL BANK FOR</b>		
<b>A SHORT TERM LOANS, CASH CREDITS &amp; OVERDRAFTS OF WHICH</b>	-	-
<b>GOVERNMENT &amp; OTHER APPROVED SECURITIES</b>	-	-
<b>OTHER TANGIBLE SECURITIES</b>		
SHORT TERM CROP FINANCE LOAN		
FROM NABARD	-	-
FROM NABARD/KARNATAKA STATE APEX CO-OP. BANK LTD.	1,74,70,00,000	2,73,97,00,000
CASH CREDIT		
FROM NABARD	1,30,00,00,000	40,00,00,000
FROM KARNATAKA STATE APEX CO-OP. BANK LTD.	8,00,00,000	-
SUB TOTAL (i)	<b>3,12,70,00,000</b>	<b>3,13,97,00,000</b>
<b>B MEDIUM TERM LOANS OF WHICH SECURED AGAINST:</b>		
<b>GOVERNMENT &amp; OTHER APPROVED SECURITIES</b>		
<b>OTHER TANGIBLE SECURITIES</b>		
<b>NFS - OTHER PURPOSE</b>		
FROM NABARD	-	-
<b>CO-OPERATIVE DEVELOPMENT FUND LOAN</b>		
FROM NABARD		
NABARD- ARF	54,20,25,466	19,90,49,682
NABARD - MSC	8,02,05,726	10,32,14,722
NABARD - ST CASH CREDIT	-	-



**THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2026**

LOAN ON DEPOSIT WITH OTHER BANK	-	-
SUB TOTAL (ii)	<b>62,22,31,192</b>	<b>30,22,64,404</b>
C LONG TERM LOANS OF WHICH SECURED AGAINST:		
GOVERNMENT & OTHER APPROVED SECURITIES	-	-
OTHER TANGIBLE SECURITIES	-	-
SUB TOTAL (iii)	-	-
ii FROM STATE BANK OF INDIA	-	-
iii FROM THE STATE GOVERNMENT	-	-
iv LOANS FROM OTHER SOURCES	-	-
<b>II BORROWINGS OUTSIDE INDIA</b>	-	-
<b>TOTAL (i) to (iii)</b>	<b>3,74,92,31,192</b>	<b>3,44,19,64,404</b>

**SCHEDULE - 5 OTHER LIABILITIES & PROVISIONS**

<b>PARTICULARS</b>	<b>31.03.2026</b>	<b>31.03.2025</b>
i BILLS PAYABLE (IMA SCHEME OF APEX BANK)	-	-
ii INTER-OFFICE ADJUSTMENTS (NET)	27,87,649	2,42,641
iii INTEREST ACCRUED	41,16,18,880	32,61,18,884
iv <b>DUE TO CENTRAL/STATE GOVERNMENTS:</b>		
STATE GOVT. LOAN/INTEREST WAIVER SCHEME	-	-
INTEREST SUBSIDY ON ST MT BY GOK PAYABLE TO PACS	-	-
INTEREST SUBVENTION BY GOI	-	-
EXCESS CLAIMED		
-SHG INTEREST SUBSIDY	-	-
-GOK INTEREST SUBVENTION MTL 2010-11	-	-
-CDRP 2010	-	-
-CCA GRANT	-	-
SUB TOTAL (i)	<b>41,44,06,529</b>	<b>32,63,61,525</b>
v <b>DUE TO SOCIETIES:</b>		
INTEREST SUBSIDY DIFF DUE TO SOCIETY	-	-
INTEREST SUBSIDY (50%) FOR SOC	-	-
DEPOSIT GURANTEE FUND	-	-
SUB TOTAL (ii)	-	-
vi <b>OTHERS:</b>		
CC SOC SOC	-	9,462
AUDIT FEE PAYABLE	15,31,250	11,81,250
SHARE SUSPENSE	-	32,659
BONUS / EXGRATIA	10,86,934	8,37,135
TDS OTHERS	2,32,12,897	2,59,09,132
REVALUATION RESERVE	-	-
BANK TECHNICAL (CBS) ADAPTATION FUND	1,21,52,700	1,21,52,700
INTEREST ON NPA REVERSEL	1,72,06,824	2,21,27,376
DIVIDEND	5,700	5,700
MISCELLANIOUS DEPOSIT	10,000	10,000
NEFT RTGS ATM CLEARING	5,85,05,495	4,06,782
ACH CREDIT	-2,60,172	-
NPCI CR RETURN	6,600	2,000
GOODS SERVICE TAX	6,23,789	11,81,599
NABARD BACKEND SUBSIDY	77,500	77,500
INTEREST SUBVENTION BY GOI	51,64,150	-
SUSPENSE LIABILITY	66,92,310	1,00,43,134



<b>THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI</b>		
<b>SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2026</b>		
SOCIETY DIRECTORS TRAINING & EDUCATION TOUR FUND	44,62,504	44,62,504
SARFASI CHARGES	7,99,726	9,94,573
PACS COMPUTERISATION & MICRO ATM	-	1,25,00,000
INFRASTRUCTURE FACILTY BY APEX BANK	40,50,000	15,50,000
EMPLOYEES PROFESSION TAX	33,800	-
IMPS OUTWARD	5,07,495	5,18,200
UPI OUTWARD	1,28,88,780	58,78,642
CASH TDS-CSHTDS	2,80,006	2,43,985
STAMP DUTY FEE	1,78,474	-
RTGS OUTWARD RETURN SUSPENSE	-35,40,320	-
APEX BANK PRIZE MONEY	2,29,714	79,714
SUB TOTAL (iii)	<b>14,59,06,156</b>	<b>10,02,04,047</b>
<b>PARTICULARS</b>	<b>31.03.2025</b>	<b>31.03.2025</b>
vii PROVISIONS:		
PROVISION FOR BAD & DOUBTFUL LOANS	16,69,94,882	16,69,94,882
OTHER PROVISION	2,67,594	99,04,593
DEFERRED TAX LIABILITY	59,67,400	1,49,67,400
PROVISION FOR INCOME TAX	7,50,00,000	6,50,00,000
PROVISION FOR NON PERFM INVEST	13,97,70,000	13,97,95,000
PROV BOD AND STAFF STUDY TOUR	31,55,077	68,39,019
PROV PACS MSC INT AND INCENT	25,00,000	25,00,000
PROV SALA MELA 2023-24 REBATE	89,25,000	59,25,000
PROV INVST DEPRECIATION RESV	65,00,000	55,00,000
PROVISION FOR EL ENCASHMNT	50,00,000	60,60,458
PROVISION FOR RETIRED EMPLOYEES PENSION FUND	20,00,000	-
SUB TOTAL (iv)	<b>41,60,79,953</b>	<b>42,34,86,352</b>
TOTAL (i) to (iv)	<b>97,63,92,638</b>	<b>85,00,51,925</b>
<b>SCHEDULE - 6 CASH AND BALANCE WITH RBI</b>		
<b>PARTICULARS</b>	<b>31.03.2026</b>	<b>31.03.2025</b>
i CASH IN HAND	19,25,84,727	13,73,30,398
ii CASH WITH RESERVE BANK OF INDIA	-	-
TOTAL	<b>19,25,84,727</b>	<b>13,73,30,398</b>
<b>SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL &amp; SHORT NOTICE</b>		
<b>PARTICULARS</b>	<b>31.03.2026</b>	<b>31.03.2025</b>
I IN INDIA		
i BALANCE WITH BANKS		
A CURRENT DEPOSITS		
WITH STATE BANK OF INDIA	4,82,50,831	13,80,62,849
WITH KARNATAKA STATE CO-OP APEX BANK LTD	17,08,98,656	11,01,05,621
WITH CANARA BANK	4,75,212	4,75,212
WITH UBI BANK	1,04,926	4,72,560
WITH IDBI BANK LTD. MADIKERI	21,83,62,747	17,53,11,994
WITH IDBI BANK- ATM.	6,59,38,205	6,91,96,876
WITH IDBI BANK- CTS	5,78,30,881	6,42,23,741
WITH IDBI BANK- IMPS	11,57,19,326	10,92,59,544
WITH SBI MADIKERI-STAFF EGGTF	5,888	13,58,751
WITH STATE BANK OF INDIA	1,20,75,767	2,96,90,172
WITH FEDERAL BANK .MADIKERI	1,62,134	1,00,000
WITH ICICI BANK LTD.	17,43,354	17,38,354
SUB TOTAL (i)	<b>69,15,67,926</b>	<b>69,99,95,672</b>
(B) IN OTHER DEPOSIT ACCOUNTS		
ii SAVINGS BANK DEPOSITS	-	-
SUB TOTAL (ii)	-	-

**THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2026**

iii	FIXED DEPOSITS		
	WITH KSCO APEX BANK LTD.	2,27,14,00,000	1,25,14,00,000
	WITH KSCO APEX BANK LTD.( ACSF)	15,56,50,000	14,42,00,000
	WITH KSCO APEX BANK LTD.(BUILDING FUND)	16,27,50,000	13,71,00,000
	WITH KSCO APEX BANK LTD.( OTHER YEAR MARKED)	2,80,00,000	2,80,00,000
	WITH KSCO APEX BANK LTD. (RESERVE FUND DEPOSIT)	53,79,50,000	48,67,00,000
	WITH OTHER BANKS	35,20,00,000	35,38,90,008
	SUB TOTAL (iii)	<b>3,50,77,50,000</b>	<b>2,40,12,90,008</b>
	<b>TOTAL (i) to (iii)</b>	<b>4,19,93,17,926</b>	<b>3,10,12,85,680</b>
ii	OUTSIDE INDIA		
	(i) IN CURRENT ACCOUNTS	-	-
	(ii) IN OTHER DEPOSIT ACCOUNTS	-	-
<b>MONEY AT CALL AND SHORT NOTICE</b>			
<b>PARTICULARS</b>		<b>31.03.2026</b>	<b>31.03.2025</b>
i	MONEY AT CALL AND SHORT NOTICE	-	-
<b>SCHEDULE - 8 INVESTMENTS</b>			
<b>PARTICULARS</b>		<b>31.03.2026</b>	<b>31.03.2025</b>
I	INVESTMENTS IN INDIA		
i	IN CENTRAL AND STATE GOVERNMENT SECURITIES ( INCLUDING PREMIUM PAID )	3,54,86,86,719	3,19,31,79,270
ii	IN OTHER APPROVED/TRUSTEE SECURITIES	13,97,70,000	13,97,70,000
iii	<u>IN SHARES OF CO-OPERATIVE INSTITUTIONS</u>		
	INDIAN FARMERS FERTILIZER COOPERATIVE LTD.	10,00,000	10,00,000
	KARNATAKA STATE APEX CO-OP. BANK LTD.	13,48,00,000	13,48,00,000
	KARNATAKA STATE INSURANCE COOPERATIVE SOCIETY LTD.	-	25,000
	SUB TOTAL	<b>13,58,00,000</b>	<b>13,58,25,000</b>
iv	BONDS:		
	NABARD BONDS	50,10,000	50,10,000
	3 YEAR NON-PRIORITY SECTOR BONDS	-	-
	10 YEAR ZERO-COUPON BHAVISHYA NIRMAN BONDS	-	-
	SUB TOTAL	<b>50,10,000</b>	<b>50,10,000</b>
v	OTHERS:		
	TERM DEPOSIT WITH NABARD	-	-
	GRATUITY FUND INVESTMENT IN LIC	12,11,28,222	11,36,74,483
	LEAVE ENCASHMENT FUND INVESTMENT IN LIC	7,48,08,392	5,89,36,527
	SUB TOTAL	<b>19,59,36,613</b>	<b>17,26,11,010</b>
	<b>GRAND TOTAL</b>	<b>4,02,52,03,332</b>	<b>3,64,63,95,280</b>
	HELD TO MATURITY	-	2,84,32,57,540
	AVAILABLE FOR SALE	-	80,31,37,740
	HELD FOR TRADING	-	-
	<b>TOTAL</b>	<b>-</b>	<b>3,64,63,95,280</b>
	PERMANENT INVESTMENTS	-	2,84,32,57,540



<b>THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI</b>		
<b>SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2026</b>		
CURRENT INVESTMENTS	4,02,52,03,332	80,31,37,740
TOTAL	<b>4,02,52,03,332</b>	<b>3,64,63,95,280</b>
MARKET VALUE	<b>4,02,52,03,332</b>	<b>3,64,63,95,280</b>
<b>II INVESTMENTS OUTSIDE INDIA IN</b>		
i GOVERNMENT SECURITIES (INCLUDING LOCAL AUTHORITIES)	-	-
ii SUBSIDIARIES &/ OR JOINT VENTURES	-	-
iii OTHER INVESTMENTS	-	-
<b>SCHEDULE - 9 ADVANCES</b>		
PARTICULARS	31.03.2026	31.03.2025
i SHORT TERM LOANS, CASH CREDITS, OVERDRAFTS & BILLS		
A) GOVT. AND OTHER APPROVED SECURITIES	-	-
SUB TOTAL	-	-
B) OTHER TANGIBLE SECURITIES:		
1. CROP FINANCE KISSAN (SAO)	3,61,72,84,481	3,50,05,36,276
2. CROP FINANCE KISSAN (SFDA)	3,03,34,56,558	3,30,57,72,165
3. ST KCC SFDA DRY FARM PACS	-	2,10,000
4. ST KCC SFDA ANIMAL HUSBANDRY	3,50,000	5,90,000
5. CASH CREDIT	19,05,88,349	19,93,14,725
6. MARKETING FINANCE	98,89,028	1,99,22,815
7. OVER DRAFT	12,81,92,821	13,34,98,409
8. LOAN ON FIXED DEPOSIT (IND)	11,44,06,619	13,33,30,665
9. LOAN ON FIXED DEPOSIT (SOC)	70,97,477	5,48,91,947
10. LOAN ON RECURRING DEPOSIT	2,17,010	-
11. LOAN ON PIGMY DEPOSIT	6,16,261	32,68,680
12. K.C.C. (IND)	8,64,31,001	8,22,35,272
<b>13. JEWEL LOAN</b>		
- JEWEL LOAN FOR AGRICULTURE	1,27,97,69,940	78,81,12,586
- JEWEL LOAN FOR NON-AGRICULTURE	68,08,57,619	71,38,65,083
SUB TOTAL	<b>9,14,91,57,164</b>	<b>8,93,55,48,621</b>
SHORT TERM LOANS, CASH CREDITS, OVERDRAFTS & BILLS DISCOUNTED - UNSECURED:		
1. SHG LOAN- SOC	-	-
2. PIGMY OVERDRAFT LOAN	10,36,91,044	12,25,72,849
3. PERSONAL LOAN	3,65,85,425	3,92,33,144
4. FISHERIES	-	3
5. SOLAR EQUIPMENT	27,43,940	11,92,223
6. OVERDRAFT LOAN (STAFF)	2,14,13,341	2,83,41,062
SUB TOTAL	<b>16,44,33,750</b>	<b>19,13,39,281</b>
ii MEDIUM TERM LOANS OF WHICH SECURED AGAINST		
A) GOVT. AND OTHER APPROVED SECURITIES	-	-
SUB TOTAL	-	-
B) OTHER TANGIBLE SECURITIES		
1. M.T AGRICULTURE	-	-
2. VEHICLE LOAN	2,17,69,38,180	1,66,04,17,978
3. SPRINKLER LOAN	6,11,39,827	5,32,46,429
4. FARM MECHANISATION LOAN	8,50,75,544	6,52,73,658
5. JLG LOAN	-	3,23,930
6. SHG LOAN	40,42,70,920	29,34,33,544
7. PM MUDRA YOJANA	2,06,43,102	3,07,92,636
8. SURITY LOAN IND	1,56,80,961	2,50,32,419



<b>THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI</b>		
<b>SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2026</b>		
9. PICKUP LOAN	27,87,40,891	19,90,81,747
10. GENERATOR LOAN	41,18,949	25,50,868
11. AGRI ALLIED ACTIVITIES	7,36,10,498	5,09,88,073
12. DAIRY DEVELOPMENT PUBLIC	2,20,470	4,54,728
13. AGRI -NON SUBSIDY PUBLIC	-	8,68,935
14. FARM POND LOAN	23,85,07,224	27,90,07,439
15. N.F.S GODOWN & DRYING YARD	75,19,84,366	84,30,47,074
16. COFFEE PULPER/THRASHER LOAN	3,75,866	7,07,055
17. TL- CCTV/INVRTR	79,460	-
18. TL-POLY HOUSE PUB	4,48,800	5,04,400
19. TL PIGGERY	5,28,002	9,65,437
20. TL SHEEP/GOAT REARING	1	4,00,001
21. FARM HOUSE LOAN	-	-
22. TOURISM DLPMT PUB	32,15,669	38,17,002
23. COVID LOAN IND	-	-
24. RURAL HOUSING	29,07,03,169	21,27,16,755
25. TL-FISH FRMNG	39,24,638	43,38,545
26. TL -POULTRY	6,30,668	6,45,000
27. TL-VIDYA SHAKARA LOAN	5,17,61,789	3,56,92,213
28. TL-PICKUP GOK SUB	2,98,99,612	3,64,97,138
SUB TOTAL	<b>4,49,24,98,608</b>	<b>3,80,08,03,005</b>
MEDIUM TERM LOANS - UNSECURED:		
1. M.T. NON AGRICULTURE	-	-
SUB TOTAL	-	-
iii LONG TERM LOANS OF WHICH SECURED AGAINST:		
A) GOVT. AND OTHER APPROVED SECURITIES	-	-
SUB TOTAL	-	-
B) OTHER TANGIBLE SECURITIES		
1. HOUSE/SITE MORTGAGE LOAN	1,33,64,26,894	1,16,32,27,114
2. COMMERCIAL BUILDING LOAN (IND)	7,27,38,937	9,19,75,947
3. COMMERCIAL BUILDING LOAN INSTITUTIONS	22,43,463	26,22,547
4. COMMERCIAL BUILDING LOAN SOC	82,737	3,19,816
5. HOUSING LOAN (STAFF)	10,28,03,736	9,65,99,958
6. HOUSING LOAN (OTHERS)	44,93,67,569	36,76,39,227
7. BUILDING LOAN (SOC)	52,54,909	54,66,570
8. BUILDING LOAN (IND)	78,28,734	41,73,165
11.TL LT GENERAL PURPOSE IND	1,52,98,15,132	97,53,62,070
12.TL LT NABARD PACS	8,19,26,331	10,76,81,085
13.PACS MULTI SERVICE CENTRE SOC	6,83,73,762	12,70,63,291
13. LT DEVELOPMENT PURPOSE LOAN IND	14,22,29,985	10,09,14,110
14. L.T. DEVELOPMENT PURPOSE LOAN	11,62,61,131	16,42,56,477
SUB TOTAL	<b>3,91,53,53,321</b>	<b>3,08,02,38,086</b>
C) LONG TERM LOANS - UNSECURED:		
1. L.T. A.R.C	-	-
SUB TOTAL	-	-
<b>TOTAL</b>	<b>17,72,14,42,843</b>	<b>16,00,79,28,994</b>



Schedule - 10 FIXED ASSETS

THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI  
SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31st MARCH 2026

Sl.No	Particulars	WDV Balance as on 31st March 2025	Additions during the year	Deletions during the year	Total	% of Depreciation	Depreciation	WDV Balance as on 31st March 2026
	1	2	3	4	5=(2+3-4)	6	7	8=(5-7)
1	Premises & Building - revaluation	18,91,87,611	-	-	18,91,87,611	5.00%	7,25,988	18,84,61,623
2	Premises & Building	8,59,80,043	51,10,311	603	9,10,89,751	5.00%	35,14,702	8,75,75,049
3	Furniture, Fixtures & Fittings	5,81,76,817	55,29,397	34,665	6,36,71,549	10.00%	58,98,799	5,77,72,750
4	Vehicles	30,15,636	-	1,57,235	28,58,401	20.00%	5,96,920	22,61,481
5	Copier Machine	1,76,329	-	-	1,76,329	25.00%	44,082	1,32,247
6	Electric Generator	21,24,532	6,62,312	12,783	27,74,061	20.00%	4,43,121	23,30,940
7	Computer and Accessories	25,79,505	5,91,784	39,913	31,31,376	33.33%	9,14,262	22,17,114
8	Computer machineries	34,30,655	51,92,134	65,500	85,57,289	33.33%	16,98,514	68,58,775
9	Borewell & Equipments	1,08,667	16,501	-	1,25,168	20.00%	24,301	1,00,867
10	CC TV	12,12,859	5,85,078	-	17,97,937	33.33%	4,75,275	13,22,662
11	Hand Held Machine	5,887	-	3,925	1,962	33.33%	1,962	-
12	Jewel Purity Analyser	68,688	-	1,711	66,977	33.33%	22,894	44,083
13	Soft Ware Licence	2,64,269	-	-	2,64,269	33.33%	88,080	1,76,189
14	Micro ATM	2,80,555	-	-	2,80,555	33.33%	93,509	1,87,046
15	BBPS KIOSK	39,687	-	-	39,687	33.33%	13,228	26,459
16	ATM	84,568	-	-	84,568	33.33%	28,187	56,381
17	DIGITAL SIGNAGE BOARD	10,13,322	1,59,551	-	11,72,873	33.33%	3,48,379	8,24,494
		<b>34,77,49,630</b>	<b>1,78,47,068</b>	<b>3,16,335</b>	<b>36,52,80,363</b>		<b>1,49,32,203</b>	<b>35,03,48,160</b>

As per our report of even date

for The Kodagu District Co-Operative Central Bank Limited, Madikeri

For P.K.Subramaniam & Co.

Chartered Accountants

FRN 0041355

Chief Executive Officer

General Manager

Manager (Accounts)

President

Director

CA Veerabasana Gouda S

Partner

ICAI Membershi.No.2086598

Place : Madikeri

Date : 25.06.2026



**THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH 2026**

**SCHEDULE - 11 OTHER ASSETS**

<b>PARTICULARS</b>	<b>31.03.2026</b>	<b>31.03.2025</b>
INTER OFFICE ADJUSTMENT (NET)	-	5,429
INTEREST RECEIVABLE ON ADVANCES	62,79,81,611	52,77,07,007
INTEREST RECEIVABLE ON INVESTMENTS	4,08,36,313	2,89,27,737
STATIONERIES	14,08,258	10,51,377
FESTIVAL ADVANCES	8,40,000	5,27,500
INCOME TAX REFUNDABLE	83,17,560	2,94,59,200
DISPUTED INCOME TAX	-	-
RECEIVABLE FROM GOK ( RS. 50000/-)	-	-
ADVANCE TAX INCLUDING TDS	6,63,90,970	6,51,26,434
OTHERS ASSET	3,95,20,071	1,10,44,992
<b>TOTAL</b>	<b>78,52,94,785</b>	<b>66,38,49,677</b>

**SCHEDULE - 12 CONTINGENT LIABILITIES**

<b>PARTICULARS</b>	<b>31.03.2026</b>	<b>31.03.2025</b>
(GUARANTEES GIVEN ON BEHALF OF CONSTITUENTS)	-	-
DEAF ACCOUNT WITH RBI	1,32,92,433	1,25,11,106
GUARANTEES GIVEN ON BEHALF OF CONSTITUENTS		
A. IN INDIA	63,54,000	63,54,000
B. OUTSIDE INDIA	-	-
ACCEPTANCES ,ENDORSEMENTS AND OTHER OBLIGATIONS	-	-
OTHER ITEMS FOR WHICH THE BANK IS CONTINGENTLY LIABLE	-	-
<b>TOTAL</b>	<b>1,96,46,433</b>	<b>1,88,65,106</b>

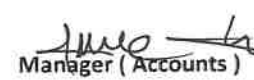
As per our report of even date

for The Kodagu District Co-Operative Central Bank Limited, Madikeri

For P.K.Subramaniam & Co.  
Chartered Accountants  
FRN 0041355

  
Chief Executive Officer

  
General Manager

  
Manager (Accounts)

  
CA Veerabasana Gouda S

Partner  
ICAI Membershi.No.208698

  
President Director

  
Director

  
Director

Place Madikeri  
Date : 25.06.2026



**THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI**

**SCHEDULES FORMING PART OF THE INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31ST MARCH 2026**

**SCHEDULE - 13 INTEREST INCOME**

<b>PARTICULARS</b>	<b>31.03.2026</b>	<b>31.03.2025</b>
INTEREST ON ADVANCES	1,06,09,95,948	85,31,43,460
INTEREST SUBSIDY FROM GOVERNMENT ADVANCES	35,10,90,567	35,88,05,928
INTEREST ON INVESTMENT	42,91,07,775	37,38,65,418
<b>TOTAL</b>	<b>1,84,11,94,289</b>	<b>1,58,58,14,806</b>

**SCHEDULE - 14 OTHER INCOME**

<b>PARTICULARS</b>	<b>31.03.2026</b>	<b>31.03.2025</b>
BANK CHARGES, LOAN PROCESSING & OTHER CHARGES	4,58,11,105	4,54,27,812
NOMINAL MEMBERSHIP FEES	16,05,700	14,61,330
DIVIDEND ON INVESTMENTS IN SHARES OF CO-OPERATIVE INSTITUTIONS	69,40,000	55,92,000
CORPORATE AGENTS AND LIC COMMISSION	5,92,545	6,12,403
PR IT SALE DEAL NNBK ASSETS	2,45,391	51,00,604
MISCELLANEOUS INCOME	1,25,07,576	3,22,04,567
RENT RECEIVED	30,000	86,500
<b>TOTAL</b>	<b>6,77,32,317</b>	<b>9,04,85,216</b>

**SCHEDULE - 15 INTEREST ON DEPOSITS & BORROWINGS**

<b>PARTICULARS</b>	<b>31.03.2026</b>	<b>31.03.2025</b>
I INTEREST ON DEPOSITS	1,03,66,93,428	97,04,36,766
II INTEREST ON RESERVE BANK OF INDIA/INTER BANK BORROWINGS	30,00,30,779	20,54,76,772
III OTHERS(INT PAID ON GOVT.SECURITIES)	-	-
<b>TOTAL</b>	<b>1,33,67,24,207</b>	<b>1,17,59,13,538</b>

**SCHEDULE - 16 OPERATING EXPENSES**

<b>PARTICULARS</b>	<b>31.03.2026</b>	<b>31.03.2025</b>
PAYMENTS TO AND PROVISIONS TO EMPLOYEES	14,92,88,832	12,98,89,895
PROVIDENT FUND CONTRIBUTION EMPLOYER	37,35,621	32,60,625
PROVISION/PREMIUM OF GRATUITY PAID TO LIC	7,41,763	10,000
RENT, RATES ,TAXES & LIGHTING	1,28,70,746	1,19,80,711
PRINTING & STATIONERY	24,43,563	41,21,349
ADVERTISEMENT & PUBLICITY	16,20,222	5,61,433
DEPRECIATION ON BUILDING & OTHER ASSETS	1,42,06,215	1,48,87,917
AMORTIZATION EXPENSES	3,47,552	2,86,269
DIRECTORS SITTING FEE/HONORARIUM & BOARD MEETING ALLOWANCE/STUDY TOUR EXPENSE	21,03,560	18,72,250
BOARD MEETING & OTHER MEETING EXPENSES	3,98,381	2,90,341
AGM EXPENSES	11,24,248	11,80,731
AUDITORS FEES AND EXPENSES ( INCLUDING BRANCH CONCURRENT AUDITORS )	22,43,750	15,11,000
LEGAL & PROFESSIONAL FEE	33,12,250	12,01,000
REPAIRS TO MOVABLE, IMMOVABLE PROPERTIES & DIESEL	32,54,979	18,73,538
PERSONAL ACCIDENT INSURANCE VEHICLES	93,701	1,07,176
DEPOSIT GUARANTEE INSURANCE	88,31,511	1,74,71,738
POSTAGE, TELEGRAPH & TELEPHONE CHARGES	13,30,105	12,93,726
TRAINING & TRAVELLING EXPENSES STAFF	60,346	2,08,080
APPRAISER & PIGMY AGENTS COMMISSION	1,92,96,939	1,67,39,008
BANK CHARGES/STAMP CHARGES/CHARGES ON ATM TRANSACTION/WEBSITE /QR CODE CHARGES	45,26,169	39,80,940
COMPUTER SOFTWARE SERVICES	1,13,09,426	1,11,94,610
SHG NRLM INT WRITTEN OFF	-	6,14,503
RECRUITMENT 2024-25 EXP	1,27,500	12,05,800
LOSS FROM SALE NONBKING ASSETS	1,39,997	38,602
MISCELLANEOUS EXPENSES	1,86,55,528	1,33,55,295
<b>TOTAL</b>	<b>26,20,62,904</b>	<b>23,91,36,536</b>



**SCHEDULE - 17 PROVISIONS & CONTINGENCIES**

PARTICULARS	31.03.2026	31.03.2025
<b>INCOME TAX EXPENSES:</b>		
CURRENT YEAR INCOME TAX	7,50,00,000	6,50,00,000
PREVIOUS YEAR INCOME TAX	-	-
<b>PROVISIONS ON ADVANCES</b>		
PROVISION FOR LOANS AND ADVANCES- STANDARD ASSETS	50,00,000	30,00,000
PROVISION FOR SPECIAL RESERVE sec36 (1) VII OF INCOME TAX	-	1,00,00,000
PROVISION FOR NPA	-	-
<b>PROVISIONS ON INVESTMENTS/ASSETS</b>		
EROSION OF ASSETS	2,00,000	2,00,000
PROVISION FOR INVESTMENTS	-	-
<b>OTHER PROVISIONS</b>		
PROVISION FOR EL ENCASHMENT	-	90,00,000
PROVISION FOR RETIRED EMPLOYEES PENSION FUND	20,00,000	-
PROVISION FOR VEHICLE & AGRI EQUIPEMENT SALA MELA 2023-24 REBATE AMOUNT	30,00,000	30,00,000
PROVISION FOR DEFRED TAX LIABILITY	-	15,00,000
PROVISION FOR BOD STUDY TOUR FUND	-	25,00,000
PROVISION FOR INVESTMENT DEPRECIATION RESERVE	10,00,000	-
<b>TOTAL</b>	<b>8,62,00,000</b>	<b>9,42,00,000</b>

As per our report of even date

for The Kodagu District Co-operative Central Bank Limited, Madikeri

For P.K.Subramaniam & Co.  
Chartered Accountants  
FRN 004135S

  
Chief Executive Officer

  
General Manager

  
Manager (Accounts)



CA Veerabasana Gouda S  
Partner  
ICAI Membershi.No.208698

  
President

  
Director

  
Director

Place : Madikeri

Date : 25.06.2026



**THE KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED, MADIKERI**

**CASH FLOW STATEMENT (ANNEXURE - J)**

Particulars	For the year ended 31.03.2026	For the year ended 31.03.2025
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit/ (Loss) Before Taxes	29,89,39,495	23,20,49,948
<b>Adjustments for:</b>		
Depreciation	1,42,06,215	1,48,87,917
Loss on sale of Assets	1,39,997	-
Provision for Investments	-	-
Provision for Standard Assets	50,00,000	30,00,000
Provision for Erosion of Assets	2,00,000	2,00,000
Provision for retired employees pension fund	20,00,000	-
Provision for BOD study tour fund	-	25,00,000
Provision for EL Encashment	-	90,00,000
Provision for Non Performing Assets	-	-
Provision For Special Reserve Sec36 (1) VII of Income Tax Act, 1961	-	1,00,00,000
Provision For Vehicle & Agri Equipement Sala Mela 2024-25 Rebate Am	30,00,000	30,00,000
Provision For Defred Tax Liability	-	15,00,000
Provision For Karnataka State Insurance Co-Op Soc Ltd-Non Yielding Share Amount	-	-
	<b>32,34,85,707</b>	<b>27,61,37,865</b>
<b>Adjustments for:</b>		
Decrease/(Increase) in Advances	(1,71,35,13,849)	(2,86,75,37,450)
Decrease/(Increase) in Other Assets	(12,14,45,108)	(8,24,50,854)
Decrease/(Increase) in Investments	(37,88,08,052)	(5,94,75,600)
(Decrease)/Increase in Other Liabilities & Provisions	12,63,40,714	7,12,62,538
(Decrease)/Increase in Deposits	2,71,77,80,413	1,59,29,85,582
(Decrease)/Increase in Borrowings	30,72,66,788	78,52,70,022
Income Tax Refund/ (Paid)	(7,50,00,000)	(6,50,00,000)
<b>Net Cash Flow From Operating Activities (A)</b>	<b>1,18,61,06,614</b>	<b>(34,88,07,898)</b>
<b>B. Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(1,78,47,068)	(19,85,23,946)
Sale of Fixed Assets	3,16,335	6,53,127
<b>Net Cash Used in Investing Activities (B)</b>	<b>(1,75,30,733)</b>	<b>(19,78,70,819)</b>
<b>C. Cash flow from Financing Activities:</b>		
(Decrease)/Increase in Share Capital (Net)	2,07,34,000	4,45,10,000
Payments of Dividends, Reserves & Other Funds	(3,60,23,306)	15,36,57,726
<b>Net Cash Used Financing Activities (C)</b>	<b>(1,52,89,306)</b>	<b>19,81,67,726</b>
Net (Decrease)/Increase in cash and cash Equivalents (A+B+C)	1,15,32,86,574	(34,85,10,991)
Cash and Cash Equivalents at the Beginning of the Year	3,23,86,16,078	3,58,71,27,069
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>4,39,19,02,652</b>	<b>3,23,86,16,078</b>
<b>Note:</b>		
<b>1. Components of Cash &amp; Cash Equivalents as at:</b>		
Cash on Hand & ATM	19,25,84,727	13,73,30,398
Balance with Banks and Money at Call & Short Notice	4,19,93,17,926	3,10,12,85,680
	<b>4,39,19,02,653</b>	<b>3,23,86,16,078</b>
<b>2. Cash Flow from Operating activities is reported by using indirect method</b>		

As per our report of even date

for The Kodagu District Co-Operative Central Bank Limited, Madikeri

For P.K.Subramaniam & Co.  
Chartered Accountants  
FRN 0041355

Chief Executive Officer

General Manager

Manager (Accounts)

V.S. Gouda

CA Veerabasana Gouda S  
Partner

President

Director

Director

ICAI Membershi.No.208698

Place : Madikeri  
Date : 25.06.2026



## **SCHEDULE NO. 20 – SIGNIFICANT ACCOUNTING POLICIES**

### **THE KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED**

**Thimmaiah Circle, Madikeri, 571201.**

#### **Significant Accounting Policies and other explanatory information**

##### **1. Background:**

“The Kodagu District Co-operative Central Bank Limited” Madikeri was first registered in 1921. The management of affairs of the Bank is regulated by the Karnataka Cooperative societies Act, 1959.

The primary objective of the Bank is to provide Short-term and Medium-term agricultural loans and long-term loans to farmers as well as other customers and the bank extends loans to self- help groups through branches. Besides this, the Bank is also extending working capital loans / OD loans to Societies as well as Individuals.

As a District Co-operative Central Bank, the Bank is carrying out all other banking activities including mobilization of deposits, Non-agricultural loans like Housing loan, Vehicle loan, Jewel loan and Salary earners loans, RTGS and NEFT facility, IMPS, Mobile Banking, UPI, Collection of bills, Issue of Demand drafts and Locker facility, through its network of 26 branches in Kodagu District.

##### **2. Basis of Preparation:**

The financial statements are prepared under historical cost convention and accrual basis on the assumption that business is continuing on Going Concern Concept unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by Reserve Bank of India(RBI), NABARD, Banking Regulation Act,1949, Accounting Standards provided by Institute of Chartered Accountants of India(ICAI) and the practices prevalent in Banking Industry in India.

##### **3. Use of Estimates**

The preparation of financial statements are in conformity with Generally Accepted Accounting Principles (GAAP), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities(including contingent liabilities) as on the date of financial statements and reported revenues and

expenses during the reporting period. Actual results could differ from those estimated. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Any revisions to accounting estimates are recognised prospectively in the current and future periods.

#### 4. Revenue Recognition

- 4.1 (a) Income and expenditure are accounted on accrual basis.
- 4.2 Interest income is recognised in the Profit and Loss Account on accrual basis except:
- (i) income from Non-Performing Assets (NPAs), comprising of advances and investments, which is recognized upon realization, as per the prudential norms prescribed by RBI.

Commission (other than Government business), Exchange, Brokerage and rent on lockers

are accounted on realization.

- 4.3 Profit or Loss on sale of investments is recognised in the Profit and Loss Account after conclusion of sale.
- 4.4 Income (other than interest) on investments in “Held to Maturity (HTM)” category acquired at a discount to the face value, is recognised on interest bearing securities, it is recognised only at the time of sale/ redemption.
- 4.5 Dividend income is recognised when the right to receive the dividend is established.

#### 5. Investments:

##### 5.1 Classification

Investments are classified into two categories viz. Held to Maturity (HTM) and Current Category (Available for Sale (AFS)) and Held for Trading (HFT)) as per RBI Guidelines.

##### 5.2 Basis for Classification

- a. Investments that the Bank intends to hold till maturity are classified as “Held to Maturity (HTM)”.
- b. Investments that are held principally for resale within 90 days from the date of purchase are classified as “Current Category (Held for Trading (HFT))”.
- c. Investments, which are not classified in above two categories, are classified as “Current Category (Available for Sale (AFS))”

- d. An investment is classified as HTM and Current Category (HFT or AFS) at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

### 5.3 Valuation

- a) Investments classified under **Held to Maturity** need not be marked to market and will be carried at acquisition cost, unless it is more than the face value, in which case the premium should be amortized over the period remaining to maturity. The book value of the security should continue to be reduced to the extent of the amount amortized during the relevant accounting period.

Premium paid on investments under SLR category has been amortized proportionately depending on the maturity date.

- b) The individual scrips in the Current Category (**Available for Sale**) will be marked to market at frequent intervals. Securities under this category shall be valued scrip-wise and depreciation/ appreciation shall be aggregated for each classification (i.e. HTM, AFS, HFT). Further, the investment in a particular classification, may be aggregated for the purpose of arriving at net depreciation/appreciation of investments under that category. Net depreciation, if any, shall be provided for. Net appreciation, if any, should be ignored. Net depreciation required to be provided for in any one classification should not be reduced on account of net appreciation in any other classification. The book value of the individual securities would not undergo any change after the marking of market.
- c) The individual scrips in the Current Category (**Held for Trading**) will be marked to market at frequent intervals and provided for as in the case of those in the Available for Sale category. Consequently, the book value of the individual securities in this category would also not undergo any change after marking to market.

### 6. Loans/Advances and Provisions thereon: (Also ref NABARD Circular dt. 17 Aug 2002 (para 2.1(i) for TL and para 2.7 & 2.9 for Overdraft/CC)

#### 6.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/ directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

- a) In respect of term loans, interest and/ or instalment of principal remains overdue for a period of more than 90 days;
- b) In respect of Overdraft or Cash Credit advances, the account remains “out of order”, i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power

continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance sheet, or if the credits are not adequate to cover the interest debited during the same period;

- c) In respect of bills purchased/ discounted, the bill remains overdue for a period of more than 90days;
- d) In respect of agricultural advances to DCC Banks: (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

**6.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:**

- a) **Sub-standard:** A loan asset that has remained non-performing for a period of less than or equal to 36 months.
- b) **Doubtful:** A loan asset that has remained in the sub-standard category for a period of more than 36 months.
- c) **Loss:** A loan asset where loss has been identified but the amount has not been fully written off.

**6.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:**

In conformity with the prudential norms, provisions are required to be made on the non-performing assets on the basis of classification of assets into prescribed categories as detailed above. Taking into account the time lag between an account becoming doubtful of recovery, its recognition as such the realization of the security and erosion in the value of security charged to the bank, the banks have to make provision against standard, sub-standard, doubtful and loss assets are as below:

- a) **Provision on Standard Asset** Banks has to make a general provision of minimum of 0.40% on standard assets. However, direct advances to agriculture and SME sectors which are standard assets, would attract a uniform provisioning of 0.25%.

The provision made has to be shown separately as "Contingent Provision against Standard Assets" under "Other Liabilities" in the Balance sheet.

**b) Sub-Standard Asset**

A general provision of 10% on total outstanding should be made without making any allowance for considering DICGC cover and securities available.

**c) Doubtful Assets**

100% of the extent to which the advance is not covered by the realizable value of the security to which the bank has a valid recourse, should be made.

In regard to the secured portion, provision may be made on the following basis, rates ranging from 20% to 100% of the secured portion depending upon the period which the asset has remained doubtful.

<b>Period for which the advance has remained in doubtful category</b>	<b>Percentage of provision on secured portion</b>
Overdue 3 to 4 years	20%
Overdue above 4 years upto 6 years	30%
Overdue over 6 years	100%

**d) Loss Assets**

The entire assets should be written off after obtaining necessary approval from competent authority and as per the provisions of the applicable Co-operative Societies Act & Rules. If the assets are permitted to remain in the books for any reason, 100% of the outstanding should be provided for.

In respect of an asset identified as a loss asset, full provision at 100% should be made irrespective of the expected salvage value of the security.

**5.1 Fixed assets**

- 7.1 Fixed Assets are carried at cost less accumulated depreciation/ amortization.
- 7.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalized only when it increases the future benefits from such assets or their functioning capability.



- 7.3 The Bank considers only immovable assets for revaluation. The increase in Net Book Value of the asset due to revaluation is credited to the Revaluation Reserve Account without routing through the Profit and Loss Account. The depreciation provided on the increase in the Net Book Value is deducted from Revaluation Reserve. The Revalued Asset is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

## 7. Depreciation and Amortisation

- 8.1 The rates of depreciation and method of charging depreciation are asunder:

Assets	Method of Computation	%of depreciation
Buildings	Written down Value	5.00%
Furniture & Fixtures	Written down value	10.00%
Computers & Accessories (incl. software)	Written down value	33.33%
Electricals/Generator	Written down value	20.00%
Vehicles	Written down value	20.00%

- 8.2 The useful life of the respective assets is determined by the management except for the Computers where, as per the guidelines of RBI, depreciation is charged under Written down value method at 33.33%.
- 8.3 Depreciation on fixed assets in the year of capitalization is charged for the full year if the asset is used for more than 180 days during that financial year; else it is provided at 50 percent of the applicable rate. No depreciation is provided for in the year of sale / disposal.

## 8. Impairment of Assets

Assets are reviewed for impairment at the end of the year whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. If such an asset is considered to be impaired, the impairment to be recognized and is measured by the amount by which the carrying amount of the asset exceeds the recoverable amount of the asset.

## 9. Employee Benefits

### 10.1 Short Term Employee Benefits:

The undiscounted amounts of short-term employee benefits, such as medical insurance benefits which are expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

### 10.2 Long Term Employee Benefits:

#### a. Defined Benefit Plans:

- i. The Bank contributes to Provident Fund scheme of EPFO. All eligible employees are entitled to receive benefits under Provident Fund scheme of EPFO. The Bank contributes monthly Rs. 1800/- per employee. These contributions are remitted to Provident Fund scheme of EPFO and are charged to Profit and Loss Account. The Bank recognizes such annual contributions as an expense in the year to which it relates.
- ii. The Bank operates Gratuity and Retirement pension fund which are defined benefit plans.
  - The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, or on death while in employment, for an amount equivalent to 15 days 7 basic pays plus Dearness allowance payable for each completed year of service, subject to the cap prescribed by the Statutory Authorities. Vesting occurs upon completion of five years of service. The contributions to this fund are administered by Life Insurance Corporation of India based on an independent ad-hoc valuation carried out annually. Further bank has extended fixed pension amount of Rs.3000.00 monthly to all the retired employees of the bank out of interest earned on the corpus fund.

## 10. Taxes on Income

- 11.1 Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – “Accounting for Taxes on Income” respectively.
- 11.2 Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred Tax assets and liabilities arising on account of timing differences and which are capable of reversal in subsequent periods are recognized using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account.



11.3 Deferred tax assets are recognized and reassessed at each reporting date, based upon management's judgement as to whether their realization is considered as reasonably certain or Virtual certain as the case may be.

11.4 Deferred Tax Assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future profits. Deferred tax assets on the items other than above are recognized on the basis of reasonable certainty.

### **11. Provisions, Contingent Liabilities and Contingent Assets**

i. In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when:

- ii. it has a present obligation as a result of a past event
- iii. it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation, and
- iv. A reliable estimate of the amount of the obligation can be made.

12.1 No provision is recognised for:

12.1.1 any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or

12.1.2 any present obligation that arises from past events but is not recognised because:

- a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

c. Contingent Assets are not recognised in the financial statements.

### **13 Reserves/Funds**

13.1 As per the requirement of Karnataka State Co-operative Societies Act, the reserve fund has been bifurcated into 2 categories:

- i. Statutory Reserve Fund ( not less than of 25% of Net Profit of each year transferred)

- ii. Co-operative Education Fund (comprising of 2% of Net Profit of each year transferred)

13.2 Remaining profit, after transfer of above-mentioned reserves is allocated as follows:

- i. Agricultural Stabilization Fund- 15%
- ii. Employees Welfare Fund-5%
- iii. Investment Fluctuation Reserve-10%
- iv. Building Fund-25%
- v. Special Assistance Fund-15%
- vi. PACS/DCCB Development Fund- 10%
- vii. Dividend Equalization Fund-15%
- viii. Rural Farmer Socio Economic Development Fund- 10%
- ix. Balance if any shall be transferred to Statutory Reserve

  
CHIEF EXECUTIVE OFFICER

  
GENERAL MANAGER

  
MANAGER (ACCOUNTS)

  
PRESIDENT

  
DIRECTOR

  
DIRECTOR

For P. K. Subramaniam and Co  
Chartered Accountants  
Firm Reg. No.: 004135S



CA Veerabasana Gouda S  
Partner  
ICAI Membership No. 208698

Place: Madikeri  
Date: 25.06.2026



## SCHEDULE NO. 21 – NOTES ON ACCOUNTS

Notes forming part of the Balance Sheet as at 31st March 2026 and Profit and Loss Account for the year ended on that date.

### 1. Basis of Audit

The Kodagu District Co-operative Central Bank Ltd., Madikeri (hereinafter called as 'Bank') is a co-operative bank registered under The Karnataka Co-operative Societies Act, 1959. The audit of co-operative banks in terms of Section 63(5) was conducted by the Office of Deputy Director, Co-operative Societies, Audit Department upto the financial year 2008-09. For the financial year 2009-10 and onwards, as per clause 9.2 of the Memorandum of Understanding dated 25th March 2008 [with regard to implementation of Revival Package for Short Term Co-operative Credit Structure (STCCS)] and in terms of amendment to Section 98-U of The Karnataka Co-operative Societies Act, 1959 (with regard to audit of accounts), the statutory audit of the Bank has been entrusted to the members of the Institute of Chartered Accountants of India.

The auditors are required to report the compliance by the Bank with the Accounting Standards (AS) prescribed by ICAI subject to statutory regulations. The Bank has tried to make disclosures as required by the standards wherever possible.

The financial statements have been prepared and disclosures made in accordance with the Reserve Bank of India (Financial Statements – Presentation and Disclosures) Directions, 2021 ('Master Direction'), issued vide Master Direction No. RBI/DOR/2021-22/83, DOR.ACC.REC.No.45/ 21.04.018/2021-22 dated August 30, 2021 (updated as on July 03, 2025), as extended to State Co-operative Banks and Central Co-operative Banks vide RBI Circular No. RBI/2022-23/181 DOR.ACC.REC.No.103/21.04.018/2022-23 dated February 20, 2023.

### 2. Inter-Branch Transactions and Balancing of Subsidiary Ledgers

- Reconciliation of branch adjustments / inter-branch accounts has been completed up to 31.03.2026 and steps are being taken to give effect to consequential adjustments of pending items.
- Balancing of subsidiary ledgers is completed in all branches.

### 3. Disputed Income-Tax Liability and GST Liabilities

- As on date, the Bank does not have any Material Income Tax Disputes.

- GST Liabilities pending / under dispute (Amount in Rs.)

Sl. No.	GST Assessment Year	Integrated Tax (₹)	CGST (₹)	SGST (₹)
1	2017-18	—	89,280	89,280
2	2018-19	—	17,33,133	17,33,133
3	2019-20	2,23,913	4,72,193	4,72,193
4	2020-21	—	4,18,674	4,18,674

### 4. Investments

- The Non-SLR investments held by the Bank are within the limit of 10% of the deposits of the immediately preceding year. These investments are valued on YTM basis as per RBI Norms.
- A Non-Performing Asset Share of ₹ 25,000/- invested in Karnataka State Insurance Co-operative Society on 27.07.2011 has been written off during 2025-26 as per NABARD guidelines and Bank Board Meeting Resolution No. 18/2025-26 dated 30.01.2026.
- The Bank has complied with the disclosure norms of RBI with respect to Non-SLR Investments. Details are provided in Clause 21.3 below.

## 5. Change in Accounting Policies and Prior Period Income and Expenditure (AS-5)

From the financial year 2013-14 onwards, the Bank has migrated its total banking functions through a Core Banking Solution (CBS). Due to this migration, the system of accounting was changed from a mixed/hybrid system to an accrual system both income and expenses are now accounted on accrual basis, as against the earlier practice where income was accounted on receipt basis and expenses on accrual basis.

The Bank has decided to account interest on advances and investments on accrual basis. There are no prior period items of material nature requiring separate disclosure. There are no extraordinary items to disclose.

## 6. Employee Benefits (AS-15)

The Bank has provided for a liability of ₹ 1,959.36 Lakhs as on 31.03.2026 as per the Actuarial Valuation Report dated 31.03.2026. All employee-related expenses with related long-term employee benefits have been accounted and shown as employee benefits.

Particulars	As at 31.03.2026 (₹ Lakhs)	As at 31.03.2025 (₹ Lakhs)
Total Employee Benefit Liability as per Actuarial Valuation	1,959.36	1,726.11
Provision for EL Encashment (current year)	50.00	90.00
Provision for Retired Employees Pension Fund (current year)	20.00	0.00

## 7. Segment Reporting (AS-17)

The Bank has identified the following business segments:

- Treasury – includes all investments and money at call.
- Corporate / Wholesale Banking.
- Retail Banking.
- Other Banking Business.
- As the Bank's area of operations is restricted to Kodagu District only, there is only one geographical segment.

### PART A: Business Segment

(Amounts in ₹ Crore)

Business Segments Particulars	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Business		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	43.29	37.95	58.29	58.59	89.00	71.10	0	0	190.58	167.63
Cost of SLR & Dep	24.84	22.35	43.08	43.03	65.76	52.21	0	0	133.67	117.59
Result	18.45	15.59	15.21	15.56	23.24	18.88	0	0	56.90	50.04
Unallocated expenses	0	0	0	0	0	0	0	0	26.21	23.91
Operating Profit	0	0	0	0	0	0	0	0	0.00	0
Income Taxes/provisions	0	0	0	0	0	0	0	0	8.62	9.42
Extraordinary profit/loss	0	0	0	0	0	0	0	0	0.00	0
Net Profit	0	0	0	0	0	0	0	0	22.08	16.70
Other information	0	0	0	0	0	0	0	0	0	0

Segment assets	354.87	319.32	701.43	723.19	1070.71	877.60	0	0	2127.01	1920.11
Unallocated assets	0	0	0	0	0	0	0	0	600.09	470.34
<b>Total assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2727.10</b>	<b>2390.45</b>
Segment liabilities	354.87	319.32	58.91	572.71	2230.93	1434.297	0	0	2644.72	2326.33
Unallocated liabilities	0	0	0	0	0	0	0	0	82.39	64.13
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2727.10</b>	<b>2390.45</b>

## 8. Related Party Disclosure (AS-18)

The related party disclosure as under is not completely in accordance with the Accounting Standard issued by ICAI. The following are the transactions / balances with related parties:

(Amount ₹ Crore)

Items/Related Party	Parent (as per ownership or control)	Subsidiaries	Associates/Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings						
Deposits	0.70	0.62	0.15			<b>1.47</b>
Placement of deposits						
Advances	0.94	0.50	0.00			<b>1.44</b>
Investments						
Non funded commitments						
Leasing/HP arrangements availed						
Purchase of fixed assets						
Sale of fixed assets						
Interest paid	0.02	0.01	0.01			<b>0.04</b>
Interest Received	0.12	0.04	0.00			<b>0.16</b>
Rendering of services						
Receiving of services						
Management contracts						

Details of facilities granted to Directors and their Relatives as at 31.03.2026:

Name	Branch	Relation	Type of Loan	Loan Date	Amount (₹ Lakhs)	ROI %	Outstanding 31.03.2026 (₹ Lakhs)
Sri Kodendera P. Ganapthy	Gonikoppal	Director	Vehicle Loan	15/02/2024	20.00	9.75	14.12
Sri Kodendera P. Ganapthy	Gonikoppal	Director	Drying Yard Loan	17/02/2024	14.80	8.92	10.57
Smt. Greshma K Ganapthy	Gonikoppal	Wife	Pick-up Loan	26/12/2023	7.00	10.00	4.50
Sri K.S. Poovaiyah	Napoklu	Director	Long Term Loan	26/06/2020	29.00	10.50	15.81

Name	Branch	Relation	Type of Loan	Loan Date	Amount (₹ Lakhs)	ROI %	Outstanding 31.03.2026 (₹ Lakhs)
Sri K.S. Poovaiah	Napoklu	Director	Vehicle Loan	19/10/2022	14.60	9.50	9.02
Sri Kunjangada B. Arun & Sushma A	T Shettigeri	Director	Farm Pond	28/02/2024	15.00	8.92	10.71
Reena K A, Yashoda B.B &Bojamma K A	T Shettigeri	Daughter	Vidya Shakara	05/08/2024	45.00	10.50	45.82
Sri Gummatira S. Ganapathi	Gonikoppal	Director	TL-Other Dev. Loan	28/09/2016	20.00	10.00	2.11
Sri Gummatira S. Ganapathi	Gonikoppal	Director	TL-House/Site/Bldg	27/10/2023	20.00	10.50	15.46
Sri T.R. Sharavana Kumar	Kushalanagar	Director	Drying Yard Loan	04/11/2023	8.88	8.92	5.07
Sri Sharath Shekar S.C	Shanivarsanthe	Director	House/Site Mortgage	27/04/2017	20.00	10.50	6.06
Sri Kangira N Sathish	Murnad	Director	Drying Yard Loan	09/06/2022	10.00	8.92	4.29
TOTAL							143.54

### 9. Accounting for Taxes on Income (AS-22)

Tax expense comprises Income Tax. Income Tax is provided for in accordance with the applicable provisions of the Income Tax Act, 1961 and Rules framed thereunder.

Particulars	As at 31.03.2026	As at 31.03.2025
Depreciation as per Books (₹)	1,42,06,215.00	1,48,89,907.00
Depreciation as per IT Act (₹)	1,82,07,196.00	1,85,90,650.00
Difference (₹)	(40,00,981.00)	(37,00,743.00)
Effective Tax Rate	25.17%	25.17%
Deferred Tax Liability (₹)	10,06,966.90	9,31,403.00

### 10. Impairment of Assets (AS-28)

The management and the Board of Directors are of the opinion that there is no impairment of fixed assets to any material extent as on 31.03.2026 requiring recognition / provision in terms of AS-28 issued by ICAI. It is suggested to take an independent evaluation from experts on a regular basis.

**11. Fixed Assets (AS-10)**

The auditors have been informed that accumulated cost of fixed assets and accumulated depreciation to date are required to be disclosed as per the Karnataka Co-operative Societies Act, 1959. The Bank has been carrying forward the written down value of fixed assets in its books of accounts since inception.

**12. Details of Provisions and Contingencies Made during the Year (₹ Lakhs)**

Sl.	Particulars	31.03.2026 (₹ Lakhs)	31.03.2025 (₹ Lakhs)
A	Provision for Standard Assets	50.00	30.00
B	Erosion in Value of Fixed Assets	2.00	2.00
C	Provision for Sec. 36(1)(vii) of IT	0.00	100.00
D	Current Year Taxes	750.00	650.00
E	Provision for Retired Employees Pension Fund	20.00	0.00
F	Provision for EL Encashment	50.00	90.00
G	Provision for Sala Mela	30.00	30.00
H	Provision for Deferred Tax Liability	0.00	15.00
I	Provision for BOD Study Tour	0.00	25.00
K	Provision for Investment Depreciation Reserve	10.00	0.00
	<b>TOTAL</b>	<b>912.00</b>	<b>942.00</b>

**13. Business Ratios**

(As calculated by the Bank and adopted herein — refer also ratios in Balance Sheet)

**14. Depositor Education and Awareness Fund (DEAF)**

The Bank has maintained customer-wise details for amounts transferred to DEAF and the returns to RBI have been correctly compiled and submitted periodically. Details of such accounts

(₹ Lakhs)

Particulars	31.03.2026 No. of A/Cs	31.03.2026 Amount (₹ Lakhs)	31.03.2025 No. of A/Cs	31.03.2025 Amount (₹ Lakhs)
Opening balance transferred to DEA Fund	16,226	125.11	15,593	103.10
Add: Amounts transferred to DEA Fund during the Year	518	7.81	634	22.08
Less: Amounts reimbursed by DEA Fund towards claims	0	0.00	1	0.07
Closing balance transferred to DEA Fund	16,744	132.92	16,226	125.11

**15. Deposit Insurance and Credit Guarantee Corporation (DICGC)**

The Bank has correctly assessed the deposits for coverage under DICGC and the premium is worked out fairly. Details of premium remitted

(₹ Lakhs)

Sl. No.	Particulars	Current Year (₹ Lakhs)	Previous Year (₹ Lakhs)
1	Payment of DICGC Insurance Premium	211.37	196.16
2	Arrears in Payment of DICGC Premium	—	—

## 16. Share Capital

The face value of each 'B' Class Share of Taluk Level Societies is ₹ 25,000/- and District Level Societies is ₹ 50,000/-. However, 76 'B' class shareholders are holding partly paid/fraction shares. There is no authorised capital.

## 17. KYC Compliance

Out of 1,42,149 customers, the Bank has updated KYC of 1,41,650, which is 99.65% of its total customer base held during FY 2025-26.

## 18. Credit Rating Memberships

The Bank is a member of CIBIL, Experian, Equifax and Highmark for which membership fees are duly paid and Certificates are obtained and held on record.

## 19. Credit Exposure outside Area of Operations

The Bank had sanctioned loans for one project outside Kodagu District under consortium arrangement with Karnataka State Co-operative Apex Bank respectively. Therefore, the Bank has credit exposure outside its area of operations with the approval of KSC Apex Bank.

## 20. Other Matter

Previous year figures have been regrouped and reclassified wherever necessary.

## PART III – REGULATORY DISCLOSURES (SCHEDULE NO. 21)

### 21.1. Regulatory Capital

Draw-down from Reserve: There is no draw-down from Reserve Fund during the period except earmarked funds like Investment Depreciation Reserve, Special Assistance Fund, Farmers Welfare Fund, PACS/DCCB Development Fund, Rural Farmer's Socio-Economic Development Fund, Pension Scheme Fund and Building Fund.

Sl. No.	Particulars	Current Year (FY 2025-26)	Previous Year (FY 2024-25)
1	Paid-up Share Capital and Reserves	3,799.06	3,591.72
2	Other Tier 1 Capital	11,235.74	10,399.28
3	Tier 1 Capital (i + ii)	15,034.80	13,991.00
4	Tier 2 Capital	2,228.08	2,269.97
5	Total Capital (Tier 1 + Tier 2)	17,262.88	16,260.97
6	Total Risk Weighted Assets (RWAs) (₹ Lakhs)	1,51,426.13	1,61,875.64
7	Tier 1 Ratio (Tier 1 Capital as % of RWAs)	9.92%	9.00%
8	Tier 2 Ratio (Tier 2 Capital as % of RWAs)	1.47%	1.40%
9	Capital to Risk Weighted Assets Ratio – CRAR (%)	11.42%	10.05%
10	Amount of Paid-up Capital raised during the year	207.34	—
11	Amount of Non-equity Tier 1 Capital raised during the year	836.46	—
12	Amount of Tier 2 Capital raised during the year	(-1.85%)	2.22%

**21.2. Asset Liability Management – Maturity Pattern of Assets and Liabilities** (₹ Crore)

Category	Day 1	2-7 Days	8-14 Days	15-30 Days	31 Days-2 M	2-3 M	3-6 M	6M-1Y	1-3 Y	3-5 Y	Over 5Y	Total
Deposits	0	0	103.33	32.71	0	150.43	250.49	706.99	660.69	0.84	137.63	2043.11
Advances	0	0	38.45	8.21	0	111.29	55.30	204.27	873.56	139.41	341.65	1772.14
Investments	0	2.95	67.00	4.00	2.00	0	111.04	65.99	26.00	0	474.32	753.30
a.SLR Investments	0	0	0	0	0	0	0	0	0	0	354.87	354.87
b. Non SLR /Dep with other banks Investments	0	2.95	67.00	4.00	2.00	0	111.04	65.99	26.00	0	119.45	398.43
Borrowings	0	0	0	0	0	2.39	3.96	312.70	35.87	20.00	0.00	374.92
Foreign Currency Assets	0	0	0	0	0	0	0	0	0	0	0	0
Foreign Currency Liabilities	0	0	0	0	0	0	0	0	0	0	0	0

**21.3. Investments****21.3.(i) Investment Portfolio – Applicable for RCBS** (₹Crore)

Category	Govt. Sec. CY	Other Appr. Securities CY	Share s CY	Bon ds PSU s CY	Other CY	Total CY	Govt. Sec. PY	Other Appr. Securities PY	Share s PY	Bon ds PSU s PY	Other PY	Total PY
PERMANENT – Gross	307.82	0.00	0.00	0.00	0.00	307.82	299.28	0.00	0.00	0.00	0.00	299.28
Less: NPI Provision	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PERMANENT – Net	307.82	0.00	0.00	0.00	0.00	307.82	299.28	0.00	0.00	0.00	0.00	299.28
CURRENT – Gross	47.05	13.98	13.58	0.50	19.59	94.70	20.04	13.98	13.58	0.50	17.26	65.36
Less: NPI Provision	0.65	13.98	0.00	0.00	0.00	14.63	0.55	13.98	0.00	0.00	0.00	14.53
CURRENT – Net	46.40	0.00	13.58	0.50	19.59	80.07	19.49	0.00	13.58	0.50	17.26	50.83
TOTAL – Gross	354.87	13.98	13.58	0.50	19.59	402.52	319.32	13.98	13.58	0.50	17.26	364.64
Less: NPI Provision	0.65	13.98	0.00	0.00	0.00	14.63	0.55	13.98	0.00	0.00	0.00	14.53

Category	Govt. Sec. CY	Other Appr. Securities CY	Share s CY	Bon ds PSU s CY	Other CY	Total CY	Govt. Sec. PY	Other Appr. Securities PY	Share s PY	Bon ds PSU s PY	Other PY	Total PY
TOTAL – Net	354.22	0.00	13.58	0.50	19.59	387.89	318.77	0.00	13.58	0.50	17.26	350.11

### 21.3.(ii) Movement of Provisions for Depreciation and Investment Fluctuation Reserve (₹ Crore)

Particulars	Current Year	Previous Year
i) Movement of Provisions for Depreciation on Investments		
a) Opening Balance	0.55	0.55
b) Add: Provisions made during the year	0.10	0.00
c) Less: Write-off / Write-back of excess provisions	0.00	0.00
d) Closing Balance	0.65	0.55
ii) Movement of Investment Fluctuation Reserve (IFR)		
a) Opening Balance	4.05	3.86
b) Add: Amount transferred during the year	0.78	0.19
c) Less: Drawdown	0.00	0.00
d) Closing Balance	4.83	4.05
iii) IFR as % of AFS & HFT / Current Category Investments	1%	1%

### 21.3.(iii) Non-Performing Non-SLR Investments (₹ Lakhs)

Sl.	Particulars	Current Year	Previous Year
A	Opening Balance	1397.95	1,397.95
B	Additions during the year since 1st April	0.00	0.00
C	Reductions during the above period	0.25	0.00
D	Closing Balance	1,397.70	1397.95
E	Total Provisions Held	1,397.70	1397.95

### 21.3.(iv) Issuer Composition of Non-SLR Investments (₹Crore)

Sl	Issuer	Amount CY	Amount PY	Ext. of Private Placeme nt CY	Ext. of Private Placeme nt PY	Below Grad e CY	Below Grad e PY	Unrate d CY	Unrate d PY	Unliste d CY	Unliste d PY
A	PSUs	—	—	—	—	—	—	—	—	—	—
B	FIs	—	—	—	—	—	—	—	—	—	—
C	Banks	0.50	0.50	—	—	—	—	—	—	—	—
D	Private	—	—	—	—	—	—	—	—	—	—

Sl	Issuer	Amount CY	Amount PY	Ext. of Private Placement CY	Ext. of Private Placement PY	Below Grade CY	Below Grade PY	Unrated CY	Unrated PY	Unlisted CY	Unlisted PY
	Corporates										
E	Subsidiaries/JV	—	—	—	—	—	—	—	—	—	—
F	Ventures	—	—	—	—	—	—	—	—	—	—
G	Others	47.15	44.82	—	—	—	—	—	—	—	—
H	Provision for Depreciation	13.98	13.98	—	—	—	—	—	—	—	—
	Total *	33.67	31.34	—	—	—	—	—	—	—	—

## 21.4. Asset Quality

### 21.4.(i) Classification of Advances and Provisions Held

(₹ Lakhs)

Category	Opening Balance	Additions	Reductions	Closing Balance
Standard Advances	1,57,881.42	17,339.45	—	1,75,220.87
Sub-Standard (NPA)	281.24	47.75	—	328.99
Doubtful (NPA)	1,886.72	—	252.07	1,634.65
Loss (NPA)	29.91	0.01	—	29.92
Total NPAs	2,197.87	47.76	252.07	1,993.56
Total Loans & Advances	1,60,079.29	17,387.21	252.07	1,77,214.43

### Provisions held

(₹ Lakhs)

Provision Category	Opening	Fresh Provisions	Excess Reversed / Write-off	Closing
Standard Assets	533.23	50.00	--	583.23
Sub-Standard	184.34	--	--	184.34
Doubtful	2,093.24	--	(0.01)	2093.23
Loss	29.91	0.01	--	29.92
Total NPA Provisions	2,840.72	50.01	(0.01)	2890.72
Net NPAs	--	--	--	--

Reductions in Gross NPAs due to: i) Up gradation – Nil; ii) Recoveries (excl. upgraded accounts) – ₹ 252.07 Lakhs; iii) Technical/Prudential Write-offs – Nil; iv) Other Write-offs – Nil.



NPA Ratios	Current Year (FY 2025-26)	Current Year (FY 2024-25)
Gross NPA to Gross Advances	1.12%	1.37%
Net NPA to Net Advances	0.00%	0.00%
Provision Coverage Ratio	145.00%	129.25%

**21.4.(ii) Sector-wise Advances and Gross NPAs****(₹ Crore)**

Sector	Total Advances CY	Gross NPA CY	% NPA CY	Total Advances PY	Gross NPA PY	% NPA PY
Priority Sector:						
a) Agriculture & Allied	873.33	4.98	0.57%	888.42	4.97	0.56%
b) Advances to Industry (Priority)	—	—	—	—	—	—
c) Services	—	—	—	—	—	—
d) Personal Loans	29.07	0.00	0.00%	21.28	0.00	0.00%
Sub-Total (Priority Sector)	902.40	4.98	0.55%	909.70	4.97	0.55%
Non-Priority Sector:						
d) Personal Loans	869.74	14.95	1.72%	691.09	17.00	2.46%
Sub-Total (Non-Priority)	869.74	14.95	1.72%	691.09	17.00	2.46%
<b>TOTAL (I + II)</b>	<b>1,772.14</b>	<b>19.93</b>	<b>1.12%</b>	<b>1,600.79</b>	<b>21.97</b>	<b>1.37%</b>

**21.4.(iii) Fraud Accounts****(₹ Lakhs)**

Particulars	Current Year (FY 2025-26)	Previous Year (FY 2024-25)
Number of Frauds Reported	2	15
Amount Involved in Fraud	3.20	75.18
Amount of Provision Made for Such Frauds	3.20	29.91
Unamortised Provision debited from Other Reserves as at year end	0.00	0.00

**21.5. Exposures****21.5.(i) Exposure to Real Estate Sector****(₹ Lakhs)**

Category	Current Year	Previous Year
a) Residential Mortgages – Direct Exposure	21,697.55	18,397.36
b) Commercial Real Estate – Direct Exposure	1,107.99	1,186.99
c) Investments in MBS and other securitised exposures – Residential	—	—
d) Investments in MBS and other securitised exposures – Commercial	—	—
<b>Total Exposure to Real Estate Sector</b>	<b>22,805.54</b>	<b>19,584.35</b>

**21.5.(ii) Unsecured Advances****(₹ Crore)**

Particulars	Current Year	Previous Year
Total Unsecured Advances of the Bank	60.23	54.02
Amount of advances for which intangible securities have been taken	0.00	0.00
Estimated value of such intangible securities	—	—

**21.5.(iii) Exposure of RCBs****(₹ Lakhs)**

Sl.	Exposure to	Gross Exposure CY	Advances CY	NPA CY	Gross Exposure PY	Advances PY	NPA PY
1	PACs – On Lending	1,10,967.17	66,510.87	32.84	1,06,014.17	68,071.85	58.41
2	PACs – Other Exposure	5,033.58	2,396.70	0.00	5,011.73	2,912.35	0.00
3	Other Credit Societies	1,691.64	712.01	196.10	1,315.46	1,025.80	196.01
4	Other Non-Credit Co-op. Societies	1,013.82	496.54	51.98	1,217.00	539.93	0.00
5	Companies	—	—	—	—	—	—
6	Public Sector Undertakings	—	—	—	—	—	—

**21.5.(iv) Loans against Gold and Silver Collateral****(₹ Crore)**

(a) Details of Loans Extended Against Eligible Gold and Silver Collateral:

Particulars	Loan Outstanding (₹ Crore)	As % of Total Loans	Average Ticket Size	Average LTV Ratio	Gross NPA (%)
1. Opening Balance of FY	150.20	9.38%	—	—	—
(a) For Consumption Purpose	94.64	5.91%	—	—	—
(b) For Income Generating Purpose	55.56	3.47%	—	—	—
2. New Loans Sanctioned & Disbursed	311.53	18.20%	—	—	NA
(c) For Consumption Purpose	167.18	9.76%	—	—	NA
(d) For Income Generating Purpose	144.35	8.43%	—	—	NA
3. Renewals during FY	0.00	0.00%	—	—	NA
5. Loans Repaid during FY	265.68	14.99%	—	NA	NA
(e) For Consumption Purpose	142.56	8.04%	—	NA	NA
(f) For Income Generating Purpose	123.12	6.94%	—	NA	NA
6. Non-Performing Loans Recovered	0.00	0.00%	—	—	—
7. Loans Written Off during FY	0.00	0.00%	—	NA	NA
8. Closing Balance at end of FY	196.05	11.06%	—	—	—
(k) For Consumption Purpose	105.21	5.94%	—	—	—
(l) For Income Generating Purpose	90.84	5.13%	—	—	—

## (b) Details of Gold / Silver Collateral and Auctions:

Sl.	Particulars	Details
A	Unclaimed gold/silver collateral at end of FY (in grams)	—
B	Number of loan accounts in which auctions were conducted	1
C	Total outstanding in loan accounts mentioned in (b) (₹)	22,097
D	Gold/silver collateral acquired during FY due to default (in grams)	4
E	Gold/silver collateral auctioned during FY (in grams)	4
F	Recovery made through auctions during FY (₹ Crore)	0.0029
G	Recovery as % of value of gold/silver collateral	100%
H	Recovery as % of outstanding loan	100%

## 21.5.(v) Exposure to Related Parties

(₹ Crore)

Sl.	Particulars	Previous Year	Current Year
A	Loans to Related Parties		
1	Aggregate value of loans sanctioned to related parties during the year	0.41	0.00
2	Outstanding loans to related parties as on 31st March	2.16	1.44
3	Outstanding loans to related parties as % of total credit exposures	0.13%	0.08%
4(i)	Special Mention Accounts as on 31st March	0.00	0.00
4(ii)	Non-Performing Assets as on 31st March	0.00	0.00
5	Amount of provisions held in respect of loans to related parties	0.00	0.00
B	Contracts and Agreements involving Related Parties		
6	Aggregate value of contracts/agreements awarded to related parties during the year	0.00	0.00
7	Outstanding contracts/agreements involving related parties as on 31st March	0.00	0.00

## 21.5.(vi) Non-Fund Based Credit Facilities

(₹ Lakhs)

Category	Secured CY	Unsecured CY	Secured PY	Unsecured PY
1. Outstanding Guarantees – In India	63.54	0.00	63.54	0.00
2. Outstanding Guarantees – Outside India	—	—	—	—
3. Acceptances, Endorsements and other Obligations	—	—	—	—
4. Other NFB Credit Facilities	—	—	—	—

## 21.6. Concentration of Deposits, Advances, Exposures and NPAs

## (i) Concentration of Deposits

(₹ Lakhs)

Particulars	Current Year	Previous Year
Total Deposits of the Twenty Largest Depositors	19,773.38	17,566.10
Percentage to Total Deposits of the Bank	9.68%	9.92%

**(ii) Concentration of Advances**

(₹ Lakhs)

Particulars	Current Year	Previous Year
Total Advances to the Twenty Largest Borrowers	1,261.22	1,261.23
Percentage to Total Advances of the Bank	0.71%	0.79%

**(iv) Concentration of NPAs**

(₹ Lakhs)

Particulars	Current Year	Previous Year
Total Exposure to the Top Twenty NPA Accounts	1,394.41	1,622.68
Percentage to Total Gross NPAs	69.95%	73.83%

**21.7. Disclosure of Complaints**

**(i) Summary of Complaints**

Sl. No.	Particulars	Previous Year	Current Year
1	Number of complaints pending at beginning of the year	NIL	NIL
2	Number of complaints received during the year	_____	_____
3	Number of complaints disposed during the year	_____	_____
3.1	Of which, number of complaints rejected by the bank	_____	_____
4	Number of complaints pending at end of year	_____	_____
5	Maintainable complaints received from Office of Ombudsman	NIL	NIL
5.1–5.3	Resolved by Ombudsman / through mediation / by Awards	—	—
6	Number of Awards unimplemented within stipulated time	_____	_____

**(ii) Top Five Grounds of Complaints**

Ground	Pending (Opening)	Received	% Change	Pending (Closing)	Pending > 30 Days
Ground 1 – (Current Year)	--	--	--	--	--
Ground 2 – (Current Year)	--	--	--	--	--
Ground 3 – (Current Year)	--	--	--	--	--
Ground 4 – (Current Year)	--	--	--	--	--
Ground 5 – (Current Year)	--	--	--	--	--
Others (Current Year)	--	--	--	--	--
TOTAL (Current Year)	--	--	--	--	--

**21.8. Disclosure of Penalties Imposed by the Reserve Bank of India**

RBI imposed a Penalty of ₹ 1.00 Lakh (Rupees One Lakh only) for contravention of the provision of Section 20 of the Banking Regulation Act, 1949 – 'Restrictions on Loans and Advances' to Directors. The imposed penalty was paid on 02.04.2026.

**21.9. Other Disclosures****(i) Business Ratios (FY 2025-26)**

Sl.	Particulars	FY 2025-26	FY 2024-25
1	Interest Income as % of Working Capital Funds	6.84%	6.73%
	Interest Income (₹)	1,84,11,94,289	1,58,58,14,806
	Working Capital Funds (₹)*	26,92,38,43,612	23,55,67,90,029
2	Non-Interest Income as % of Working Capital Funds	0.25%	0.38%
	Non-Interest Income (₹)	6,77,32,317	9,04,85,216
3	Operating Profit %	16.25%	15.58%
	Operating Profit (₹)*	31,01,39,495	26,12,49,948
	Total Income (₹)	1,90,89,26,606	1,67,63,00,022
4	Return on Assets %	0.82%	0.70%
	Net Profit (₹)	22,39,39,495	16,70,49,948
	Total Assets (₹)*	27,27,41,91,772	23,90,45,39,658
5	Business Per Employee (₹)	22,44,26,814	23,25,60,442
	Deposits + Advances (₹)	38,15,25,58,415	33,72,12,64,153
	Number of Employees	170	145
6	Profit Per Employee (₹)	13,17,291	11,52,069

\* Working Capital Funds = Total Assets – (Fixed Assets + Branch Adjustment + Overdue Interest)

**(ii) Bancassurance Business****(₹ Lakhs)**

Sl.	Particulars	FY 2025-26	FY 2024-25
1	Corporate Agent Commission – IFFCO-TOKIO General Insurance Co. Limited.	0.06	--
2	Corporate Agent Commission – The Oriental Insurance Company Limited.	5.36	6.12
	<b>Total</b>	5.42	6.12



## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in the Key Audit Matters section of our Report of even date to the Members of The Kodagu District Co-operative Central Bank Limited, Madikeri)

This Annexure consolidates the account-level and process-level audit observations arising from our examination of the Bank's Head Office and 26 branches, drawn from the branch Long Form Audit Reports (LFARs) and the consolidated branch observation records for the year ended 31<sup>st</sup> March 2026. The observations are organised under the two Key Audit Matters and have been communicated to Branch Management and the Board. Individual items are reported on a test-check / sample basis and are indicative of process weaknesses requiring corrective action; they do not, individually or in aggregate, alter our opinion on the financial statements, subject to the matters described herein.

### KAM 1: Audit Notes on Identification of NPA and Non-Performing Investments (NPI)

#### A. Regulatory Framework – IRAC Provisioning Norms

Asset Classification	Criterion	Minimum Provision
Standard Asset	Standard Asset	0.25% (Agri) / 0.40% (Non-Agri)
Sub-Standard	NPA up to 12 months	10% (Secured); 25% (Unsecured)
Doubtful – D1	Sub-Standard for 12 months	20% (Secured); 100% (Unsecured)
Doubtful – D2	Doubtful for 1–3 years	30% (Secured); 100% (Unsecured)
Doubtful – D3	Doubtful for more than 3 years	100%
Loss Asset	Loss identified	100%

#### B. NPA Summary as at 31st March 2026

Particulars	31.03.2026 (₹ Lakhs)	31.03.2025 (₹ Lakhs)	Change
Opening Gross NPA	2,197.87	2,473.69	
Add: Fresh NPA added during the year	47.76	196.23	
Less: Recoveries / Reductions during the year	252.07	472.05	
<b>Closing Gross NPA</b>	<b>1,993.56</b>	<b>2,197.87</b>	<b>-204.31</b>
Gross NPA % to Gross Advances	1.12%	1.37%	-0.25%
Provisions held against NPAs	2,890.72	2,840.72	
<b>Net NPA</b>	<b>0.00</b>	<b>0.00</b>	<b>Nil</b>
<b>Net NPA % to Net Advances</b>	<b>0.00%</b>	<b>0.26%</b>	<b>-0.26%</b>
<b>Provision Coverage Ratio</b>	<b>145.00%</b>	<b>129.25%</b>	<b>+15.75%</b>

Note: Prior-year movement of fresh additions and recoveries has not been separately compiled in the Bank's records; only opening and closing balances are reliably reconstructable and are presented above.

#### C. NPI Position as at 31st March 2026

Particulars	31.03.2026 (₹ Lakhs)	31.03.2025 (₹ Lakhs)
Non-Performing Non-SLR Investments – Closing Balance	1,397.70	1,397.95
Total Provisions Held against NPI	1,397.70	1,397.95
NPI on Current Category (Govt. Sec. & Others)	14.63	14.53
Investment Fluctuation Reserve – Closing Balance (₹ Crore)	4.83	4.05
IFR as % of AFS & HFT Portfolio	1%	1%



#### D. Audit Observations – Non-Performing Assets (NPA) Identification

1. On verification of the loans and advances given by the Bank, we broadly agree with the classification of advances. However, on detailed verification we observed the matters below, which may affect the quality of the assets in the long run.
  - a. Security valuation is obtained only at the time of sanction and is not refreshed periodically. In respect of non-performing assets, valuation reports from approved valuers (required at least once in three years) were not consistently available on record (e.g., Shanivarsanthe – Dr. Prasanna Kumar C S and Dayashekhar M C).
  - b. Case of quick mortality was observed at Gonikoppal branch where facilities became non-performing within 12 months of first sanction (Kalavathi – ₹ 5.89 Lakhs). This indicates weaknesses in pre-sanction appraisal and post-sanction monitoring.
  - c. Charges incurred after the date of an account turning NPA continue to be debited to the loan account in certain cases.
  - d. In many OD / CC accounts, apart from servicing of due interest, sufficient credits are not routed through the account commensurate with the sanctioned limits and nature of operations. The Bank should take proactive steps to ensure adequate transactions, failing which such accounts carry an elevated risk of slipping to NPA.
  - e. PACS on-lending accounts rely on self-certified stock statements; software-generated stock statements were not submitted for verification (Gonikoppal, T. Shettigeri). End-use verification and PAC-level appraisal require strengthening.
  - f. The Drawing Power (DP) register is not maintained / not updated against stock statements at branches. It is suggested that DP limits be maintained (e.g., in a controlled spreadsheet pending a CBS solution) for better monitoring.
  - g. We advise to introduce maker checker concept for quality / purity verification for Gold Loans.



**KAM 2: Audit Notes on Controls over Loan Sanctioning and Disbursement****A. Control Framework Assessment**

Control Area	Control Description	Assessment	Gap / Observation
<b>Pre-sanction Appraisal</b>	Credit assessment, income verification, CIBIL check	<b>Needs Improvement</b>	Generally complied; gaps in income / turnover verification (GST turnover not cross-verified – Hebbale), CIBIL report not on record (Bhagamandala), and non-dynamic / monotonous appraisal for service-industry OD and Agri-allied projects (College Road, Madapura).
<b>Delegation of Authority</b>	Sanctioning within prescribed financial powers	<b>Adequate</b>	---
<b>Documentation Completeness</b>	Security docs, title deeds, hypothecation, insurance	<b>Needs Improvement</b>	Blank dates / disbursement schedules in pro-notes (College Road, Madapura); original invoice, RC, delivery note and receipt voucher not on record (Kadanga, Murnad, Head Office, Shanivarsanthe); hypothecation agreement / sanction letters not on record (Cherambane, Kadanga, College Road).
<b>Gold Loan Controls</b>	Assay / weight records, LTV ≤ 75%, maker-checker	<b>Needs Improvement</b>	Gold quality appraisal and loan sanction performed by the same official / Branch Head with no maker-checker segregation; gold appraiser not posted at certain branches (Madapura). Suspected gold-loan frauds reported – see B(iii).
<b>PACS Loan Controls</b>	Sub-borrower list, crop schedule, end-use verification	<b>Needs Improvement</b>	Reliance on self-certified stock statements without Proper Cross Verification of physical stock; software-generated statements not submitted (Gonikoppal, T. Shettigeri); audited financials of PACS not on record (Head Office Branch – Hakathur PACS).
<b>Stock / Drawing Power Monitoring</b>	Stock & book-debt statements, DP computation	<b>Needs Improvement</b>	Stock statements not in prescribed format / missing periods / without trade payables-receivables; DP register not maintained; negative DP(Ammathi); stock value mismatch with financial statements (Suntikoppa, Somwarpet); plant & machinery and other assets wrongly included in stock (College Road, Madapura, Murnad).
<b>Insurance of Securities</b>	Adequate cover with bank clause noted	<b>Needs Improvement</b>	Policies expired / renewal pending (Sampaje, Somwarpet, Murnad); bank clause not incorporated in policy (Sampaje).
<b>Disbursement Controls</b>	Banking-channel disbursal, maker-checker in CBS	<b>Needs Improvement</b>	CBS does not generate daily exception reports at most branches.
<b>Post-Disbursement Monitoring</b>	Site inspection, end-use certificate, follow-up	<b>Needs Improvement</b>	Inspection photographs undated and not geo-tagged (Madapura); post-sanction verification not carried out for vehicle loans (Gonikoppal); fund diversion – manure / development loans used to repay other loans (Kadanga, College Road).
<b>Director Loan Compliance</b>	Section 20 BR Act, 1949 compliance; RBI penalty	<b>Disclosed</b>	Outstanding director / related-party loans ₹ 143.54 Lakhs (12 Accounts). RBI penalty of ₹ 1

Control Area	Control Description	Assessment	Gap / Observation
	noted		Lakh for contravention of Section 20 paid on 02.04.2026. Compliance to be monitored going forward.

## B. Specific Audit Observations – Loan Sanctioning and Disbursement

B(i). Thematic Summary of Control Deficiencies (test-check basis).

Observation / Control Deficiency	Branches Affected	Risk Level
Stock / book-debt statements not in prescribed format, missing periods, or without trade payables-receivables; financials uncertified / without UDIN / unsigned	Virajpet, Hebbale, Sunkoppa, Ammathi, Murnad, Somwarpet, T. Shettigeri	Medium
Gold loans appraised and sanctioned by same official; no gold appraiser at certain branches; suspected gold-loan frauds	Kodlipet, Bhagamandala, College Road, Head Office, Madapura	High
Documentation incomplete – invoice / RC / delivery note / receipt voucher / sanction letter / pro-note details missing	Kadanga, College Road, Murnad, Head Office, Madapura, Shanivarsanthe	Medium
Insurance – inadequate cover, expired policy, or bank clause not incorporated	Kakkabe, Sampaje, Somwarpet, Murnad	Medium
Hypothecation / charge not created or stock statement not obtained for OD	Cherambane, Bhagamandala	Medium
PACS / Society loans on self-certified stock; audited financials not on record	Gonikoppal, T. Shettigeri, Head Office (Hakathur PACS)	Medium
Latest valuation report not on record (incl. NPA accounts requiring 3-yearly valuation)	Shanivarsanthe, Somwarpet	Medium
OD accounts – insufficient credit turnover (only interest serviced); negative drawing power	Ammathi, Bhagamandala, Shanivarsanthe, College Road (Green Haven)	Medium
Cash retention limit exceeded on various dates (reported to controlling authority)	Gonikoppal, Siddapura, Kutta, T. Shettigeri, Ammathi, Bhagamandala, Cherambane, College Road, Kadanga, Madapura	Low

B(ii). Branch-wise Detailed Observations (Limit / Outstanding in ₹ Lakhs)

Branch & Code	Borrower / Account No.	Facility	Limit / O.S.	Audit Observation	Risk
Virajpet (11005)	K.D.C.M.F Limited – A/c 121004481821	CC (Soc)	100.00 / 37.95	Audited financials not on record; stock statement lacks trade payables / receivables, not in prescribed format, and unavailable for Aug 2025–Mar 2026.	Medium
Virajpet (11005)	Kedamullur Grain Bank – A/c 12100665947	CC (Soc)	5.00 / 2.35	Monthly stock and sundry-debtors statements required as per sanction terms not found on record.	Medium
Virajpet (11005)	APCMS Limited, Virajpet – A/c 12100505857	CC (Soc)	75.00 / 15.39	Monthly stock and sundry-debtors statements not on record.	Medium
Virajpet (11005)	Bansi M M& Maya Bansi – A/c	OD-Business	40.00 / 0.05	i) Signed financials not taken; stock statement not on record;	Medium



Branch & Code	Borrower / Account No.	Facility	Limit / O.S.	Audit Observation	Risk
	121001141286			wide variation in stock (P&L ₹ 45.25L vs B/S ₹ 27.06L). Also: suspense liability ₹ 3.29L outstanding since 31.03.2025; ii) Hamsa Y K fake-jewel loan – police complaint filed 16.12.2024.	High
Hebbale (11020)	K G Arunkumar – A/c 121004712000	OD-Business	50.00 / 18.94	GST-registered borrower; turnover not cross-verified by branch.	Medium
Hebbale (11020)	Veerabhadreshwara Agro – A/c 121003500732	OD-Plain	5.00 / 4.98	Certified financials not taken; stock statement only for Jul 2025 & Mar 2026; not in prescribed format.	Medium
Hebbale (11020)	Tirumala Agro Centre – A/c 121003529752	OD-Plain	5.00 / 4.93	CA-certified financial without UDIN; stock statement only for Mar 2026; not in prescribed format.	Medium
Hebbale (11020)	Vinayaka Diagnostic Lab – A/c 12100460550	OD-Plain	5.00 / 5.00	Unsigned financials; stock statements not on record – only fixed-asset details furnished as stock.	Medium
Suntikoppa (11016)	Sri Mahaganapathi Traders – A/c 121001444906	OD-Business	56.00 / 55.85	Stock mismatch (financials ₹ 9.32L vs stock statement ₹ 99.89L); not prescribed format; no trade payables / receivables; CA-certified financial without UDIN; interest charged twice in Jan 2026 and thrice in Feb 2026.	Medium
Ammathi (11008)	Ammathi Kisan Seva Kendra – A/c 121000297563	OD-Business	50.00 / 48.27	Stock statement not prescribed format; no trade payables / receivables; CA financial without UDIN; negative drawing power (31.03.2026: ₹(-) 8.46L).	Medium
Bhagamandala (11014)	Binny D S – A/c 121004842370	OD	9.50 / 9.49	Shop licence expired; renewal receipt not produced; insufficient credits routed in certain months.	Medium
Sampaje (11023)	K B Hema Kumar – A/c 121004988206	TL-Agri	1.40 / 0.93	Cow-insurance document not on record (borrower furnished surety / declaration).	Low
Sampaje (11023)	Nishanth P R / ChedkaruVenkappa – A/c 121004618462 / 121004632747	TL-Two-wheeler	8.00 / 6.44	Bank clause not incorporated in insurance policy (stated under correction; corrected copy not produced).	Medium
Cherambane (11003)	Ashraf P H – A/c 121005096236	OD	10.00 / 9.98	OD stock statement not tallying with records produced for verification.	Medium
Cherambane	Zakriya P E – A/c	OD	10.00 / 9.94	OD sanctioned without	Medium

Branch & Code	Borrower / Account No.	Facility	Limit / O.S.	Audit Observation	Risk
(11003)	121004878066			obtaining hypothecation stock statements on record.	
Shanivarsanthe (11013)	Malnad Agencies – A/c 121000519474	OD-Business	45.00 / 45.00	Insufficient credits (only interest serviced); party signature absent on ITRs; Mar 2025 sales ₹ 7L not reflected while closing stock shown ₹ 73L.	Medium
Shanivarsanthe (11013)	Dr. Prasanna Kumar C S – A/c 121000984204	NPA	8.89 / 5.92	Latest valuation report not on record.	Medium
Shanivarsanthe (11013)	Dayashekhhar M C – A/c 121000509103	NPA	20.00 / 31.04	Valuation report not obtained / not on record.	Medium
Shanivarsanthe (11013)	Yogesh T R – A/c 121005130133	TL-Vehicle	3.00 / 3.05	Original invoice, delivery note and inspection report not on record.	Medium
T. Shettigeri (11021)	APCMS Ltd – A/c 121001558356	PACS / Marketing	50.00 / 50.00	Self-certified stock statement, not prescribed format; on physical visit, society maintains stock in software but submits manual statement not matching software.	Medium
Kadanga (11004)	Biddappa B P / Radhakrishna K U – 121005194788 / 121005203397	TL-DL Surety	3.00 / 3.01	Loan sanctioned for purchase of manure but utilised to repay KCC / Farm Pond / Drying Yard loans.	Medium
Kadanga (11004)	Shafeek B K – A/c 121004933709	SRTO-Vehicle	15.00 / 14.41	Original invoice, stamped receipt voucher and delivery note not on record; hypothecation details not filled.	Medium
Kadanga (11004)	Latha C P / Parco Cyber / Jalee L P M – OD Plain	OD-Plain	10.00 / 9.37	Only ITR acknowledgement (no computation); under-insurance; sanction letters not on record; stock statement includes plant & machinery and opening-balance errors causing wrong DP.	Medium
College Road (11002)	Nanaiah B A / M K Mohammed Ali – TL Drying Yard	TL-Drying Yard	7.80 / 7.80	Loan to newly-completed project / first instalment soon after completion certificate; original work-completion certificate not available.	Medium
College Road (11002)	Mundanda K Bhagesh – A/c 121005060389	TL-Drying Yard	10.00 / 10.00	Date details left blank in pro-notes.	Medium
College Road (11002)	P P Harini – A/c 121005120283	TL-Farm Machine	8.60 / 8.75	Original RC not available on record.	Medium
College Road (11002)	K T Prasanna / K G Sunil – 121005196151 / 121005206207	TL-DL Surety	3.00 / 3.01	Loan sanctioned for manure but utilised to repay Farm loan.	Medium
College Road (11002)	Sithapathy Comforts / Nischay Shetty – OD	OD-Plain	20.00 / 19.21	No dynamic appraisal; OD to service industry on stock-based	Medium

Branch & Code	Borrower / Account No.	Facility	Limit / O.S.	Audit Observation	Risk
	Plain			terms; stock statement includes plant & machinery; sanction letter / hypothecation board photo not available.	
College Road (11002)	Green Haven – A/c 121005212686	OD-Plain	57.50 / 43.67	Lodge / hotel with no stock; GST returns and firm ITRs not on record; OD utilised throughout year without DP – violation of all sanction terms.	High
College Road (11002)	Divakara K L / Swetha Uthaiiah – Pumpset	TL-Pumpset	4.00 / 4.00	Post-installation photographs not on file; no end-use confirmation; proceeds transferred to SB / third-party account rather than dealer.	Medium
Head Office (11001)	Six vehicle loans (Devaiah M A and others)	TL-Vehicle	— / —	RC copy not available in the name of the borrower; SHV acceptance letter not properly completed with sanction order no. & date.	Medium
Head Office (11001)	Y K Hamsa – A/c 121004553693	Gold (Instant)	3.52 / 3.58	Fake jewellery; Bank has filed case; recovery initiated u/s 70 of KCS Act, 1959; provision stated to be made.	High
Head Office (11001)	Hakathur PACS – four KCC accounts	ST-KCC (PACS)	— / —	Audited financials of the society not on record for the on-lending exposure.	Medium
Murnad (11015)	Four vehicle loans (Ravikumar and others)	TL-Vehicle	— / —	Delivery note / dealer receipt voucher not on record.	Medium
Murnad (11015)	Madikeri Tapcms Ltd – A/c 12100439202	CC (Soc)	98.00 / 84.43	Stock insurance on primary security expired; stock statements not in prescribed format; monthly outstanding statement not on record; sundry creditors / debtors not given.	High
Murnad (11015)	Sajana K C / Murnadu Coffee Hullers – OD	OD-Plain/Business	50.00 / 24.82	Stock statements not in prescribed format; sundry creditors / debtors not given; fixed-asset value wrongly included in stock.	Medium
Somwarpet (11010)	Varalakshmi Traders & Pumps – A/c 121002366785	OD-Business	10.00 / 10.00	Stock statements not in agreement with financial statements.	Medium
Somwarpet (11010)	Manjunath BV / Devaraju DS / Abhimanyu MB – House Mtg	TL-House Mtg	20.00 / 4.36	No latest valuation report (last reports dated 2016–2017).	Medium
Somwarpet (11010)	Suvina Krupal – A/c 121001047476	TL-House Mtg	20.00 / 4.36	Insurance coverage period found expired.	Medium
Madapura	Shyamala S D /	TL-Drying	7,00 / —	Loan-disbursement schedule	Medium

Branch & Code	Borrower / Account No.	Facility	Limit / O.S.	Audit Observation	Risk
(11024)	Shailaja S E / Thimmaiah M B – Drying Yard	Yard		not fully filled in pro-note; 2nd-instalment office note absent; disbursement not stage- wise; guarantor clause missing in pro-note.	
Madapura (11024)	Ganapathy K P / Praveen Kumar N M / Thimmaiah M B – Godown	TL-Godown	6.00 / —	Inspection photographs undated and not geo-tagged; project progress not on record.	Medium
Madapura(1102 4)	Dharmendra M R – A/c 121005189949	OD-Plain	2.00 / —	No dynamic appraisal; OD to a service business (saloon) on stock-based terms; plant & machinery included in stock; hypothecation board photo not available.	Medium
Madapura (11024)	Medappa S S – A/c 121005176804	Agri-Allied	— / —	Insurance not taken on borrower's declaration; application states pigs but record contains photos of cows. Branch has no gold appraiser – risk in gold loans.	Medium

### **B(iii). Gold Loan – Suspected Frauds and Control Weaknesses**

During branch audits, we observed that two Gold Related frauds were detected. Since bank is promoting Gold Loan Portfolio, we suggest to introduce maker checker concept of Purity Verification so that the person checking the purity and certifying is different from the person sanctioning the loan.

### **B(iv). Other Process and System-level Observations (common across branches)**

2. Security-item (TDR / DD / PO / cheque-book) receipt-issue registers are maintained manually and not updated in CBS.
3. Cash retention limit – the branch cash-on-hand balance exceeded the prescribed retention limit on various dates at several branches (e.g., Gonikoppal, Siddapura, Kutta, T. Shettigeri, Kadanga, Madapura, Ammathi, Bhagamandala, Cherambane, College Road); instances have been reported to the controlling authority. Tighter cash management and remittance discipline is recommended.
4. KYC / AML – CKYC numbers for certain CASA accounts not updated in the application form / system (Ammathi, Bhagamandala, Gonikoppal); declarations regarding non-maintenance of CC / current accounts with other banks not held on record for certain current accounts (Balele, Cherambane, College Road).
5. Drawing Power register not maintained / not updated against stock statements; interim controls (e.g., a controlled spreadsheet) recommended pending a CBS-based DP solution.
6. Branches reporting no adverse account-level observations on test-check (effectively cleared): Balele, Kutta, Pollibetta, Ponnampet, Napoklu – subject to the common system-level matters above.

### **B(v). Non-accounting of Interest Income on Bank Deposits and Tax Deducted at Source**

The Bank has not accounted the interest on its bank deposits and the Tax Deducted at Source thereon, as per the details furnished below:

S. No.	Particulars	Amount (₹)
1.	Interest from State Bank of India – Fixed Deposit	30,90,220.00


S. No.	Particulars	Amount (₹)
2.	Interest from IDBI Bank – Fixed Deposit	15,924.49
3.	Interest from Federal Bank	63,226.00
	<b>Total interest income not accounted</b>	<b>31,69,370.49</b>
4.	Tax Deducted at Source by State Bank of India on Fixed Deposit interest	13,90,270.00

The corresponding Memorandum of Changes (MOC) is as under:

S. No.	Memorandum of Changes	Affected Group	Amount (₹)	Dr./Cr.
1.	Increase in Fixed Deposit balance (interest accrued on bank deposits)	Assets	31,69,370.49	Dr.
2.	Increase in Interest Income from Investments	Income	31,69,370.49	Cr.
3.	Increase in Advance Tax paid / TDS receivable balance	Assets	13,90,270.00	Dr.
4.	Decrease in Fixed Deposit with State Bank of India balance	Assets	13,90,270.00	Cr.

The non-recognition of the above interest results in an understatement of income to the extent of ₹ 31,69,370.49 while the Tax Deducted at Source of ₹ 13,90,270.00 represents tax credit not carried to the books / not claimed. The Bank is advised to account the interest income on accrual basis, give effect to the above Memorandum of Changes, reconcile the same with Form 26AS, and ensure that the TDS is duly recorded and claimed as available credit.

The financial statements have been prepared and disclosures made in accordance with the Reserve Bank of India (Rural Co-operative Banks – Financial Statements: Presentation and Disclosures) Directions, 2025 (Updated as on April 1, 2026), issued vide Master Direction No. RBI/DOR/2025-26/314 DOR.ACC.REC.No.233/21.04.018/2025-26, Dated November 28, 2025. Pursuant to the said directions, the Bank has submitted the information as above for the financial year ended 31st March 2026.

  
CHIEF EXECUTIVE OFFICER

  
GENERAL MANAGER

  
MANAGER (ACCOUNTS)

  
PRESIDENT

  
DIRECTOR

  
DIRECTOR

For P. K. Subramaniam and Co  
Chartered Accountants  
Firm Reg. No.: 004135S



CA Veerabasana Gouda S  
Partner

ICAI Membership No. 208698

UDIN: 26208698ULUR9E6404

Place: Madikeri  
Date: 25.06.2026

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**LONG FORM AUDIT REPORT**

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**THE KODAGU DISTRICT  
CO-OPERATIVE  
CENTRAL BANK  
LIMITED**

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**[F.Y. 2025-26]**

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Statutory Auditors:

**P K SUBRAMANIAM & CO**  
CHARTERED ACCOUNTANTS



**LONG FORM AUDIT REPORT FOR**

**THE KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED, MADIKERI**

S. N	Audit Area	Audit Comment
<b>I</b>	<b>CAPITAL</b>	
(a)	Share Capital	<ul style="list-style-type: none"> <li>• The Bye-laws of the bank classifies all the shareholders into four categories namely Type A, Type B, Type C, &amp; Type D.</li> <li>• As on 31.03.2026, totally there were 258 shareholders of the Bank. <ul style="list-style-type: none"> <li>• Of the total amount of Rs.32,658.50 due on partially paid shares, Rs.29,848.50 has been transferred to DEAF account as per the resolution no.21/2025-26 dated 27.3.2026 Rs. 131/- of one society is rejuvenated. Remaining Rs.2,679 was transferred to Cooperative Welfare Fund as per resolution no. 32/2025-26 dated 29/03/2025 in accordance with the ARCS Kodagu Directions.</li> </ul> </li> </ul>
	Share Capital from member societies.	<ul style="list-style-type: none"> <li>• As on 31.03.2026, there are 258 members as furnished in ANNEXURE "A".</li> <li>• As per Byelaws of the bank A, B, C, class shares are required to be issued, subscribed and paid up @ Rs. 25,000 per share for Taluk level Co-op Societies and Rs.50,000 per share for District level Co-op Societies under B category. C category shares are to be issued for Rs.10,000/-.</li> </ul>



<p>Share Capital from Individuals (includes others).</p>	<ul style="list-style-type: none"> <li>• Of the total 258 shareholders, there are 255 members classified under 'Class B' and 3 members classified as 'Class C' as on 31.03.2026.</li> <li>• As per Byelaws of the bank, the bank also has a system of making all the borrowers as Nominal Members under 'Type D' by collecting a fee of Rs. 500 with no voting right.</li> </ul>
<p>Share Capital from Government (Central / State Government) and shareholding of Govt. in Total Capital</p>	<p>No such shareholding.</p>
<p>Change of Position from the previous year</p>	<p>Refer the detailed statement furnished in <b>ANNEXURE - A.</b></p>
<p>(b) System followed for share linking to borrowings by member societies / borrowers.</p>	<p>As per the Bye-law of the Bank the B class shareholders are required to maintain minimum of 5% of the loans outstanding for KCC loans. As per the information provided by the Bank the differential amount of the Share Capital is generally collected at the time of disbursement of the loans to Member Societies (B class shareholders). As per bye-laws of the Bank the C Class</p>

		shareholders are required to maintain 0.10% of the loan amount in respect of the direct non agricultural loans given to them.
(c)	Arrears in collection of share capital from affiliated institutions / individuals.	Of the total amount of Rs.32,658.50 due on partially paid shares, Rs.29,848.50 has been transferred to DEAF account as per the resolution no.21/2025-26 dated 27.3.2026. Remaining Rs.2,679 was transferred to Cooperative Welfare Fund as per resolution No. 32/2025-26 dated 29/05/2025 in accordance with the GOK Directions.
(d)	Net worth as percentage to total assets and Capital to Risk Assets Ratio (CRAR) Computation	The Capital to Risk Assets Ratio (CRAR) for the financial year 2025-26 has been computed by the Bank in accordance with RBI Circular No. RPDC.RCB.BC. No.37/07.51.012/2014-15 is <b>11.42%</b> . Refer <b>ANNEXURE - B</b> for computation of CRAR and Net Worth to Total Assets.
<b>II ASSETS</b>		
<b>A ADVANCES</b>		
<b>1 Credit Appraisal</b>		
	Loan policy	The Bank has issued loan manual to all branches with relevant loan policies as approved by the Board.
	New schemes introduced	No new schemes were introduced.
	System of appraisal of loan / Credit Proposals and its adequacy thereof; over extended position and adequacy of security obtained.	In our opinion, based on appropriate test Checks carried out during audit by us, the head office and branches have complied with the procedures/instructions as specified in Guidance Manual on loans and advance while sanctioning/renewal of advances, except as mentioned in <b>ANNEXURE - C</b> .

<b>2 Sanctioning/ Disbursement</b>		
(a)	System of receipt and disposal of loan applications	The Bank has adopted different loan applications for different schemes of loans and advances. The branches have carried out preliminary appraisal of the applications and forwarded it to HO along with their process note and other documents. The advances department at HO carried out further scrutiny in prescribed format and presented to the CEO and thereafter to the Board for sanction.
(b)	Delegation of powers/authority at various levels, adherence to authorized limits, allowing of Drawals during un-renewed period	Sanction letters were issued to Branches with a copy to Borrowers. In case of Crop loans, one set of loan documents was provided to society and in case of individual loans, only copy of the sanction letter was issued to the borrowers.
(c)	Whether funds are disbursed under sanctioned limits after complying with terms and	The Sanctioning powers of the branch managers are as under.

	conditions of sanction, Exposure limits to individual, sectors and Exposure to outside co-operative fold, etc.	<ul style="list-style-type: none"> <li>- Vehicle Loan - upto Rs.25 lakhs,</li> <li>- Jewel Loan - upto Rs.50 lakh,</li> <li>- Personal - upto Rs. 10 lakh</li> <li>- Pigmy OD loans - upto Rs.1 lakh each.</li> <li>- Allied Activities - upto Rs. 2 lakh</li> </ul>
(d)	Review of advance including enhancement of limits and renewal of loan facilities, irregularities found in sanctioning and disbursement.	<p>Further CEO has the power to sanction Normal Credit Limit to PACS Vehicle Loans over &amp; above Rs. 25 lakhs &amp; Staff Loans except Staff Housing subject to Board ratification &amp; Mortgage Loans. These powers have been duly authorized by banks board resolution .</p> <p>Documents obtained included Bond, Promissory Note, Letter of Continuity, Agreement by Surety, and hypothecation / mortgage deed and the same were found to be satisfactory, except cases which are reported in audit report of respective Branch. The documents obtained contained approved plan of the proposed unit, estimate from the approved engineer, etc. The Bank had also obtained completion certificate of the unit before the release of last instalment. Deviations/observations thereof have been given under respective branch LFAR.</p>
<b>3</b>	<b>Documentation</b>	
(a)	System of ensuring that documents are executed as per the terms of sanction.	On verification of the documents on random basis, we understand that the System of ensuring that the documents are executed as per the terms of sanction needs improvement.
(b)	Defects in documentation and suggestions to avoid such defects.	Some instances of Defects in documentation are furnished in <b>ANNEXURE - C</b> .
(c)	System of documentation in respect of joint/ Consortium advances.	In respect of consortium loans, joint documentation is executed in respect of borrower accounts. The lead bank keeps the original documentation in their custody along with the document of title to property and other securities offered for such loans.
(d)	Renewal of documents. / Time Barred Documents	<p>Renewal / time barred documents arise in the following cases:</p> <ul style="list-style-type: none"> <li>• Stock Statements</li> <li>• Insurance Policies Expired</li> </ul> <p>In our opinion, based on appropriate checks carried out during audit by us, the branches have generally complied with the procedures/instructions of the controlling authorities regarding renewal of documents except to the extent as furnished in <b>ANNEXURE - C</b></p>
(e)	Acknowledgement of debts.	We have come across that bank has a practice of obtaining Promissory Note from the borrower. Borrower acknowledging

		the debt and promise to repay sum taken from the bank at the agreed rate of interest and duration.
(f)	Custody of documents and System Keeping the same	As informed to us and on appropriate checks carried out by us during audit, the responsible officers of the respective branches hold the custody of documents and found satisfactory.
(g)	Maintenance of Document Register	Document Register is maintained & updated on regular basis.
<b>4</b>	<b>Review/ monitoring/ supervision:</b>	
(a)	Periodic Balance Confirmation	The bank is obtaining balance confirmations from the respective financial institutions/PACS and other institutions on yearly rests.
(b)	Receipt of Regular Information, Stock / Book Debts Statements, Balance Sheet etc.	Based on appropriate checks carried out during audit by us, the bank was not receiving the stock statements on regular basis in many cases. In many of the cases, as the bank has sanctioned Working Capital facility against collateral security of the borrower. Further, in few cases, the stock statements received by the bank were kept in the files without utilising the data for arriving at the drawing power. Financial Statements, NOC, Exchange of information etc. not on record in several instances, as per details furnished in ANNEXURE "C".
(c)	System of Scrutiny of above information and follow up by the bank to ensure compliance with credit discipline.	<p>i) The statements like the financial statements, book debts etc. submitted by the borrowers are mechanically filed without any scrutiny.</p> <p>ii) For business establishments, branches must insist on GST returns in order to cross verify the turnover and to ensure that the borrower is in business.</p> <p>In our opinion and based on appropriate checks made by us, the bank needs to improve/strengthen the system of information and follow up by the bank to ensure compliance with credit discipline.</p>
(d)	System of periodic physical verification or inspection of stock, equipments and machineries and other securities.	<ul style="list-style-type: none"> <li>Physical inspection of the property by the Bank inspection team is of utmost important for property mortgage loans.</li> <li>We suggest for maintaining an Inspection register recording date of visit, name of the official, particulars of inspection and inspection remarks, if any. Further, we suggest for visiting godowns and to record the position of stock and also to hold the godown keys in case of working capital loans availed against pledge of stocks.</li> <li>The bank is not having detailed information of the Machineries, Equipments etc., which are hypothecated to the bank.</li> </ul>

		<ul style="list-style-type: none"> <li>We have observed that the Gold Loan approval is with the Branch Head and third-party verification of quantity and quality of gold pledged to the bank are being done in all the branches on quarterly basis. As per RBI guidelines this requires to be completed before disbursal of the loan. To ensure adequate control on this operation we are advising third party verification of quantity and quality of gold pledged to the bank to be done in all the branches once in a week. Gold appraisal by the Bank staff, which in our opinion, without adequate qualification for Gold Appraisal process, maybe fraud prone.</li> </ul>
(e)	Insurance cover for stocks and its adequacy and timely renewal of policies	Based on sample verification and appropriate checks made by us, instances of Insurance policies having expired or not renewed are noticed by us and details of such cases are furnished in ANNEXURE "C." Many of the branches are not updating Insurance Register for monitoring renewal of Insurance policies. We suggest for maintaining an Insurance Register by the branches.
(f)	Inspection reports of bank officials and follow up there on	Inspections of Bank branches were carried out by the Internal inspection department on quarterly basis and Vigilance cell department of the Bank on quarterly and monthly basis.
(g)	Overall monitoring of advances through maturity / age / industry wise analysis	<p>i) The Bank is catering mostly to the Agricultural sector in Kodagu District. Most of the loan repayment in such cases is synchronized to harvesting period. The Bank has not implemented any MIS as a part of Asset Liability Management. The Assets and Liabilities of the bank have been grouped into various time buckets as a part of Asset Liability Management (ALM).</p> <p>ii) In case of large term loans, especially loan for commercial complexes, Mortgage Loans etc., the Bank does not obtain the periodical financial statements post sanction and release. It is essential to monitor the large term loans on a continuous basis as to whether there is continuous stream of income for the borrower to service the loan.</p>
(h)	Computation of DCB as on June every year as per the guidance of NABARD	DCB is being prepared as per the guidelines prescribed by NABARD.



<b>5</b>	<b>Large Advances :</b>	
	Comments on the following:	
(a)	Adverse feature in respect of large advances considered significant and requiring management's attention.	The adverse features in respect of large advances are furnished in ANNEXURE - C.
(b)	Compliance with exposure norms relating to advances as per exposure norms stipulated by NABARD/RBI/provisions of Co-operative Societies Act.	The bank has complied with both sectoral and unit-wise exposure norms as envisaged by NABARD vide its circular letter ref. No. CFA/CMA/2044/2020-21 dated 22.09.2020.
(c)	Review of the Large Advances by the Board of Directors and follow-up action taken	We understand that the Board of Directors of the bank review the large advances at the board meetings and take necessary decisions and actions.
	<b>Note:</b> As per the Guidance Note on Banks (2020 Edition) issued by ICAI - an advance may be considered to be a large advance if the year-end balance is in excess of Rs.10 crore or 10% of the aggregate year end advances (Fund based and non-Fund based) of the bank, whichever is less.	
<b>6</b>	<b>Foreign Exchange Bills:</b>	
	Foreign bills negotiated under letters of credit including pre and post shipment credit, whether the debits and credits are permissible under the rules. Whether inward/ outward remittances have been properly accounted for, ensure adherence to the guidelines issued by RBI regarding the above operations, violations of FEMA, if any.	Not applicable.
<b>7</b>	<b>Coverage of crop loans under Crop Insurance:</b>	
	The following need to be examined:	
(a)	Whether all the Crop Loans have been covered as per the guidelines of Agricultural Insurance Policy under Pradhan Mantri Fasal Bima Yojana (PMFBY) and Restructured Weather Based Crop Insurance Scheme (RWBCIS)	
	<i>We are informed that only below mentioned Crop Loans is covered under insurance for the financial year 2025-26 as the Government has notified that insurance to be made on crop loans only if the farmers agree for the insurance policies. With these restrictions, the Bank has insured under the above-mentioned schemes. For details refer enclosure-ANNEXURE-D.</i>	
(b)	Whether premium is remitted to the insurance company in time.	Yes, Insurance due is remitted in time
(c)	Amount of claims preferred.	There are no claims preferred/settled during the year.
(d)	Amount of claims settled by AICI	Not Applicable
	• Of (d) above those pending adjustment at the bank level.	Not Applicable
	• How much is adjusted to the loan	Not Applicable

	accounts.																			
<b>8</b>	<b>Imbalances:</b>																			
	No. of PACS with imbalances, imbalances in principal A/c. and interest A/c. of the DCCB, percentage of imbalances to total loans and advances outstanding. Reasons for the same and likely impact on the bank.																			
	<table border="1"> <thead> <tr> <th>Taluk</th> <th>Members due to the society (Rs. in lakhs)</th> <th>Societies due to KDCC bank (Rs. in lakhs)</th> <th>No. of societies involved</th> <th>Imbalance of principal (Rs. in lakhs)</th> <th>Percentage of imbalance</th> </tr> </thead> <tbody> <tr> <td>Madikeri</td> <td>44.65</td> <td>32.84</td> <td>1</td> <td>14.71</td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td>44.65</td> <td>32.84</td> <td>1</td> <td>14.71</td> <td></td> </tr> </tbody> </table>	Taluk	Members due to the society (Rs. in lakhs)	Societies due to KDCC bank (Rs. in lakhs)	No. of societies involved	Imbalance of principal (Rs. in lakhs)	Percentage of imbalance	Madikeri	44.65	32.84	1	14.71		<b>TOTAL</b>	44.65	32.84	1	14.71		
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Madikeri	44.65	32.84	1	14.71																
<b>TOTAL</b>	44.65	32.84	1	14.71																
	We have been informed that the recovery from members to the society has not been passed on to DCCB Loan account and it has been used for management expenses of the PACS.																			
<b>B</b>	<b>INVESTMENTS:</b>																			
1	<p>System of assessing surplus funds, purchase and sales of investments, delegation of powers, reporting systems, etc. Whether investments have been earmarked towards reserve funds?</p> <p><i>The Bank has formed an Investment Committee which comprises of the President, Vice-President, Three Directors, CEO/MD, General Manager and Special Invitees with Professional Director with presence of Investment Consultant with review and monitoring sub-committee consisting of Managing Director/CEO, GM, Manager Accounts, ABM (Accounts), AGM of Administration, AGM of CBS Section &amp; ABM of Administration and Junior Assistant of Est.(MBA graudate) for assessing surplus funds, purchase and sale of Investments, Delegation of powers, Reporting systems etc. Investments have been earmarked towards various Funds (Agriculture Stabilisation Fund, Building Fund, Other Earmarked Fund). The Investment committee of the bank met 6 times during the year and the investments were tabled quarterly in the meeting of the Board of Directors.</i></p> <p><i>The Bank has no separate system of preparing Funds Flow statement to arrive at surplus funds available for investment on regular basis. The investible surplus was worked out based on daily cash balance statement available in system. After providing for statutory cash reserve and liquidity requirement, repayment obligation and fresh lending commitment, the surplus was invested.</i></p> <p><i>Details of investments earmarked towards reserve funds is enclosed in ANNEXURE - E</i></p>																			



2	System relating to Subsidiary General Ledger (SGL)/Bankers Receipts (BRs); control over SGL/BRs outstanding at the year end and their subsequent clearance; reconciliation of the balances of SGL transfer forms as per bank's book should be checked.	The Bank is maintaining an Investment register recording the movement of investments. The SLR investments, namely, Government securities were maintained in SGL A/c. The Non-SLR investments like the fixed deposits with the Karnataka State Co Operative Apex Bank Ltd ; Commercial Banks were held in physical form and are considered by the Bank as Held to Maturity. The shares of Apex bank, IFFCO and others were held in Physical Form and are considered by the bank as held to maturity. The short-term call deposits/Call Money are normally deposited with Apex Bank. The Investment of Rs.15 crore made by the Bank in debt mutual funds and money market mutual funds through Karvy Stock Broking Ltd. However, the said financial service provider has failed to repay the investment of Rs.15 crore, for which provision has been made in the books.
3	Purchase and sale of government securities, etc. should be subjected to audit and the results of their audit also covering delay in collection of interest on investments, profit and loss incurred due to trading government securities - placing related information before the Board of Directors.	<ul style="list-style-type: none"> <li>• Bank has entrusted Concurrent Audit of Branches and Head Office operations to a Chartered Accountant firm which includes the audit of investment section of the bank as well.</li> <li>• Audit Reports are being placed before the Board of directors for discussion/review on quarterly basis and compliance are being submitted.</li> </ul>
4	Audit of the treasury operations should include:	
	Adherence to the aggregate upper contract limit of 5% of total transactions (both purchase and sales) for each of the approved brokers entered into by the bank during a year. Whether part of the business is transacted through only one or a few brokers, the extent and modalities. The limit should cover both	<ul style="list-style-type: none"> <li>• According to the information provided to us the Bank has not empanelled any brokers for investment.</li> <li>• As per RBI guidelines there should be a proper bifurcation of work into departments as front/mid/back office in treasury department which was not the case.</li> </ul>

	the business initiated by the bank and the business offered/brought to the bank by broker. Besides, whether the business put through any individual broker or brokers in excess of the limit of 5% of total transaction entered into by the bank during the year with the reasons therefore, covered in the half-yearly review to the Board of Directors.	
(b)	Controls over investments, including periodic physical verification/reconciliation of investments with Demat A/c, books /records.	Physical verification/reconciliation of investments with demat account, books/records is carried out on monthly basis.
(c)	Checking of the periodical collection of interest on investments.	Bank is maintaining Interest Due Register of Investments where the checking of collection of Interest on investments is made periodically.
(d)	Valuation methods and changes in mode of valuation of securities compared to previous year; shortfall and provisions therefore as per extant guidelines of RBI/NABARD. Whether amortisation of the premium is done properly.	The investment portfolios of the Bank in so far as it related to Non-SLR investments outstanding as on 31-03-2026 has been classified by the bank as Held to Maturity as well as Available for Sale. Hence, the investments are valued at cost in respect of Held to Maturity and as per valuation report in respect of Available for Sale. The shares of co-operative institutions which are not quoted in the stock exchange were valued at cost, as the investments were regularly yielding dividend. Amortization of premium has been done properly.
(e)	Whether provisions of the State co-operative Societies Act/Rules/ Bye-laws as also investment policy/guidelines of RBI/ NABARD are followed for investment in SLR/Non-SLR investment and other related aspects.	Yes. The provisions of RBI /NABARD/Societies Act/bye law and also the Bank investment policy and guidelines of RBI/NABARD are followed for investment in SLR/Non-SLR investments and other related aspects.
<b>C</b>	<b>OTHER ASSETS: -</b>	
	Comment on the status of other assets including depreciation policy and their valuation and provision made thereof.	
	Whether the bank retained non-banking assets beyond the specified / extended period and reasons there for.	No non banking assets held as on 31.3.2026
<b>D</b>	<b>NON-FUND BUSINESS:</b>	

	Policy and procedures	We have been informed that there is approved Policy on Non-Fund Business.
	Service charges covering lockers, Safe Deposit Vaults.	<ul style="list-style-type: none"> <li>• Safe deposit lockers facility is available in head office and many of the branches</li> <li>• Service charges covering lockers is accounted on cash basis.</li> </ul>
	Letter of Credit (LCs) - issued and violations if any	During the year, No Letter of Credit was issued.
	Guarantees issued etc, and violations, if any with reference to guidelines issued by NABARD/RBI on the subject	Bank has issued bank guarantees to borrowers which no violations were found during the year. Bank guarantees issued and pending as on 31.03.2026 are enclosed in <b>ANNEXURE - F</b>
<b>E</b>	<b>APPLICATION OF PRUDENTIAL NORMS:</b>	
	Verify the adoption/application of income Recognition, Assets Classification and Provisioning norms by Co-operative banks as per the guidelines issued by RBI/NABARD from time to time.	Bank has adopted prudential norms as per RBI/NABARD guidelines in the matter of Income Recognition and Asset Classification except as stated below. <ul style="list-style-type: none"> <li>• Charges incurred after the date of NPA debited to loan accounts.</li> </ul>
	The auditors must also issue a certificate to the effect that the implementation of the prudential norms is satisfactory or otherwise and, the shortcomings, if any, should be duly listed out.	Certificate issued as per <b>ANNEXURE - G</b> containing our observations/shortcomings.
<b>(i)</b>	<b>Income recognition:</b>	
a)	Whether the bank recognized income as per instructions in vogue.	Yes, on our test check of advances found satisfactory.
b)	The total amount of income derecognised (cumulative)	No Such Imbalances
c)	The amount of derecognised income recovered during the year.	There are no such cases.
d)	The procedure followed by the bank for accounting derecognised income.	Not Applicable

<b>(ii)</b>	<b>Asset Classification:</b>	
	The following may be examined and commented upon:	
1	Whether the norms for assets classification in respect of all assets and the provisioning norms have been complied with by the co-operative banks? If not,	Bank has adopted prudential norms as per RBI/NABARD guidelines in the matter of Income Recognition and Asset Classification except as stated below. 1. Charges incurred after the date of NPA debited to

	the divergence observed in classification and the extent of provisions required.	<p>loan accounts.</p> <p>2. The BANCS (TCS) software system is configured to classify the advances into standard, sub-standard, however branch has to mark manually to stand the NPA and to reverse the capitalised and non recovered interest amount.</p> <p>3. The bank is identifying overdue date and NPA date from the loan irregularity reports provided by the CBS.</p> <p>4. The bank is advised to have a re-look at the valuation of all types of security offered to the Bank as the valuation is done only at the time of sanction.</p>									
2	Extent of NPAs, amount required to be provided for and the amount actually provided for by the Co-operative bank.	<p>NPA as on 31<sup>st</sup> March 2026 amounts to Rs. 1,993.56 Lakhs and provision required on the same amounts to Rs.1569.99 Lakhs.</p> <p>Provision actually provided amounts to Rs. 2890.72 Lakhs</p> <p>For Details refer <b>Annexure-H</b></p>									
3	Movement of NPA	<p>NPA as on 31.03.2026: Rs. 1,993.56 Lakhs.</p> <p>NPA as on 31.03.2025: Rs. 2197.87 Lakhs.</p>									
4	Effectiveness of the system for compiling data relating to the impaired advances	Recognition and creation of provisions for impaired advances is being done manually. The process of identification and provisioning needs to be automated to avoid discrepancies.									
	System for charging of interest and making provision to unrealized interest taken to P & L a/c	Interest on Advances is accounted on accrual basis and accounted under the head Interest receivable.									
	Ascertaining the realisable value of securities and the possible realisation from guarantors;	Realizable value of securities is ascertained as per bank's policy.									
	Assessment of the efficacy of rehabilitation programmes.	There were no rehabilitation programmes sanctioned by the bank.									
	Provisions/ write-offs and appropriations of authority thereto, recovery procedure, including that relating to suit-filed and decree accounts.	<p>Provisions for Non-performing Assets are made as per RBI/NABARD guidelines and approved by the Board of Directors.</p> <p>During the period under audit there were waiver of interest &amp; Principle:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%;"></th> <th style="width: 25%; text-align: right;">Rs. In Lakhs</th> </tr> <tr> <th>Loan Types</th> <th>No of A/cs</th> <th>Amount of Interest Adjusted</th> </tr> </thead> <tbody> <tr> <td>Pigmy OD</td> <td style="text-align: center;">41</td> <td style="text-align: right;">15,27,515.00</td> </tr> </tbody> </table>			Rs. In Lakhs	Loan Types	No of A/cs	Amount of Interest Adjusted	Pigmy OD	41	15,27,515.00
		Rs. In Lakhs									
Loan Types	No of A/cs	Amount of Interest Adjusted									
Pigmy OD	41	15,27,515.00									

		Mudra	44	22,50,250.00
		JLG	1	4,36,629.00
		OD Business	1	19,54,401.00
		Housing	1	88,604.00
		Staff OD	1	62,452.00
		<b>TOTAL</b>	<b>89</b>	<b>63,19,851.00</b>
		Recovery procedure followed in accordance with KCS Act/RBI Act/ NABARD guidelines.		
5	NPA management strategy of the bank.	<p>NPA Advances are periodically reviewed by the Board of Directors and instructions issued for follow-up and recovery. However, we suggest for accelerated efforts by the bank to recover dues from such accounts.</p> <p>The bank did not put in place EWS (Early Warning Signals) for any of the risks. There was no EWS in place for frauds, loans (especially Sugar sector Loans), ALM breaches, etc. As such, there was no system of generation / reporting of EWS to the management of the bank.</p>		
<b>III MANAGEMENT APPRAISAL:</b>				
1	Functioning of Elected Board:	In case administrator is in-charge of the Bank, comments may be made on the performance of the Administrator:		
	Composition	The Management of the bank comprises of 17 Board of Directors as on 31.03.2026 of which 13 members were the elected, one Deputy Registrar of Co-operative Societies (both are from State Govt.) and one Nominated from KSC Apex Bank, two Professional Directors and ex-officio i.e Chief Executive officer.		
	Committees	<p>Bank has the following committees:</p> <ol style="list-style-type: none"> <li>1. Executive Committee.</li> <li>2. Audit Committee.</li> <li>3. Inspection &amp; Monitoring Committee.</li> <li>4. Investment Committee.</li> <li>5. Fraud Prevention &amp; Monitoring Committee.</li> <li>6. Risk Management Committee.</li> <li>7. Information Technology Committee.</li> <li>8. Screening Committee.</li> <li>9. Vigilance Cell Committee.</li> <li>10. Asset-liability management Committee.</li> <li>11. Loans &amp; Advances Committee.</li> <li>12. Purchase/ Building Committee.</li> <li>13. Disaster Relief Maintenance Committee</li> <li>14. Bank's retirement benefit trust committee</li> </ol>		

		15. Customer Service Cell 16. Customer Redressal Cell
	Their Oversight	Their oversight can be more effective with appropriate comments/ notes in the minutes.
	Corporate Governance	Overall, the bank has formulated sound principles and policies uplifting the corporate governance appropriately.
	Professionalism of management in personnel	The Bank is managed by a Board of Directors comprising of persons qualified and well experienced in cooperative banking sector.
	Regularity in conduct of meetings	Bank was consistent in conducting the meetings. There was total 17 Board meetings held during the year as against 6 meetings required to be held as per the Bye-laws.
	Issues discussed in the meetings	Apart from the issues relating to conduct and improvisation of regular banking transactions, review of performance and appraisal, approval and Development were also discussed.
	defaulting directors - if any	No such Directors found.
	violation of bye-laws by the directors - if any	No such violations found.
	disqualification of directors, etc.	No Disqualification found.
2	Competence of CEO in managing the bank and in implementation of policies in conformity with the guidelines issued by GOI/RBI/NABARD.	The day-to-day administration of the Bank was managed by the CEO of the Bank. Present CEO has been appointed by Board and approved by RBI. The CEO is delegated powers to take decisions in the matters like NPA management, recovery system & business plan, decisions regarding computerization of branches, implementation of core Banking etc., in addition to powers to sanction loans, initiate legal proceedings against defaulters. The CEO was also delegated powers with regard to staff matters.
3	Competence of second line management:	Four departments at Head Office were headed by DGMs/ AGMs who were supported by Manager, Asst. Managers, Senior Assistants and Junior Assistants. Similarly at branches, Branch Managers were supported by Asst. Branch Managers, Senior Assistants and Junior Assistants. The members of the staff in different categories possessed the prescribed qualifications and received training in co-operative banking suitable to the posts held by them. The Bank had not recruited any technical staff for certain specialized types of lending requiring technical knowledge. The existing staff with the experience gained over the years was carrying out these duties.
	Specific Job Chart	• A Specific Job Chart is drawn and flow chart is maintained at the Head office.

		<ul style="list-style-type: none"> <li>As per the information obtained reflecting the position as on 31/03/2026, there were 110 posts vacant, as against sanctioned post of 280. Vacancies noticed were predominantly in the operating Cadres.</li> </ul>
	Recruitment Policy	The Bank has a Recruitment policy in place for recruitment of staff. Parameters like qualification, age, experience, reservations & other criteria have been considered by the said committee while recruiting the staff.
	Training and HRD Plans Bird organization	<ul style="list-style-type: none"> <li>Bank has tied up with NABARD and co-operative department sponsored institutions such as BIRD Organisation who are experts in training of the staff members in different areas of training.</li> <li>Bank conducts training programme for the Bank Staff as well as the staff of various Branches.</li> <li>In our opinion training needs to be strengthened in areas covering scrutiny of loan and disbursal, documentation and follow-up of the loan along with the co-ordination amongst the team.</li> </ul>
	Rotation of Staff	<p>Bank has a Staff rotation policy according to which at an interval of six months rotation has to be taken place. However, some staff were working for more than the stipulated time prescribed in the policy.</p> <p>The rotation of the staff at an interval of six months effects the efficiency and effectiveness of staff working in the particular department due to the learning curve involved in understanding the work.</p>
	Accountability etc	As informed to us, job responsibility is assigned to each staff and in case of violation, concerned staff is made accountable and suitable action is initiated by management.
<b>IV</b>	<b>EARNING APPRAISAL: -</b>	
1	Analysis of variations in major items of income and expenditure compared to previous year, with important ratios.	Refer the Variance analysis report furnished in <b>ANNEXURE - I</b> attached to the report.
2	Losses arising due to mismanagement	No such instances found, but it is recommended to strengthen the loan scrutiny mechanism w.r.t Pigmy and Working Capital loans.
3	Funds flow statement/Cash flow statement as on balance sheet date vis-à-vis the previous year.	Based on comparison of the current and previous balance sheets as at the end of the financial year, besides the operating profit for the year after meeting expenditures, the funds have flown in from Share Capital, Deposits mobilized, Liquidation of investments, Liquidation of amounts in

		<p>fixed deposits and Current accounts. These have been mostly deployed for lending activities, acquisition of fixed assets, investment in money at call and short notice and for repayment of borrowings.</p> <p>Cash flow statement as on the balance sheet date has been prepared and furnished in <b>ANNEXURE - J</b> attached in the report.</p>
4	Effect of any change in the accounting policies on profit/loss for the year.	No changes made in accounting policies.
5	Carry out test check of application of interest rates on various advances/ borrowings and also on deposits and comment on revenue loss, if any incurred by Co-operative banks due to inappropriate application of prescribed interest rates.	Based on our test check of Advances, Borrowings and Deposits, no such inappropriate application of the prescribed interest rates was found.
6	Whether overdue interest is taken to P & L A/c and if so, whether corresponding provision is made. Bank must mention the extent of overdue interest out of the interest receivable.	No, Overdue Interest has not taken to Profit & Loss Account.
7	Whether the bank has written back excess provision if any to profit and loss account.	No such instance found.
8	Whether the bank has made adequate provision for impaired credits and erosion in other assets and liabilities.	Yes, bank has made adequate provision for impaired credits and erosion in other assets and liabilities. However, the identification mechanism needs to be improved.
9	Whether allocation of net profit is done as per the provisions of BR Act/ State co-operative societies Act/bye-laws.	Yes, allocation of Net Profit is made as per the provisions of the State Co Operative Act, Income tax act and Bye Laws of the bank.
10	Whether prior permission was obtained for withdrawal of any amount from reserves.	Yes, prior permission was obtained from the board of directors for withdrawal of reserves.
11	Whether the bank earned operating profit and the extent the operating profit covers provision required to be made.	Yes, the bank has earned sufficient operating Profit as per Profit & Loss A/c, which adequately covers the provision required to be made.
12	Whether the bank earned net profit	Yes, the Bank has earned sufficient profits

	and if not reasons for the same. Where the net profit, if any is made after making full provision and whether the bank is in a position to contribute to Reserves and declare dividends.	during the year to contribute to Reserves and declare Dividends.
13	Any system for the Revenue audit to find income Leakage	Yes, the bank has a system of on-going concurrent audit to monitor and report any income leakage.
14	Comment on the system of transfer price mechanism.	<ul style="list-style-type: none"> <li>• Transfers between the head office and branches are held systematically.</li> <li>• Profitability of the branches is evaluated through separate profit and loss account for each branch.</li> <li>• Some of the major expenses like salary, purchase of fixed assets etc of all the branches are paid by the head office itself.</li> <li>• We noticed that there is no system of apportionment of common expenses like audit expenses, Directors' fees, General Body expenses, law charges, software licenses, etc among the branches.</li> </ul>

<b>V LIQUIDITY MANAGEMENT:</b>		
1	<b>Cash: -</b> Examine and comment on the system of monitoring of cash at branches and its management, fixation of retention limits at branches and their compliance/violations, insurance cover and adequate including for cash-in-transit, system and procedure followed for physical custody of cash, etc.	<ul style="list-style-type: none"> <li>• Maintenance and monitoring of Cash Balances at the branches is reviewed by the head office periodically.</li> <li>• Retention limit per day is fixed for each and every branch differently based on the size of the branch.</li> <li>• If the Branch cash balance exceeds the limit on any day, the excess cash is sent to head office on the same day.</li> <li>• Blanket Insurance cover is obtained from IFFCO TOKYO for Rs.323.41 crores which includes Hypothecated Gold valid upto 30<sup>th</sup> June 2026.</li> </ul>
2	<b>Statutory Liquidity Ratio (SLR)/Cash Reserve Ratio (CRR) Requirements System of Ensuring Compliance:</b>	
I	System of compiling and monitoring Demand and Time Liability (DTL)	Found satisfactory.

	position	
Ii	Records maintained for the above purpose.	Found satisfactory.
Iii	System of ensuring compliance, defaults paid, if any and review of the position by Board / CEO	Statutory Liquidity Ratio (SLR) / Cash Reserve Ratio (CRR) were maintained in accordance with the guidelines of Reserve Bank of India and reviewed by the Board of directors regularly.
Iv	Violations, if any in maintenance of CRR/SLR, details thereof and reasons for the same.	No violation has been observed in the maintenance of Statutory Liquidity Ratio / Cash Reserve Ratio during the year under audit.
<b>3</b>	<b>Repayment of Borrowings:</b>	
	Comment on Maximum borrowing power	<ul style="list-style-type: none"> <li>• Maximum borrowings of the Bank are from The KSC Apex Bank Ltd/NABARD under the various Refinancing schemes.</li> <li>• Borrowings of the bank were within the maximum borrowing power of bank.</li> <li>• The bank had not defaulted in payment of interest and repayment of principle in respect of loans.</li> </ul>
	Various types of borrowings availed	Majorly, Bank has borrowed funds only on refinance basis from The KSC Apex Bank Ltd/NABARD.
	High-cost borrowings, if any approving authority for borrowings	No, such High-cost borrowings from The KSC Apex Bank Ltd/NABARD found. Board of directors are the Approving authority for borrowings.
	Whether the bank has defaulted in repayment in respect of borrowings made,	No Default in repayment is observed during the financial year.
	If so Number of occasions	Not Applicable
	Reasons thereof	Not Applicable
	Maintenance of due date register	Maintained under computerised system of accounting.
<b>4</b>	<b>Deposits:</b>	
I	Comment on as to whether bank has laid down norms/ guidelines for conduct and operation of inoperative accounts and violations, if any	Bank has a proper procedure for conduct and operation of the in-operative Accounts and there are no violations found.
	Over drawal if any	No such cases found.
	Allowing Drawal against un realised cheques	No such cases found.

	Delay in paying matured deposits	As the depositors have not responded to their matured deposits, the matured deposits outstanding as on 31.03.2026 were Rs 2,28,27,564/-.
	Obtaining necessary declarations wherever required.	Generally, yes.
	Comment on adherence to KYC norms	The KYC Norms as prescribed by RBI are being followed by the bank to a greater extent except to our observations mentioned elsewhere.
Ii	Whether there were any unusual large movements in aggregate deposits held by HO/Branch at the year end and window dressing	No such cases found.
Iii	Whether the bank has correctly assessed the deposits for coverage under insurance and whether premium is worked out correctly and remitted the same timely.	Yes, the bank has correctly assessed the deposits for the coverage under insurance and premium is worked out correctly and remitted the same in time.
Iv	Comment on composition and the growth of deposits and the extent of low-cost deposits; new deposit schemes.	Total Deposits as on 31 <sup>st</sup> March 2026- Rs.2,043.11 Crores. Total Deposits as on 31 <sup>st</sup> March 2025- Rs. 1,771.33 Crores. Growth Rate is 15.34%. Low-Cost deposit (SB accounts and Current accounts) as on 31st March 2026 Rs. 631.58 Crores. Deposits growth is achieved through regular (weekly) campaigning, field visits and other efficient strategies.
V	Opening and operation of FCNR and other non- resident accounts. Whether the debits and credits are permissible under the rules. Whether inward/ outward remittance has been properly accounted for, ensure adherence to the guidelines issued by RBI regarding the above operations, violations of FEMA... if any.,	Not applicable.
Vi	Whether the bank reported the information as per Anti-Money Laundering guidelines	<u>Filing of Cash Transaction Report (CTR):</u> Yes, the bank is reporting the required information as per Anti-Money Laundering guidelines.  <u>NPO sector Transaction Report (NTR)</u>

		<p>No such report filed by the bank during the period under audit.</p> <p><u>Suspicious Transaction Report (STR):</u> No Suspicious Transactions are reported during year, nil report are not submitted.</p>
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VI	SYSTEMS & CONTROLS	
1	Written guidelines / instructions on loans and advances covering appraisal, issue of sanction letters. Follow-up etc.	Books containing written guidelines/ instructions on loans and advances covering appraisal, issue of sanction letters, follow-up, etc. are given to all the branches and periodical circulars are issued to the branches by the Bank.
2	Manual on accounting policies.	The Audit Committee will have to bring out a manual on the accounting policies, as <i>hitherto</i> there have been no written accounting policies as such.
	Accounting policies-their conformity with Accounting Standards	
	Time taken to finalise accounts	The time taken to finalise accounts is found to be satisfactory.
	Any major observations on branch returns and	No such major observation - system found satisfactory except as furnished in ANNEXURE "C".
	Process of their consolidation in final statements of accounts.	The bank is working under Core Banking Solutions (CBS)
3	Compliance to disclosure norms	We observed that the bank have complied with the Generally Accepted Accounting Practices (GAAP).
4	<b>House keeping</b>	
I	System of monitoring the position of balancing of General Ledger and other books/ including reconciliation of control and subsidiary records, Whether the bank or auditor has finalised the accounts.	<p>The bank is working under Core Banking Solutions (CBS) which is generating the specified reports.</p> <p>Balancing of General Ledger and other books including reconciliation of control and subsidiary records have been done as on 31.03.2026.</p>
Ii	Balancing of drafts payable, DD paid without Advice, Bills payable.	DD/Bills payable are reconciled periodically.

i	Periodical Physical verification of security forms (Cheque Books, FDRs, DD, MT, etc.) and follow-up action.	Periodical physical verification of Security Forms (Cheque Books, FDRs, DD, MT, etc) conducted on quarterly basis by concurrent Auditor & Inspection Department of the Bank.
<b>5</b>	<b>Inter-branch Reconciliation.</b>	
I	Comments on the system / procedure and records maintained.	We suggest for strengthening the system and procedures in order to bring down the un-reconciled figures.
ii	Procedure followed for remittance of funds, TT discounting, etc.	As per the directions received from Head Office from time to time, the funds are remitted to other branches in requirement of the same or to the Head Office or are deposited in nearby other banks with which the Bank is maintaining Current account. These are passed through inter-branch account/ head office account and the procedure followed in this regard is adequate. We have not come across TT discounting.
iii	Test check for any unusual entries put through inter - branch/ head office accounts.	On our test check, no unusual entries are put through inter branch/Head Office Account.
Iv	Position of outstanding entries; system for locating long outstanding items of high value.	Reconciliation of branch adjustments/inter-branch accounts has been completed upto 31.03.2026 and there are no branch adjustment entries at the end of the year.
V	Steps taken or to be taken for bringing the reconciliation up-to- date	
<b>6</b>	<b>Inter bank accounts Reconciliation:</b>	
	Balances with other banks (including APEX Bank) - observation - on outstanding items in reconciliation statements.	As explained to us inter-bank transactions are reconciled on monthly basis.
	Provision required for long pending un-reconciled portion.	It was observed from records that the outstanding items are below 6 months. Hence, no provision is made in the books.
<b>7</b>	<b>Suspense Accounts, Sundry Deposits, Etc:</b>	
		The books of accounts of the bank depict the following closing balances for the financial year 2025 - 2026:  A. Suspense Liabilities - Rs. 66,92,309.69/

		B. Suspense Assets - Rs.19,82,495 /-
I	System for clearance of items debited / credited to these accounts....	The follow up of the suspense liability is satisfactory
Ii	Test check for any unusual entries under these heads.	Our test check has not revealed any unusual entries under these heads
Iii	Long pendency in these accounts, reason therefore, provision required if any	We were informed that there were no long pendency
<b>8</b>	<b>Long pending items in balance sheet and their position:</b>	
	A list of long pending items in balance sheet may be examined and the measures taken by the bank for squaring off the same.	We were informed that there were no long pendency
<b>9</b>	<b>Branch Inspections</b>	
I	System of branch inspections: frequency; scope / coverage of inspections; System of internal audit, concurrent audit/ Revenue audit and reporting.	<ul style="list-style-type: none"> <li>• Inspections of all the branches were carried out by the Inspection and Audit department of the bank on periodically.</li> <li>• External firm of Chartered Accountants are appointed as Concurrent Auditor by the bank to audit the Branches and HO operations on everyday basis. The said audit covers Revenue audit also.</li> <li>• Annual Inspection of selected branches is also carried out by NABARD.</li> </ul>
	Arrears, if any in inspections / audit to be mentioned.	NIL
Ii	System of follow - up of these reports; position of compliance.	Follow up of these reports is carried out and complied accordingly within reasonable time.
<b>10</b>	<b>Management information system:</b>	
I	The efficacy of MIS maintained by the bank.	In our opinion, the efficacy of MIS needs to be strengthened for more effective appraisal of loan proposals, including renewals.
Ii	Comment on regularity of receipt of internal returns	The bank regularly submits the Internal Returns to the RBI/NABARD/RCS and other Government Agencies within the prescribed time except as reported elsewhere.
Iii	Comment on content regularity of submission of various statutory	Various Statutory Returns including OSS returns and other external returns are generally submitted within due date except stated elsewhere in LFAR.

	returns including OSS returns and other external returns.	
<b>11</b>	<b>Fraud prevention Monitoring and Control:</b>	
I	Observations on major frauds, misappropriations, embezzlements etc, discovered during the year under audit covering modus operandi, action taken, recovery efforts etc.	The bank has reported 2 cases of Fraud during the year under audit, amount involved Rs 3.20 lakhs. The bank has lodged a complaint with the jurisdictional police station against the loanee and others for perpetrating the fraudulent act and deceiving the bank by Pledging the fake jewellery.  Refer ANNEXURE -K in this regard.
li	Monitoring, review, incidence of thefts, robberies, dacoits.	We have been informed that no incidence of theft, robberies, dacoities have been made during the year.
	Reporting of frauds to NABARD.	It is informed to us that the details regarding frauds have been reported to NABARD.
lii	Provision required if any	Total quantum involved in these cases has been provided 100%.
Iv	Preventive measures to avoid recurrence of frauds.	The bank is issuing guidance notes and various circulars to branches from time to time for preventive measures to be taken regarding scrutinising the documentation.
<b>12</b>	<b>Risk Management Systems:</b>	
I	Comment on risk Profile of the bank supported by ratio analysis:	
	Liquidity risk	The bank is having Risk Management Committee to identify measure and evolve methods to mitigate the Liquidity risk. However, in our opinion, system of assessing the degree of liquidity risk requires strengthening.
	Credit Risk	Deficiencies/ irregularities were observed in the policies and procedures in relation to appraisal, sanction, disbursement and monitoring of loans and advances portfolio.  The close examination of the loan portfolio of the bank indicated that it had been diversifying to non-agricultural sector. However, given the kind of expertise it has, it is high time the bank equipped itself in terms of developing trained manpower for handling such portfolios. The bank may, arrange for training of the existing staff and also consider inducting professionals to improve the appraisal systems.

	Exposure Risk	The bank has generally complied with both sectoral and unit-wise exposure norms as envisaged by NABARD vide its circular letter ref. No. NB. DoS. CMA1786/A75/ 2008-09 dated 12 May 2008.
	Interest Rate Risk	The main interest-bearing liabilities / assets of the bank were deposits, borrowings, loans and advances and investment.
	Operational Risk	The Board made policies and the implementation of the same was left to the Executives, thus it had minimum or no interference. The policy in respect of appraisal, sanction, disbursement and monitoring of loans and advances was duly approved by the Board. However, we opine that the loan policies should be made more effective, particularly with respect to the appraisal, sanction or renewal of project finance/Cash Credit and working capital facilities. The bank's exposure to the operational risk was therefore at the barest minimum. Nevertheless, the bank may continue to maintain diligent implementation of existing policies and guidelines issued by regulatory agencies at all levels and have a system of regular review thereof.
ii	Comment on systems and procedures for identifying, managing and mitigation risk and also default in monitoring and mechanism.	The bank has established a risk management committee. The said committee meets periodically in order to review the risk factors such as liquidity risk, credit risk, exposure risk, interest rate risk and operational risk being faced by the bank and takes all precautionary measures to avoid the same. During the year 2025-26, there were 6 meetings of the Committee. However, in our opinion, the mechanism of identifying, managing and mitigation risk needs to be strengthened.
<b>13</b>	<b>Asset Liability Management (ALM) System :</b>	
	Comment on ALM mechanism put in place by the bank	Bank has an approved Asset Liability Management Committee (ALCO).(constituted vide resolution no.03/2021-22 on 29.03.2022.) It is observed that the Committee has reviewed the areas of Residual Maturity, Interest Rate Sensitivity and Short-Term Dynamic Liquidity issues and analysis of interest rates of advances & deposits when compared to other banks. In our view, the review mechanism in place is satisfactory.
	Comment on the functioning of ALCO	The ALCO committee of the bank consisted of 5 members namely President, vice president, 2 Director

	committee.	CEO & all section DGMs/ AGMs/ Manager.  Subcommittee consist of CEO, GM, DGMs, AGMs and Managers of Accounts, Funds and Loans section. The Committee & Sub Committee has conducted 2 & 4 meetings during the year under audit respectively.
	Comment on gaps / mismatches, Analysis and generation of reports	The Committee has identified the following gaps for the quarter ended 31.03.2026 :  <b>a) <u>Mismatches in Structural Liquidity observed in the buckets:</u></b> 1 days to 14 Days: <b>-17.08%</b> 29 days up to 3 months: <b>(-) 30.91%</b> >3months up to 6 months: <b>(-)79.40%</b> > 6 months to 1 year <b>(-)54.54%</b>  It is suggested that the bank fix a limit for mismatch in time buckets other than first 2-time buckets.  <b>b) <u>Mismatches in Interest rate Sensitivity observed in the buckets:</u></b> 1-14 days: <b>(-) 272.43%</b> 29 days up to 3 months: <b>(-) 37.32%</b> >3months up to 6 months: <b>(-)360.65%</b> >6months to 1 year: <b>(-)151.89</b>  The Bank may justify the negativity observed in the short-term deposits up to 1 year.
<b>14</b>	<b>Vigilance Arrangements:</b>	
I	Implementation of Vigilance guidelines and systems as per guidelines of NABARD - Working of vigilance cell	As informed to us, a Vigilance Cell committee was formulated on 28.05.2010. The Committee consists of 5 members headed by the Chief Executive Officer/MD and has conducted 4 meeting during the year.  We have been informed that this Committee have met Six times during the year. The broad functions of the Committee being that of surprise visits to branches, we feel that the frequency of the meetings should be increased to discuss the various aspects noticed during the surprise visits. We are of the opinion that the Vigilance Committee should conduct surprise inspection of the affiliated PACS in order to verify if the benefits of Government schemes like Interest Subvention, Interest Subsidy and Incentives have reached the intended beneficiaries with reference to the Scheme guidelines. Such exercise of vigilance undertaken should be recorded in the Minutes book. The Vigilance Committee in each of its meetings should also table a scrutiny undertaken by the Committee of the unclaimed deposits and inoperative Current and SB
Ii	Irregularities / inadequacies in the vigilance arrangements.	

		accounts.
<b>VII</b>	<b>COMPLIANCE</b>	
1	Functioning of Audit Committee of Board:	The bank has constituted an Audit committee comprising of Vice-President, 5 Directors. The Audit Committee met eight times during the year to discuss matters raised in concurrent audit report, overdue loans, regarding security of valuable items in the branches, cash in excess of retention limit, direction to branches to lend more and more qualitative advances, achievement of targets in deposit mobilization and loan disbursal, CD Ratio, recovery, NPA management, inter-branch reconciliation. We are of the opinion that the Audit Committee should come out with a booklet on various Circulars issued by RBI, NABARD and Co-operative Department besides internal operational guidelines for reference by the managerial and other cadres of the Bank.
	System for taking timely follow-up action on the observations and suggestion made in the inspection reports of:	
	<ul style="list-style-type: none"> <li>• NABARD</li> </ul>	The last NABARD inspection was conducted during the period 15.09.2025 to 06.10.2025 for the financial year 2023-24 and 2024-25 the report was submitted on 05.01.2026. Compliance report was submitted by the bank on 03.03.2026.
	<ul style="list-style-type: none"> <li>• Statutory Audit</li> </ul>	Action taken subject to our observation elsewhere reported.
	<ul style="list-style-type: none"> <li>• Internal Inspection Department</li> </ul>	Inspection by Internal Inspection department is conducted quarterly basis. For the financial year 2025-26, 26 branches were inspected by the Internal Inspection department.
	<ul style="list-style-type: none"> <li>• Vigilance Cell</li> </ul>	Vigilance cell conducts inspection of the branches on surprise visits once in every month and Nodal officers visit on a quarterly basis.
	<ul style="list-style-type: none"> <li>• Internal /Concurrent Auditors</li> </ul>	During the year, a Chartered Accountants firm was appointed by the board and Reports were submitted within prescribed period. Action thereon was also taken by the Management.
	Timeliness and effectiveness of timely follow-up action on guidelines, circulars etc. issued by NABARD /	Bank does have prompt compliance system regulated through the guidance of Board Committees and other senior officials of the Bank. The same is working effectively and timely compliance to the guidelines and circulars found in order to an extent.

	RBI;	
	Overseeing and providing direction as also discharge of other duties/ responsibilities of the committee may be commented upon.	Satisfactorily conducted except as reported elsewhere.
2	Comment on compliance with important provisions of the B.R. Act' 1949 (AACS), BR Act 1934 and provisions of State Cooperative Act and bye - laws.	Detailed comments on the compliances have been annexed as <b>ANNEXURE - L</b> .
3	Compliance to IT Act and other laws in force.	<ul style="list-style-type: none"> <li>• Generally complied except w.r.t Goods and Service Tax, the book balances are subject to reconciliation with the returns filed.</li> <li>• It is recommended that the Bank reassess its income tax provision by incorporating eligible deductions under Sections 36(1)(viiia) and 36(1)(viii) of the Income-tax Act, 1961. This may help ensure that the provision reflects a more accurate tax liability in accordance with applicable tax laws.</li> </ul>
<b>VIII AUDIT OF COMPUTERISED OPERATIONS:</b>		
	All co- operative banks having fully /partially computerised operations should ensure to comply with the following norms and auditors may comments on the same:	
1	Availability of competent personnel, Segregation of duties of programmer and persons operating the system	<ul style="list-style-type: none"> <li>• All the operations of the Bank are fully computerised. The Core Banking System, Network structure and the database servers are procured from different outside vendors. Therefore, the segregation of duties of programmer and the operators has been taken care.</li> <li>• Bank has an IT team consisting of Bank officials. The bank has designated the General Manager as the Chief Information Security Officer (CISO). It is reported that the IT Manager has the required experience in managing the IT and Cyber Security aspects.</li> </ul>
	Existence of physical, logical and procedural access to system	<ul style="list-style-type: none"> <li>• Bank has an adequate policy regarding physical, logical and procedural access to the system and has been implemented properly.</li> </ul>

		<ul style="list-style-type: none"> <li>• The logical access to the system is through different login credentials issued by the Data Centre of the Bank. In order to enhance the security of the CBS and to curtail frauds committed by misusing user Ids, the Bank has implemented two factor authentication for users to login to the CBS. (The First factor of authentication is the password and the second factor of authentication is biometrics.</li> <li>• Adequate Security access controls have been implemented like locking the user-id after 3 unsuccessful logon attempts, provision for defining access rights to users etc.</li> </ul>
	Standards for quality assurance and periodically testing and checking them; Formal declaration of system development methodology	It is informed that Migration from old software to existing software has taken place in the year 2013. At the time of migration, Managers of the branch and Concurrent Auditor have reportedly vetted the customer and non-customer heads.
2	Programming and documentation standards to be followed by the bank. In the absence of which quality of system maintenance / improvement might suffer.	<p>We have perused the Information Systems Audit report for the year 2025-26 issued by M/s. Nucleus System Security Consultants Pvt Ltd., and observed that there are certain recommendations made by the auditor, which seeks immediate attention of the management, in order to secure the banking software system, maintain proper monitoring of the system and database.</p> <p>We would also suggest the management to look into the following with utmost priority:</p> <ul style="list-style-type: none"> <li>➤ There are few active customers with multiple customer IDs in the CBS. The Bank should complete the de-duplication process at the earliest.</li> <li>➤ Double authorization has not been enabled in the CBS for financial transactions. Only two user IDs can make and pass transitions of any amount and any type.</li> <li>➤ There must be an upper ceiling in the CBS of the percentage upto which the bank sanctions loan against FD. Presently system allows loan of upto 100% of FD value.</li> <li>➤ The access to “incremental interest” menu option must be removed for the branch employees. This must be restricted to the concerned department in the HO only.</li> </ul>

		<p><i>request in this regard has been raised on 04.02.2026 and under process.</i></p> <ul style="list-style-type: none"> <li>➤ Once the loan is sanctioned, the CBS must permit the disbursement amount to be credited only to an account that is linked to the loanee's customer ID. <i>A request has been raised with software vendor on 26.12.2024</i></li> <li>➤ All the branches must be instructed to print and sign the exception report on a daily basis. <i>An instruction/circular to all the Branches has been issued on 18.06.2024 and again on 02.06.2026.</i></li> <li>➤ The entre pigmy collection data remains "off-CBS" with a very high dependency on the other software which may not comply with standard security best practices.</li> </ul> <p>The following observations were persisting since the previous IS audit:</p> <ul style="list-style-type: none"> <li>➤ CBS accepts non- Officially valid documents (OVD) like PAN Card, Govt/Defence ID card, and Ration Card. <i>As compliance, no KYC marks allotted for other than OVD documents.</i></li> <li>➤ The CBS should not accept the same PAN number for multiple customer IDs.</li> <li>➤ The bank must implement "debit freeze" for all Income Heads (GL) at the branch level. <i>As compliance step, generation of exception report on income debits has been instructed to all the branch managers.</i></li> </ul>
	<p>Contingency plans / procedures in case of failure of system DRP.</p>	<p>On review of IS Audit Report observed that the Application Service Provider (ASP) has confirmed that the standardised backup procedure followed, DC-DR Drills conducted by the ASP vendor once in 6 months. DC-DR Drill activity should be conducted for one full working day, All the bank's branches and HO should actively participate in the DC-DR drill process by connecting to the DR CBS Application Server, Also, ASP vendor must support all delivery channels of the bank like debit cards, ATM Machines, NEFT, RTGS, IMPS, UPI, Mobile Banking Application, Internet Banking Application etc., from the DR Site for one full working day.</p> <p>Recovery Time Objective is 120 Minutes; Recovery Point Objective is 15 Minutes.</p>



	Manual of instructions for their inspectors / auditors and its periodical updation.	Manual of instructions are issued and updated.
3	If service of outside computer agencies is engaged whether "Clause of visitorial right" in the contract, has been incorporated so as to have the right to inspect the process of application and also ensure the security of the data / inputs is entrusted to such outside agencies.	Yes, there is outside agencies engaged in setting up the whole IT structure of the bank. Bank has the right to inspect the process of application and also ensure the security of the data / inputs is entrusted to such outside agencies.  Regarding the Agreement with the ATM Switch Vendor, the bank must add the "Right to Inspect/Audit" clause in the agreement, similar to the clause in the ASP Vendor's agreement.
4	Auditors may also comment on (wherever applicable) automation and computerisation process and policy for the same.	All the 27 branches including head office branch are fully computerised and has implemented Core Banking System (CBS). The bank has implemented the CBS on Application Service Provider (ASP) deployment model/Cloud deployment model. Tata Consultancy Services (TCS) Ltd is the ASP Vendor.
	Progress made during the year under review and Critical area of operation not covered by automation:	Critical area of operation not covered by automation: <ul style="list-style-type: none"> <li>• Capital Adequacy ratio</li> <li>• Fixed Assets Modules at HO level not in Branch level</li> <li>• GST on Pigmy commission</li> </ul>
	Number of branches covered by computerisation and extent of computerisation	All the 27 branches including head office branch are fully computerised and has implemented Core Banking System.
	Volume of business computerized, Suggestion if any.	Entire Business is computerised under Core Banking Solutions except PIGMY Collections/ Advances.
5	Arrangements for system or IT Audit.	Information System Audit was conducted by an external agency during in April 2026 and reported in May 2026 pertaining to the year 2025-26.
6	Issues connected with maintenance of ATM - Cash replenishment, security and monitoring	As informed to us, 19 co-branded white label ATMs have been maintained and the necessary rules regarding the same have been complied with.

	etc.	
7	Comment on working of various technology driven products and services e.g. Smart Card, Credit Cards if any.	Mobile Banking is Implemented. Rupay Debit cards have been issued to customers. The cards can be used on ATM, POS and E-commerce platforms. IMPS and UPI services have also been extended to customers.

**IX PREPARATION / IMPLEMENTATION OF DAP & MOU EXECUTED AND REVIVAL PACKAGE:**

1 *Performance under the Development Action Plan and MOU executed, System of monitoring the achievements etc.,*

**(i) Targets and achievements under DAP:**

The Bank has signed a MOU with The Karnataka State Co Operative Apex Bank Ltd. The MOU covered the financial aspects as well as non-financial aspects like Special Drives for Mobilization of Deposits, Availment of Refinance from NABARD, Rationalization of Lending Policies, Recovery Strategy, Costs and Margins, Non-Agricultural Loans and Advances. The targets and achievements under DAP for the year 2025-26 were as follows:

(Rs.in Lakh)

Sl. No.	Particulars	2025-26	
		Target	Achievement
1	Share Capital	3,905.00	3,799.06
2	Deposits	2,01,100.00	2,04,311.15
3	Borrowings	31,000.00	37,492.31
4	Loans O/s	1,84,000.00	1,77,214.43
5	Loans issued	1,60,650.00	1,43,405.11
6	Investments	58,000.00	73,370.17
7	Recovery %	100.00%	98.12%
8	Profit	2,000.00	2239.39
9	Cost of Management	1.60%	1.07%
10	Per employee productivity	1,774.65	2,244.27
11	Per branch productivity	14,262.96	14,674.06
12	Financial margin	2.10%	2.08%

**(ii) Status of working of the PACS:**

The status of working of the PACS for the year 2025-26 was as under:

Sl. No.	Particulars	2025-26
1	No. of PACS affiliated to the DCCB	74
2	No. of PACS borrowed	73
3	No. of PACS under Profit	-
4	Total Profit (Rs. in Lakhs)	-

5	No. of PACS under Loss	-
6	Total Loss (Rs. in Lakhs)	-
7	No. of PACS selected under BDP	72
8	No. of PACS having full time Managers	68
9	Total business of PACS (Rs. in Lakhs)	-
10	No. of PACS having Overdue	41
11	No. of PACS audited	0

(iii) **SHG Bank linkage programme:**

The progress in formation and linkage of self-help groups as on 31<sup>st</sup> March, 2024 and on the date of present audit, i.e. 31st March, 2025 was as under:

Sl. No.	Particulars	Progress upto the end of 31.03.2025	Achievement during the year 2025-26	Cumulative Progress as on 31.03.2026
1.	SHG SB Account			
	a. No. of SHG	8182	821	9003
	b. Amount in SB A/c of SHG	721015265	13,45,28,127	85,55,43,392
2.	SHG: (Fresh Linkage)			
	a. No. of SHG	5965	385	6350
	b. Amount of fresh loans issued to SHG	689522000	15,75,28,000	84,70,50,000
3.	SHG: (Repeat linkage)			
	a. No. of SHG	15566	700	16266
	b. Amount of repeat loans issued to SHG	213,46,00,600	39,06,57,000	2525257600
4.	Total loan issued to SHG			
	a. No. of SHG	21540	1085	22625
	b. Amount of Loans issued to SHG	425,32,95,000	54,81,85,000	480,14,80,000
5.	SHG Outstanding			
	a. No. of SHG	1865	2159	2159
	b. Amount of Loans outstanding	60,03,61,597	73,26,07,454	73,26,07,454

(iv) **Women Development Cell:** No programs were conducted under Women Development Cell during the year.

(v) **Kissan Credit Card:** Details of Kissan Credit Card issued during the year covered under Audit follows:

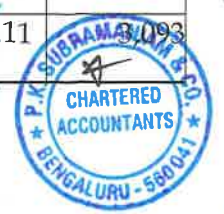
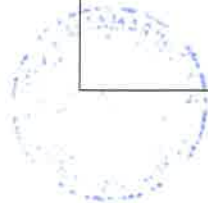
Kissan Credit Cards :	2025-26
Cumulative cards issued Nos.	32,535
Loan sanctioned (Rs. in Lakhs)	1,10,967.17
Loan Outstanding (Rs. in Lakhs)	81,354.15
Covered under PAIS Nos.	14,724

2	Implementation of Revival Package - utilisation of amounts received under the package and adherence to various guidelines issued by NABARD in the regard.	The Bank has adhered to the guidelines issued by the NABARD in this regard
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3	<p><i>Verify implementation of schemes like interest subvention, Debt Waiver &amp; Relief etc., and whether benefits have been extended to borrowers.</i></p> <p><b>Government of Karnataka Scheme for Interest Subsidy on Crop Loan and MT agriculture Loans:</b></p> <p><b>MT agriculture Loans</b></p> <ul style="list-style-type: none"> <li>Government of Karnataka issued GO no.CO 107(1) CLS 2024 dated 25.07.2024 to issue Agriculture Term Loans upto Rs.15.00 Lakhs at subsidised Government rate GO no CO 258 CLS 2025 dated 07.11.2025.</li> <li>Government of Karnataka issued G.O No Co 192 CLS 2025 dated 28.08.2025 to issue Pick-up Subsidy loan upto Rs.7.00 Lakhs @4%.</li> <li>Government of Karnataka issued G.O No Co 245 CLS 2024 dated 24.01.2025 to issue Godown Subsidy loan upto Rs.20.00 Lakhs @7%.</li> </ul> <p><b>ST agriculture Loans (Crop Loan)</b></p> <ul style="list-style-type: none"> <li>Government of Karnataka issued GO no.CO 135 CLS 2025 dated 02.12.2025 to issue crop loan @ 0% upto Rs. 5 lakhs and also issue Animal husbandary and Fisheries @ 0% upto Rs. 2.00 lakhs to GO no.CO 135 CLS 2025 dated 02.12.2025.</li> <li>During the year Bank has submitted interest subsidy claim bills pertains to the disbursement made during 2024-25 with respect to Crop Loan and for agriculture term loan disbursed prior to 2025-26 &amp; recovered during the financial year 2025-26 the details of the claim is as follows;</li> </ul>	
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(Rs. In lakhs)

Sl. No	Scheme Type	Amount of Claim bill submitted to GOK	Of which claims pertains to		
			PACS own fund	PACS Margin on Borrowings from DCCB	Margin on DCCB Fur
1	ST (Agriculture) - Crop Loan upto 5 lakhs	4,896.07	674.34	1,128.11	3,093.62



2	MT Agriculture Loans @ 3% upto 15 lakhs	1,223.26	486.96	0.00	736.30
	Total	6,119.33	1,161.3	1,128.11	3,829.92

- During financial year 2025-26 Bank has received interest subsidy claim from Government of Karnataka for the claim bills submitted for prior periods - details of the claim is as follows;

(Rs. In lakhs)

Sl No.	Scheme Type	Amount of Claim bill submitted to GoK	Of which claims pertains to		
			PACS own fund	PACS Margin on Borrowings from DCCB	Margin on DCCB Fund
1	ST (Agriculture) - Crop Loan upto 3 lakhs	4,896.07	5.67	9.88	131.04
2	MT Agriculture Loans @ 3% upto 10 lakhs	1,223.26	119.11	0.00	303.42
	Total	6119.33	124.78	9.88	434.46

**iii) Government of India scheme for Interest Subvention & Prompt Repayment Incentive on Crop Loan:**

Government of India is providing 1.50% of Interest subvention on own involvement of crop loan and 3% Prompt Repayment Incentive (PRI) on behalf of Prompt Repayers of Crop Loan availed. In this context the details of bills submitted is as follow.

(Rs. In lakhs)

Sl No.	Scheme Type	Amount of Claim bill submitted through Apex Bank	Received during 2025-26 (Including Previous years)
1	1.50% interest subvention on crop loans for 2024-25	927.67	725
2	3% PRI on Crop Loans	1,854.07	1,823
	Total	2,592.24	2,548

- i) The Bank has submitted claim bill with respect to Interest Subvention & Prompt Repayment Incentive on Crop Loan from Government of India as well as Interest Subsidy/loan waiver claims on Agriculture loans from Government of Karnataka for the prior periods - pendency of claim receivable from Government is as follows: -

(Rs. In lakhs)

Sl. No	Particulars	Claims Submitted to Government	Of which Claim Release	Balance to be Released	Ren

			d			
<b>1</b>	From Government of India					
	1. Prompt Repayment Incentive on Crop Loan @ 3%					
	2022-23 (Recovery upto 31.03.2024)	1725.10	1717.40	7.70		
	2023-24 (Recovery upto 31.03.2024)	1852.21	1822.24	29.97		
	2024-25 (Recovery upto 31.03.2025)	1.86	0.85	1.01		
	Total	3579.17	3540.49	38.68		
	2. Interest Subvention on Crop Loan @ 1.50% (on own involvement of Crop Loan)					
	2022-23(Normal & Additional Bill)	595.45	564.47	30.98		
	2023-24(Normal Bill)	662.92	645.00	17.92		
	2024-25(Normal)	738.17	725.40	12.77		
	Total	1996.54	1934.87	61.67		
<b>2</b>	From State Government					
	1. Interest Subsidy on Crop Loan					
	2023-24 (Recovery from 01.01.25 to 31.03.25)	66.56	34.61	31.95		
	2024-25 (Recovery from 01.04.25 to 30.06.25)	3644.90	82.98	3561.92		
	2024-25 (Recovery from 01.07.25 to 30.09.25)	970.97	26.32	944.65		
	2024-25 (Recovery from 01.10.25 to 31.12.25)	213.64	2.68	210.96		
	2023-24 (Recovery from 01.01.25 to 31.03.25)	1.31	0.46	0.85		
	Total	4897.38	147.05	4750.33		
	2. Interest Subsidy on Medium Term Agriculture Loan					
	2023-24 (Recovery from 01.01.25 to 31.03.25)	839.28	422.52	416.76		
	2024-25 (Recovery from 01.04.25 to 30.06.25)	308.28	0.00	308.28		
	2024-25 (Recovery from 01.07.25 to 30.09.25)	35.85	0.00	35.85		
	2024-25 (Recovery from 01.10.25 to 31.12.25)	39.85	0.00	39.85		
	Total	1223.26	422.52	800.74		
	4. Pick-up Loans					
	2023-24 (Recovery from 01.10.23 to 31.03.24)	0.90	0.00	0.90		
	2023-24 (Recovery from 01.04.24 to 30.09.24)	14.44	0.00	14.44		
	2023-24 (Recovery from 01.10.24 to 31.03.25)	12.00	0.00	12.00		
	2023-24 (Recovery from 01.04.25 to 30.09.25)	11.04	0.00	11.04		
	Total	38.38	0.00	38.38		
	4. SHG Loans					
	2023-24 (Recovery upto 31.03.2024)	55.54	0.00	55.54		
	Total	55.54	0.00	55.54		
	Grand Total	11790.27	6044.93	5745.34		

Note: The Above claim pending of Rs.5,745.34 lakhs include DCCB fund as well as PACS own fund

4	Any other matter / adverse development in the functioning of the banks, which, the auditor consider significant, should be brought to the notice of the Management	<p>Apart from the matters dealt elsewhere, the following points are considered significant and should be brought to the notice of management:</p> <ul style="list-style-type: none"> <li>• It is suggested to have Non-Fund Business to enhance its revenue.</li> <li>• The Bank has to ensure the end use of loans disbursed. As reported in each Branch LFAR, as the Bank is not monitoring the end use of fund disbursed.</li> <li>• The branches should maintain a register of visits to the borrower's premises/unit and the same must be countersigned by the borrower, acknowledging the presence of the Branch Manager or Branch official inspecting the premises.</li> <li>• Though the BANCS (TCS) software system is configured to classify the advances into standard, sub-standard, however branch has to mark manually to stand the NPA and to reverse the capitalised and non recovered interest amount. The classification is supervised and verified by the HO team consisting of DGMS, to ensure accuracy and correctness of NPA identification and classification. Hence, we suggest the bank to implement accurate and automation method of classifying and identifying NPAs by comparing mirror loan accounts and to generate CBS report on NPA accounts without any manual intervention.</li> </ul>
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For P K Subramaniam & CO.,  
Chartered Accountants  
Firm Reg.No.004135S

Date: 25.06.2026  
Place: Madikeri

*V.S. Gouda*

CA Veerabasana Gouda  
Partner  
M.No.208698  
UDIN: 26208698ULVIFQE6404



**AUDIT CLASSIFICATION**  
**of THE KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK**  
**LIMITED,**  
**MADIKERI**

**Financial Year 2025-26**

Audit Classification is 'A'

<b>SUMMARY OF MARKS</b>			
<b>Sl. No.</b>	<b>Parameter</b>	<b>Maximum</b>	<b>Awarded</b>
1.	<b>CAPITAL ADEQUACY</b>	15	15
2.	<b>ASSET QUALITY</b>	15	14.5
3.	<b>MANAGEMENT</b>	10	10
4.	<b>EARNINGS</b>	10	10
5.	<b>LIQUIDITY &amp; FUNDS MANAGEMENT</b>	15	14.5
6.	<b>SYSTEMS &amp; CONTROL</b>	20	19
7.	<b>COMPLIANCE</b>	15	14
	<b>TOTAL</b>	<b>100</b>	<b>97</b>



Sl.No.	DETAILS OF MARKS ALLOTTED	Maximum	Awarded
1.	<b>CAPITAL ADEQUACY</b>		
	(i) Net worth as percentage to Total assets	10	10
	(ii) Capital to Risk weighted assets	5	5
	<b>TOTAL</b>	<b>15</b>	<b>15</b>
2.	<b>ASSET QUALITY</b>		
	(i) Level of NPA	10	9.5
	(ii) Percentage of provisions made to the provision required to be made	5	5
	<b>TOTAL</b>	<b>15</b>	<b>14.5</b>
3.	<b>MANAGEMENT</b>		
	(i) Leadership	2	2
	(ii) Top Management	2	2
	(iii) 2nd Line Management	2	2
	(iv) Organization & Job description	1	1
	(v) Recruitment Policies	1	1
	(vi) Training	1	1
	(vii) Rotation of Staff	1	1
	<b>TOTAL</b>	<b>10</b>	<b>10</b>
4.	<b>EARNINGS</b>		
	(i) Operating profit is more than the provisions required to be made.	5	5
	(ii) Net profit is earned after making full provision required to be made and contributed to various reserves as per Bye-laws and surplus available for dividend.	5	5
	<b>TOTAL</b>	<b>10</b>	<b>10</b>
5.	<b>LIQUIDITY &amp; FUNDS MANAGEMENT</b>		
	(i) Maintenance of CRR /SLR	5	5
	(ii) Timely Repayment of Borrowings	2	2
	(iii) Cash Management	1	1
	(iv) ALM/ALCO in position	2	1.5
	(v) Investment Management	2	2
	(vi) Deposit Mobilization	2	2
	(viii) Deposit Insurance	1	1
	<b>TOTAL</b>	<b>15</b>	<b>14.5</b>



Sl.No.	DETAILS OF MARKS ALLOTTED	Maximum	Awarded
6.	<b>SYSTEMS &amp; CONTROL</b>		
	(i) Internal Inspection & Internal Audit	2	1.5
	(ii) Audit Committee of the Board (ACB)	2	2
	(iii) Loans & Advances Policies	3	3
	(iv) Credit Monitoring and arrangements (CMA)	1	1
	(v) Accounting Procedure	2	2
	(vi) House keeping	2	2
	(vii) Risk Management Systems	3	3
	(viii) Computerization	5	4.5
	<b>TOTAL</b>	<b>20</b>	<b>19</b>
7.	<b>COMPLIANCE</b>		
	(i) Compliance to KYC/AML instructions issued by RBI and NABARD	3	2.5
	(ii) Compliance on Audit Report	3	3
	(iii) Compliance on NABARD Inspection Report	3	3
	(iv) Submission of External returns	2	1.5
	(v) Submission of OSC returns to NABARD	2	2
	(vi) Progress in Implementation of Monitoring Action Plan (MAP)/ Plan for improvement of CRAR	2	2
	<b>TOTAL</b>	<b>15</b>	<b>14</b>

For P K Subramaniam & CO.,  
Chartered Accountants  
Firm Reg.No.004135S

*V.S. Gouda*

CA Veerabasana Gouda  
Partner  
M.No.208698  
UDIN:262086980LU [9E6404

Date:25.06.2026  
Place:Madikeri



**Annexure - A**

**The Kodagu District Cooperative Central Bank Limited**  
Share Capital Movements during the financial year 2025-26

CATEGORY	31.03.2025						31.03.2026									
	Members		Shares		Amount		Refund		Additions		Members		Shares		Amount	
							Members	Shares	Amount	Members	Shares	Amount	Members	Shares	Amount	
<b>A</b> State Government/KSCABL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>B</b> PACS/Other Co Operatives	289	35,891	35,89,10,000	34	0	32,528	-	-	-	-	2,09,02,527	255	15,200	37,97,80,000		
<b>C</b> Other Members-Ind,Inst, Firm Companies etc.,	6	52	2,61,652	3	27	1,36,000	-	-	-	-	-	3	12	1,25,652		
<b>Total</b>	<b>295</b>	<b>35,943</b>	<b>35,91,71,652</b>	<b>37</b>	<b>27</b>	<b>1,36,000</b>						<b>258</b>	<b>15,212</b>	<b>37,99,05,652</b>		

(Amount in Rupees)



**KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED,**  
**MADIKERI**

**Share Capital Schedule as on 2025-26**

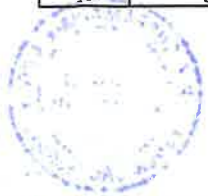
<b>Sl.No.</b>	<b>Name of the society</b>	<b>L.F</b>	<b>31.03.2026</b>
1	Chowdalu VSS Bank Limited,	1	1,40,00,000
2	Thorenoor VSS Bank Limited,	2	49,50,000
3	Shanthally VSS Bank Limited,	3	93,00,000
4	Kodlipet VSS Bank Limited,	4	1,79,25,000
5	Sunticoppa VSS Bank Limited,	5	81,75,000
6	Alur-siddapur VSS Bank Limited,	6	66,00,000
7	Abyathmangala VSS Bank Limited,	7	19,00,000
8	Bessur VSS Bank Limited,	8	75,25,000
9	Somwarpet VSS Bank Limited,	9	1,03,00,000
10	Chettalli VSS Bank Limited,	10	45,50,000
11	Igoor VSS Bank Limited,	11	1,01,50,000
12	Madapura VSS Bank Limited,	12	48,00,000
13	Nanjarayapatna VSS Bank Limited,	13	70,00,000
14	Nidtha VSS Bank Limited,	14	86,00,000
15	Bhagamandla VSS Bank Limited,	15	59,00,000
16	Hoddur VSS Bank Limited,	16	28,00,000
17	Kadanga VSS Bank Limited,	17	33,50,000
18	Kargunda VSS Bank Limited,	18	41,00,000
19	Madikeri VSS Bank Limited,	19	46,75,000
20	Bettageri VSS Bank Limited,	20	34,75,000
21	Maragodu VSS Bank Limited,	21	43,00,000
22	Cherambane VSS Bank Limited,	22	47,75,000
23	Cheyvandane RC Bank	23	51,25,000
24	Makkandur VSS Bank Limited,	24	53,50,000
25	Made VSS Bank Limited,	25	47,00,000
26	Nelji VSS Bank Limited,	26	56,75,000
27	Napoklu VSS Bank Limited,	27	50,00,000
28	Payaswini VSS Bank Limited,	28	84,25,000
29	Kakkabe VSS Bank Limited,	29	47,50,000
30	Murnad VSS Bank Limited,	30	10,25,000
31	Bittangala VSS Bank Limited,	31	16,50,000
32	Ammathi VSS Bank Limited,	32	36,25,000
33	Kanoor VSS Bank Limited,	33	29,00,000
34	<b>Hathur VSS Bank Limited,</b>	34	42,00,000
35	Hudikeri VSS Bank Limited,	35	40,00,000
36	Nallur VSS Bank Limited,	36	44,50,000
37	Birunani VSS Bank Limited,	37	91,25,000
38	Mayamudi VSS Bank Limited,	38	24,50,000
39	Kotoor VSS Bank Limited,	39	58,00,000



40	Byrambada VSS Bank Limited,	40	38,25,000
41	Devanageri VSS Bank Limited,	41	33,00,000
42	Kuthunadu VSS Bank Limited,	42	40,50,000
43	Rudruguppe VSS Bank Limited,	43	45,50,000
44	Bellumadu VSS Bank Limited,	44	32,25,000
45	Kedamullur VSS Bank Limited,	45	47,25,000
46	Kakotuparambu VSS Bank Limited,	46	34,50,000
47	T.Shettigeri VSS Bank Limited,	47	99,00,000
48	Betoli VSS Bank Limited,	48	31,50,000
49	Thithimathi VSS Bank Limited,	49	47,25,000
50	Srimangala VSS Bank Limited,	50	91,00,000
51	Virajpet VSS Bank Limited,	51	35,50,000
52	Ponnampet VSS Bank Limited,	52	31,50,000
53	Kutta VSS Bank Limited,	53	72,50,000
54	Pollibetta VSS Bank Limited,	54	31,00,000
55	Balele RC Bank Limited,	55	40,00,000
56	Gonicoppal RC Bank Limited,	56	1,75,000
57	Guhya Agas Ser Co-Op Bank	57	14,25,000
58	Maldare Badaga Ser Co-Op Bank	58	50,00,000
59	RK VSS Bank Limited,	59	42,00,000
60	Kushalanagara VSS Bank Ltd	60	5,25,000
61	Shanivarsanthe PACS santhe co-op bank Limited,	61	55,75,000
62	Handli VSS Bank Limited,	62	72,00,000
63	Parane RC Bank Limited,	63	25,00,000
64	Coorg coffee growers CS	64	14,50,000
65	Karika VSS Bank Limited,	65	33,00,000
66	Gowdalli VSS Bank Limited,	66	1,26,25,000
67	Garvale VSS Bank Limited,	67	22,00,000
68	Hakathur AC Bank Limited,	68	40,00,000
69	Virajpet Town Co-op Bank	69	25,000
70	Teachers co-op stores	70	50,000
71	Katakeri GB	71	10,000
72	Cherangala GB	72	25,000
73	Kaggodlu GB	73	25,000
74	Kuyyamudi family GB	75	25,000
75	Coorg Police officials CS	76	10,000
76	Neravanda family co-op GB	77	10,000
77	Chembebellur co-op GB	80	25,000
78	Kunjila Co-op GB	81	25,000
79	Napoklu co-op GB	83	10,000
80	Kadangamuroor GB	84	10,000
81	Bethu GB	85	25,000
82	Coorg Education officials CS	86	50,000
83	Avandur co-op GB	87	25,000
84	Gadinadu Biligeri GB	88	10,000



85	Monnangeri co-op GB	89	10,000
86	Ponnampet Town co-op Bank	90	25,000
87	Ponnampet APCMS Limited,	93	50,000
88	Galibeedu GB	94	10,000
89	Napoklu Nadu Co-op stores	95	25,000
90	Virajpet APCMS Ltd	97	50,000
91	South coorg muslim co-op bank	98	50,000
92	Kumbaladalu Co-op GB	99	25,000
93	Kirundadu GB	102	10,000
94	Coorg officials CS	103	50,000
95	Ammathi APCMS Ltd	104	75,000
96	North coorg Muslim CS	105	10,000
97	Coorg honey & wax pcs V.Pet	106	25,000
98	Shanivarasanthe APCMS Ltd	107	25,000
99	Maniyapanda Better farming GB	109	10,000
100	Murnad APCMS Ltd	110	50,000
101	Coorg cardamom CS	113	2,50,000
102	Karvale Bhagavathi GB	114	10,000
103	Hodavada GB	116	10,000
104	Kodagu Co-op mahila samaj Virajpet	119	25,000
105	Kodambur Bhadrakali GB	121	10,000
106	Hosakeri Maragodu GB	122	25,000
107	Coorg orange growers CS	123	90,000
108	Coorg Balavalikar better living CS	124	50,000
109	KDCMF LTD Virajpet	125	1,00,000
110	Kushalnagar APCMS Ltd	126	50,000
111	Somwarpet APCMS Ltd	127	25,000
112	Ponnampet Co-op mahila samaj	130	25,000
113	Srimangala APCMS	131	25,000
114	Ikola Co-op GB	132	25,000
115	Kandanakolli GB	133	10,000
116	Kaloor Co-op GB	135	10,000
117	Rangasamudra GB	136	10,000
118	Coorg .Havyaka. Brahmins. better living CS	137	10,000
119	Madikeri co-op mahila samaj	138	10,000
120	Mundanda family GB	139	25,000
121	Bhagamandla GB	140	25,000
122	Mutharmudi Bhagavathi GB	142	25,000
123	Nalkeri Co-op GB-kakotparambhu	143	25,000
124	Makkandur GB	145	25,000
125	Coorg ex-service mens MPCS	146	10,000
126	Marandoda GB	147	10,000
127	Murnad co-op sports club	149	25,000
128	Kodlipet co-op Marketing C S	150	25,000
129	Kodagu dist House Contractors co op soc	151	50,000



130	Coorg. P. B. K CS-Bhagamandala	152	25,000
131	Multi. Mahila co-op Bank Kushalnagar	154	25,000
132	Kuttandikery GB	156	10,000
133	Valnoor Thyagathur GB	157	25,000
134	Kakoor lift irrigation CS	158	25,000
135	Nalkeri GB, Srimangala	159	25,000
136	Betoli GB	160	10,000
137	Balele APCMS Ltd	161	25,000
138	Kuthunad GB	162	10,000
139	Siddeswara GB	163	10,000
140	Gonicoppal APCMS Ltd	164	75,000
141	Bekkesodlur GB	165	10,000
142	Kedamullur GB	166	25,000
143	Echoor GB	167	25,000
144	Basavanahalli STLCS-LAMPS	168	25,000
145	Arvathoklu GB Gonicoppal	171	10,000
146	Somwarpet mahila Co-op Samaja	172	25,000
147	Ballamavatty GB	174	25,000
148	Bettathoor GB	175	10,000
149	Peroor GB	177	10,000
150	Murnad Badaga GB	179	25,000
151	Made GB	180	25,000
152	Nelaji GB	181	25,000
153	Sharada Student Co-Op Store	184	10,000
154	Bellumadu GB	185	10,000
155	Nalludikeri Sathyanarayana GB	186	10,000
156	Kiggalu Chamuneshwari GB	189	25,000
157	Kolakeri GB	190	25,000
158	Hoddur Kabadageri GB	191	25,000
159	Balamuri GB	192	25,000
160	Palangala GB	193	25,000
161	Kanthur GB	194	10,000
162	Kokery GB	195	10,000
163	Heravanadu GB	196	25,000
164	Kunjilageri GB	197	10,000
165	Devanageri GB	198	25,000
166	Podakeri GB	199	10,000
167	Badaga Eshwari G B	205	10,000
168	Napoklu Co-op Mahila Samaja	206	10,000
169	Kottoli GB	208	25,000
170	Arapattu GB	209	25,000
171	Parakatageri GB	211	25,000
172	Chelavara GB	212	10,000
173	Somwarpet consumer CS(MPCS)	217	50,000
174	Coorg dist central cws ltd -Janatha Bazar	219	20,000



175	Kondangeri GB	221	25,000
176	Ankanahalli GB	222	10,000
177	Multi Co-op Cs H.School P.Santhe	223	10,000
178	Coorg dist Horticulture produce & mkt	225	40,000
179	Co-op employees cs Madikeri	228	20,000
180	Madikeri town Co-op Bank ltd	229	20,000
181	Politechnic employees CS	230	10,000
182	Bembaloor GB	233	10,000
183	Virajpet taluk PLD Bank	234	25,000
184	Coorg Coop Union, Madikeri	235	10,000
185	Somwarpet Taluk PLD Bank	236	25,000
186	Madikeri Taluk PLD Bank	237	25,000
187	Arameri Co-op GB	238	10,000
188	V.pet taluk ST LSMPCS Kalhalla-LAMPS	239	25,000
189	No.552 K.I of CMCS-GDC	240	50,000
190	Coorg womens M.P. cs Madikeri	241	10,000
191	Halligattu GB	243	25,000
192	Madikeri taluk ST LSMPCS -LAMPS	244	25,000
193	Halugunda GB	245	25,000
194	Somwarpet taluk Co-op empl.cs	247	10,000
195	Vpt taluk co-op employees CS	249	25,000
196	St. Annes consumer CS	250	25,000
197	Mahadeva Co-op GB	252	10,000
198	Janatha consumers CS	258	10,000
199	Kodagu telecom employees CS	259	50,000
200	Gowdalli MPCS -Mahila samaja	260	10,000
201	Chikkamandoor GB	261	25,000
202	Kuttichatha GB	262	10,000
203	Somwarpet taluk Co-op union	264	10,000
204	Kodagu Mahila Pattana S. Bank	266	50,000
205	Akshaya mahila Pathina S.S S.Pet	267	25,000
206	Heggala Bhagavathi GB	268	10,000
207	Hebbale milk Producers cs	269	25,000
208	Amaranarayana Credit Co-op CS	270	10,000
209	Merchants Cr Co-op Soc G.Coppal	271	1,75,000
210	V.pet Tq poultry form CS	272	10,000
211	Kannika Vividhodesha Sahakara Sangha	274	25,000
212	Kadagadal VSS Bank Ltd	275	20,00,000
213	Virajpet thaluk VG Mahila S. Sanga-Gonikoppal	276	10,000
214	Ind & Proff MP CS Kusalnagar	277	25,000
215	Sunticoppa sahakara mahila samaj	278	25,000
216	K.Z Vanijyodhmigala V S Sanga (chember of commerce )	279	50,000
217	Sri Basaveshwara VS G B	280	10,000
218	Mahadevpet, Mahila S.Sangha	281	25,000
219	Car Owners Co.Op. Soc. Knagar	282	25,000

220	Igguthappa Sourdha Creidt Co.op Soc	283	10,000
221	Kodagu Dist. Contractors Credit Co.op Soc	284	10,000
222	Kodagu Souharda Credit Co.op Limited Madikeri.	285	50,000
223	Sharadha Mahila credit CS K.nagar	286	10,000
224	Nada Prabhu Pathina CS k.nagar	287	25,000
225	Maveli Co.op. Soc. K.nagar	288	25,000
226	Dundalli Samuhika Besaya CS	289	25,000
227	Guddehosur MPCs	290	10,000
228	Mahabodi cr. Cs Madikeri	291	25,000
229	Kaveri Auto drivers & owners cs K.nagar	292	10,000
230	Peraje Pacs	293	70,00,000
231	Nalkeri PACS	294	27,50,000
232	Napoklu nadu kodava sourdha CS	295	25,000
233	Thollurshettalli MPCs	296	10,000
234	Hebbale PACS	297	43,00,000
235	Shirangala PACS	298	43,75,000
236	Kundacheri PACS	299	9,00,000
237	Shirangala MPCs	300	25,000
238	Munciple employees CS	169	25,000
239	Kamadenu creditco-op cs	375	25,000
240	Nisarga vividudesha sahakara sanga Niyamitha	377	10,000
241	Virajpet Kodava souhardha credit co operative ltd	376	25,000
242	Divyajyothi Credit Co-operative Society	378	50,000
243	Kudumangalore MPCs	256	10,000
244	The Coorg co op Stores Ltd;pollibetta	379	50,000
245	Kusubooru MPCs	380	25,000
246	Gondibasavanahalli MPCs	381	10,000
247	Yevakapadi co-op GB	85	10,000
248	Srirama Pathina Sahakara Sangha	382	25,000
249	Siddalingapura Mahila MPCs	383	15,000
250	Kodlipet Co-op mahila samaj	292	25,000
251	K Badaga PACS -10-10-2023	384	13,00,000
252	Janapada pathina sahakara sangha-13.6.2024	385	10,000
253	Chowdlu MPCs -14.2.2025	386	10,000
254	Kodava enterprenurs souharda cr co op soc-10.3.2025	387	50,000
255	Hachinadu GB -7.11.2025	388	10,000
	<b>Total</b>		<b>37,97,80,000</b>



**KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LTD; MADIKERI**

**"C" Class SHARE CAPITAL SCHEDULE**

<b>S.No.</b>	<b>Name of the Individual / Institution</b>	<b>L.F</b>	<b>AS on 31/03/2026</b>
1	Soverign Industries Ltd., Jamakandi, Bhagalkot	7	100000.00
2	Murnad Education Society, Murnad	13	10652.00
3	Kodava Samaja, Madikeri	15	15000.00
	<b>TOTAL</b>		<b>125652.00</b>



**THE KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED, MADIKERI**

**Annexure-B**

**CAPITAL TO RISK WEIGHTED ASSETS RATIO AS ON 31.03.2026**

<b>Part - A</b>	<b>(Amt in lakhs)</b>
<b>Part A - CAPITAL FUNDS and Risk Assets Ratio</b>	
<b>I.Capital Funds</b>	
<b>A.TIER I CAPITAL ELEMENTS</b>	
(a) Paid up Share Capital elements	3,799.06
Less Intangible assets, shortfall in provision and losses	
<b>Net paid up Capital</b>	<b>3,799.06</b>
(b) Reserves & Surplus	
1. Statutory Reserves	5,379.10
2. Special Reserves	60.06
3. Other Reserves	
a. ACS Fund	1,556.28
b. Building Fund	1,627.01
c. Dividend Equilization	369.25
d. Bad & Doubtful Fund	-
e. other Funds	36.34
4. Surplus in Profit & Loss Account	2,239.39
5. short provision	-
<b>Total Reserves and Surplus</b>	<b>11,267.44</b>
<b>TOTAL TIER - I CAPITAL</b>	<b>15,066.49</b>
<b>B.TIER II CAPITAL ELEMENTS</b>	
{i} Undisclosed reserves	-
{ii} Revaluation reserves discounted by 55%	848.08
{iii} General Provisions and loss Reserves	-
Provision for Standard Assets	583.23
Surplus Provision of NPA accounts	313.93
{iv} Investment fluctuation reserves/funds	482.84
{v} Hybrid debt capital instruments	-
{vi} Subordinated debts	-
<b>TOTAL TIER - II CAPITAL ELEMENTS</b>	<b>2,228.08</b>
<b>C. TOTAL CAPITAL (Tier I + Tier II)</b>	<b>17,294.57</b>
<b>II.RISK ASSETS</b>	
{A}. Adjusted value of funded risk assets on Balance Sheet items (PART - B)	1,51,426.13
{B} Adjusted value of non-funded and off-Balance Sheet items (Part-C)	63.54
<b>{C} Total Risk - Weighted Assets (A+B)</b>	<b>1,51,489.67</b>
<b>Percentage Of Capital Funds To Risk Weighted Assets (I(C)/II(C))</b>	<b>11.42</b>



**THE KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED, MADIKERI**  
**Part - B Risk Weight Assets and Exposures {domestic}**

{ in lakhs }

Sl.No	Description Of Assets	Probable Book Value of Assets As On 31.03.2026	Cash Margins & Provisions	Book Value {net}	Risk Weight (%)	Adjusted Value Of Risk Weighted Assets
1	Cash on Hand	1,925.85	-	1,926	0.00	-
2	Balances with					
	i) RBI	-	-	-	0.00	-
	ii) Other Banks (C/A)	6,915.68	-	6,916	20.00	1,383
	<b>TOTAL</b>	<b>8,841.53</b>	<b>-</b>	<b>8,842</b>		<b>1,383</b>
3	Investments					
	i} Investment in Govt. Securities	35,486.87		35,486.87	2.50	887
	ii} Investments in other approved securities guaranteed by central/state Govt.	-	-	-	2.50	-
	iii} Investments in other securities where payment of interest and repayment of principal are guaranteed by central Govt.	-	-	-	2.50	-
	iv} Investments in other securities where payment of interest and repayment of principal are guaranteed by state Govt.	-	-	-	2.50	-
	v} Investments in other securities where payment of interest and repayment of principal are not guaranteed by central/state Govt.	-	-	-	22.50	-
	vi} Investments in govt. Guaranteed securities of Govt. undertakings which do not form part of the approved market borrowing programme.	-	-	-	22.50	-
	viiA} Claims on commercial banks, DCCB's, Stcb and other banks such as FDs, money at call and short notices etc.,	35,077.50	-	35,077.50	22.50	7,892.44
	viii} Investments in bonds issued by All India Financial Institutions	50.10	-	50.10	22.50	11.27
	ix} Investments in bonds issued by public financial institutions for their Tier II capital	-	-	-	102.50	-
	x} All other Investments	2,755.70	1,398	1,358.00	102.50	1,392
	<b>TOTAL INVESTMENTS</b>	<b>73,370.17</b>	<b>1,398</b>	<b>71,972.47</b>		<b>10,183</b>
4	Loans including bills purchased					
	{i} Loans Guaranteed by Govt.	-	-	-	0.00	-
	{ii} Loans guaranteed by State Govt.	-	-	-	0.00	-
	{iii} Loans granted to PSU of GOI.	-	-	-	0.00	-
	{iv} Loans granted to PSU of St Govt.	-	-	-	0.00	-



	{v} Housing Loans to individuals by mortgaging of residential properties up to Rs.30.00 lakh								
	(a) LTV ratio is equal to or less than 75%	4,741.22	-	-	4,741	50.00	-	2,371	
	(b) LTV ratio is more than 75%	2,659.49	-	-	2,659	100.00	-	2,659	
	{vi} Housing finance - Others	13,474.93	-	-	13,475	100.00	-	13,475	
	{vii} Consumer loan including personal Loan(IL)	484.83	-	-	485	125.00	-	606	
	(viii) Loans up to Rs.1 lakh against gold and silver ornaments	3,388.45	-	-	3,388	50.00	-	1,694	
	{ix} All Other Loans & Advances including Educational Loan	1,17,730.44	2,891	-	1,14,840	100.00	-	1,14,840	
	{x} Loan extended against Primary/Colletral Securities of Shares		-	-	-		-	-	
	{xi} Leased Assets		-	-	-		0.00	-	
	{xii} Advances guaranteed by ECGC		-	-	-		50.00	-	
	{xiii} Adv to staff fully covered by super-annuation benefits and mortgage of flat/house	1,469.93	-	-	1,470	20.00	-	294	
	{xiv} Adv against ID, LIC, NSCs, etc	2,260.28	-	-	2,260	0.00	-	-	
	<b>TOTAL LOANS &amp; ADVANCES</b>	<b>1,46,209.57</b>	<b>2,891</b>		<b>1,43,319</b>			<b>1,35,939</b>	
	5 Other Assets								
	i} Premises, Furniture & fixtures & Other Fixed Assets	3,390.11	-	-	3,390	100.00	-	3,390	
	ii} Computer & Vehicals	113.37	-	-	113	100.00	-	113	
	iii} Interest due on GOI securities and int accrued on CRR balance and claims on RBI on a/c of Govt. transactions	6,279.82	-	-	6,280	0.00	-	-	
	iv} All other Assets	417.68	-	-	418	100.00	-	418	
	i} TDS and Advance Tax	747.09	-	-	747	0.00	-	-	
	ii} Branch Adjustment	-	-	-	-	100.00	-	-	
	iii} Interest receivable	408.36	-	-	408	0.00	-	-	
	<b>TOTAL OTHER ASSETS</b>	<b>11,356.43</b>			<b>11,356</b>			<b>3,921</b>	
	<b>TOTAL OF PART - B</b>	<b>2,39,777.69</b>	<b>4,288</b>		<b>2,35,489</b>			<b>1,51,426</b>	



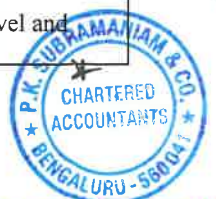
## ANNEXURE - C

### The Kodagu District Cooperative Central Bank Ltd

#### Summary of Our Observations on Advances / Deposits other than Large Advances

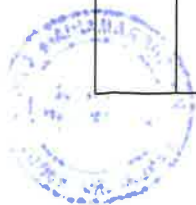
The following product / loan category-wise observations have been compiled from the consolidated branch-wise audit observations for the financial year 2025-26. Detailed branch-wise observations are furnished separately to the respective branches and shall be read together with the Statutory Audit Report and management responses, wherever obtained.

Sl. No.	Product	General Observation
1	<b>Personal Salary Loan</b>	<ul style="list-style-type: none"> <li>• In certain cases, CIBIL / credit bureau report of co-borrower / guarantor was not available on record.</li> <li>• Repayment capacity and supporting income documents require strengthening wherever loans are renewed / sanctioned based on limited documentation.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Branches should obtain and retain CIBIL / credit bureau reports of borrowers, co-borrowers and guarantors before sanction / renewal.</li> <li>• Income proof, repayment capacity and employee / salary verification documents should be verified and documented in every file.</li> </ul>
2	<b>DL-Surety Loan Individual</b>	<ul style="list-style-type: none"> <li>• In certain branches, surety loans were observed to be utilised for repayment / regularisation of existing agricultural / farm loan accounts.</li> <li>• This indicates possible ever-greening / artificial regularisation of loan accounts and requires immediate management review.</li> <li>• Purpose verification, end-use confirmation, borrower declaration and PACS confirmation are required before disbursement and adjustment.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Surety loans should not be used for repayment or regularisation of existing overdue / stressed loan accounts without specific approval and documented justification.</li> <li>• Purpose, end-use and repayment capacity should be independently verified; such cases should be reviewed by controlling office to rule out ever-greening.</li> </ul>
3	<b>Vehicle Loan / SRTO / Two-Wheeler / Farm Mechanisation</b>	<ul style="list-style-type: none"> <li>• Letter of authority, hypothecation details, delivery note, receipt voucher, dealer invoice / proforma invoice, original RC / RTO documents and B-extract were not available in certain cases.</li> <li>• Insurance policies / renewal receipts were not available in certain cases and in some cases bank clause / hypothecation clause was not incorporated.</li> <li>• Post-inspection reports after purchase and second key custody records were not consistently maintained.</li> <li>• In few cases, supporting documents did not clearly establish proper charge over the vehicle financed.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Branches should ensure complete vehicle documentation including invoice, delivery note, RTO records, B-extract, RC endorsement, hypothecation in insurance and post-inspection report.</li> <li>• Insurance renewal, bank clause and custody / verification of second key should be monitored periodically through a product-wise checklist.</li> </ul>
4	<b>Jewellery / Gold Loan including Instant Gold Loan</b>	<ul style="list-style-type: none"> <li>• Stamp duty charges were collected in certain cases; however, e-stamp papers / executed stamp documents were not available on record.</li> <li>• Gold valuation in certain cases was done / relied upon at branch level and</li> </ul>



		<p>periodical verification by registered appraiser requires strengthening.</p> <ul style="list-style-type: none"> <li>• Valuation error was noticed in one account due to adoption of incorrect market rate as per circular.</li> <li>• Suspected fraud / fake jewellery matters were reported in certain branches and the related gold packets were under police / court custody and hence not available for physical verification.</li> <li>• Enhanced managerial supervision, appraiser accountability, periodic re-verification and documentation controls are required for gold loan portfolio.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Gold loan process should be strengthened by ensuring e-stamp documentation, proper appraisal records, registered appraiser verification and periodic re-verification of packets.</li> <li>• Suspected fraud cases should be monitored separately with legal status, FIR details, custody status of ornaments and reporting to competent authority wherever applicable.</li> </ul>
5	<b>CC / OD Business - Individual / Plain / Service Industry</b>	<ul style="list-style-type: none"> <li>• Stock statements were not obtained, not obtained monthly / quarterly, or not in the prescribed format in several accounts.</li> <li>• Stock statements did not contain details of trade receivables and trade payables and in some cases included fixed assets / plant and machinery as stock.</li> <li>• Audited / certified financial statements were not available, were unsigned, or were certified without UDIN in certain cases.</li> <li>• Drawing power was not properly computed based on eligible stock, receivables and creditors; negative / inadequate DP indicators were observed in certain cases.</li> <li>• GST turnover / GST returns were not cross-verified even where the borrowers were registered under GST.</li> <li>• Hypothecation agreements, hypothecation board photographs, inspection / visit reports and insurance coverage for stock were not available or inadequate in certain cases.</li> <li>• For service industry borrowers, OD sanction terms referred to stock and current assets; separate product terms for service sector borrowers are recommended.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Drawing power should be computed only from eligible current assets based on prescribed-format stock statements including stock, debtors and creditors.</li> <li>• GST turnover, audited financial statements, ITR and visit reports should be cross-verified and kept on record at each renewal / review.</li> <li>• Separate appraisal parameters should be adopted for service-industry borrowers where stock-based DP is not appropriate.</li> </ul>
6	<b>CC (SOC) / PACS / Daily Business Loans</b>	<ul style="list-style-type: none"> <li>• Monthly stock and sundry debtor statements were not obtained or not available in the prescribed format in certain society / PACS accounts.</li> <li>• Audited financial statements were not available on record in certain cases.</li> <li>• Stock insurance on primary security was expired / not available in certain cases.</li> <li>• Monthly outstanding statements and details of sundry creditors / debtors were not available in certain accounts.</li> <li>• In certain PACS / society loans, primary / collateral security documentation was not available and enhancement of limit without adequate security was observed.</li> <li>• Operational guidelines for certain PACS facilities, particularly where gold held by PACS members is treated as stock / security, require clarification and strengthening.</li> </ul>

		<p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Monthly stock / debtor statements, audited financial statements and insurance on primary security should be obtained as per sanction terms.</li> <li>• Limits enhanced without adequate security should be reviewed by Head Office and security documentation should be completed immediately.</li> </ul>
7	<b>House / Site / Building Mortgage / Housing EMI / Mortgage CC</b>	<ul style="list-style-type: none"> <li>• Valuation reports were not updated within the required periodicity in several mortgage-backed accounts, including certain NPA accounts.</li> <li>• Insurance coverage had expired or was inadequate in certain cases compared with the sanctioned exposure.</li> <li>• Property insurance policy copies and renewed valuation reports were not available for verification in certain accounts.</li> <li>• NPA mortgage accounts require updated valuation to assess security cover and provisioning adequacy.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Updated valuation reports and insurance policies should be obtained within prescribed periodicity and mandatorily for NPA / stressed mortgage accounts.</li> <li>• Insurance adequacy should be matched with sanctioned exposure / outstanding balance and renewal should be tracked centrally.</li> </ul>
8	<b>Godown Loan</b>	<ul style="list-style-type: none"> <li>• Construction permission, RTC copy, end-use certificate, inspection photographs and insurance for godown were not available in certain cases.</li> <li>• Stage-wise and post-construction completion photographs were not consistently maintained.</li> <li>• Inspection photographs did not always contain inspection date and geo-tagged location.</li> <li>• In certain cases, construction plan / usage suggested mixed purpose and the basis of cost estimate / loan assessment requires review.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Disbursement should be linked to stage-wise progress verified through inspection notes, geo-tagged photographs, construction permission, RTC and end-use certificate.</li> <li>• Insurance of the godown and post-completion verification should be completed and documented before treating the account as fully secured.</li> </ul>
9	<b>Drying Yard Loan</b>	<ul style="list-style-type: none"> <li>• Loan disbursement schedule was not fully recorded in the promissory note in certain cases.</li> <li>• Stage-wise completion photographs, post-completion photographs, investment / completion certificates and end-use documents were not consistently available.</li> <li>• In certain cases, completion certificate was obtained before sanction / disbursement, indicating that the project may have been completed before loan release.</li> <li>• Stage-wise disbursement process and project progress verification require strengthening.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Stage-wise disbursement should be supported by inspection reports, completion photographs, bills / invoices and end-use verification.</li> <li>• Promissory notes and sanction documents should clearly record disbursement schedule, guarantor clauses and completion / investment certificate requirements.</li> </ul>
10	<b>Farm Pond / Pond Loan</b>	<ul style="list-style-type: none"> <li>• Bills / invoices for construction and end-use certificate were not available in certain cases.</li> <li>• Loan amount was transferred to savings account and end-use / source of margin money was not ensured in certain cases.</li> <li>• No consideration amount was declared on stamp paper in certain files.</li> </ul>



		<ul style="list-style-type: none"> <li>• Work completion certificate was available prior to sanction in certain cases, indicating possible post-facto financing rather than stage-wise disbursement.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Loan disbursement should be made directly based on verified work progress, bills / invoices and margin contribution evidence.</li> <li>• Completion certificates obtained before sanction / disbursement should be investigated and controls should be introduced to prevent post-facto financing without end-use verification.</li> </ul>
11	<b>Agri Allied / Livestock Loans</b>	<ul style="list-style-type: none"> <li>• Insurance coverage for cows / livestock was not obtained in several cases and was substituted with borrower declaration / surety letter.</li> <li>• Purpose of loan and end-use were not clear / not ensured in certain cases.</li> <li>• CIBIL report, insurance details and revised policy support for number of sureties were not available in certain cases.</li> <li>• Application details and photographs did not match the stated livestock purpose in certain files.</li> <li>• Declaration forms were blank / incomplete in certain cases.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Insurance for livestock / secured assets should be mandatory unless exempted by approved policy; borrower declarations should not be treated as substitute for insurance.</li> <li>• Purpose, photographs, end-use, CIBIL report and surety requirements should be verified and documented before disbursement.</li> </ul>
12	<b>Generator / Equipment Loans</b>	<ul style="list-style-type: none"> <li>• Hypothecation documents and insurance documents for generator / equipment financed were not available in certain cases.</li> <li>• Insurance policy was expired and renewal was pending in certain accounts.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Hypothecation agreement, invoice, insurance policy with bank clause and post-disbursement verification should be obtained for all equipment loans.</li> <li>• Expired insurance policies should be renewed immediately and tracked through branch-level exception reports.</li> </ul>
13	<b>Pigmy Deposit / General Purpose / Other Term Loans</b>	<ul style="list-style-type: none"> <li>• Shop licence was expired in certain accounts, though renewal was subsequently obtained / verified in one case.</li> <li>• Digitally signed Encumbrance Certificate / relevant security document was not available in certain general purpose loan files.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Validity of shop licence / business licence and security documents such as EC should be verified at sanction and renewal stages.</li> <li>• A document deficiency register should be maintained and pending items should be followed up by the branch manager within a defined timeline.</li> </ul>
14	<b>Fixed Deposits / Deposit Accounts</b>	<ul style="list-style-type: none"> <li>• Differences in interest calculation were observed in certain fixed deposit accounts.</li> <li>• For non-individual deposits, application / request letters and mode of deposit details were not consistently available.</li> <li>• Nominee ID reference such as Aadhaar / PAN was not mentioned in certain individual FD applications.</li> <li>• CKYC number in CASA accounts was not updated in the application form / system in certain cases.</li> <li>• Declaration for not having current account / cash credit account with other banks was not on record in certain current account cases.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Interest calculation differences should be reconciled account-wise and</li> </ul>

		<p>corrected after approval from competent authority.</p> <ul style="list-style-type: none"> <li>• Deposit opening forms should include complete applicant details, mode of deposit, authorisation / request letter for non-individual depositors and nominee identification particulars.</li> </ul>
15	<b>NPA / Recovery / Security Review</b>	<ul style="list-style-type: none"> <li>• Valuation reports were not obtained / updated for NPA accounts older than three years in certain cases.</li> <li>• Periodic confirmation of balances / AOD was not obtained in certain accounts except NPA / zero balance accounts.</li> <li>• DP was not updated as per stock statements in certain accounts.</li> <li>• Security item details were not fully updated in CBS despite manual maintenance of receipt / issue records.</li> <li>• Cash balance in branches exceeded authorised cash retention limits for 10 or more days in a year.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Updated valuation reports, security verification, AOD / balance confirmation and recovery action status should be obtained for all NPA / long outstanding accounts.</li> <li>• DP, security items and lien / charge details should be updated in CBS and reconciled with physical records and legal recovery files.</li> </ul>
16	<b>Head Office / Statutory and Common Controls</b>	<ul style="list-style-type: none"> <li>• GST liability at branch level was not matching month-on-month due to absence of proper branch-level entries for ITC utilisation / set-off.</li> <li>• TDS under section 194C was not deducted on attender / contractual payments where annual payment exceeded threshold.</li> <li>• Form 15G / 15H was filed belatedly for April 2025 to December 2025 period, attracting possible penalty exposure.</li> <li>• Fixed assets at branch level did not have identification numbers.</li> <li>• NABARD pending compliance areas include policies, CERSAI, EWS, CBS audit module, ALM and RTGS reconciliation automation.</li> </ul> <p>RECOMMENDATION:</p> <ul style="list-style-type: none"> <li>• Head Office should issue product-wise documentation checklists and monitor compliance through CBS audit module / internal inspection reports.</li> <li>• Branch-wise GST reconciliation, TDS compliance, Form 15G/15H filing, cash retention limit monitoring, fixed asset tagging and policy approvals should be monitored through time-bound compliance reports.</li> </ul>

**Note: Detailed observation with respect to every branch is furnished separately to all branches.**



## ANNEXURE-D

## KODAGU DCC Bank Ltd

Insurance Scheme: Pradhan Mantri Fasal Bima Yojana (PMFBY) &amp; Weather Based Crop Insurance Scheme (WBCIS) for kharif

SI No	Branch Name	Loanee Farmer			Non-Loanee Farmer			Total (Loanee + Non-Loanee)		
		No of Applications	Premium Amount.	Area (acre)	No of Applications	Premium Amount.	Area (acre)	No of Applications	Premium Amount.	Area (acre)
1	PMFBY	1	6,669.15	15	6	4,380.41	10	7	11,049.56	25
2	WBCIS	648	30,87,745	2,078	97	3,29,381	310	745	34,17,126	2,388
	<b>TOTAL</b>	<b>649</b>	<b>30,94,415</b>	<b>2,093</b>	<b>103</b>	<b>3,33,761</b>	<b>320</b>	<b>752</b>	<b>34,28,176</b>	<b>2,413</b>



## ANNEXURE - E

## THE KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED

Details of AG-ST FUND with KSC Apex Bank as on 31.03.2026

Sl. No.	NAME OF THE BANK	CERIFICATE NUMBER	ACCOUNT NUMBER	DATE OF DEPOSIT	AMOUNT IN RUPEES	DATE OF MATURITY	PERIOD	RATE OF INTEREST
1	K.S.C.APEX BANK LTD., BANGALORE	1624	603220018708	18/08/2025	5,00,00,000.00	18/08/2026	12 Months	7.25%
2	K.S.C.APEX BANK LTD., BANGALORE	1625	603220018709	18/08/2025	5,00,00,000.00	18/08/2026	12 Months	7.25%
3	K.S.C.APEX BANK LTD., BANGALORE	1626	603220018710	18/08/2025	3,51,00,000.00	18/08/2026	12 Months	7.25%
4	K.S.C.APEX BANK LTD., BANGALORE	1796	603220018849	29/09/2025	25,00,000.00	29/09/2026	12 Months	7.00%
5	K.S.C.APEX BANK LTD., BANGALORE	17461	603220019321	04/12/2025	41,00,000.00	04/12/2026	12 Months	7.00%
6	K.S.C.APEX BANK LTD., BANGALORE	28312	603220019638	10/10/2025	25,00,000.00	10/10/2026	12 Months	7.00%
6	K.S.C.APEX BANK LTD., BANGALORE	32971	603220020161	10/10/2025	1,14,50,000.00	10/10/2026	12 Months	7.00%
<b>TOTAL:</b>					<b>15,56,50,000.00</b>			

Details of BUILDING FUND with Apex Bank as on 31.03.2026

Sl. No.	NAME OF THE BANK	CERIFICATE NUMBER	ACCOUNT NUMBER	DATE OF DEPOSIT	AMOUNT IN RUPEES	DATE OF MATURITY	PERIOD	RATE OF INTEREST
1	K.S.C.APEX BANK LTD., BANGALORE	1627	603220018711	18/08/2025	5,00,00,000.00	18/08/2026	12 Months	7.25%
2	K.S.C.APEX BANK LTD., BANGALORE	1630	603220018714	18/08/2025	1,99,00,000.00	18/08/2026	12 Months	7.25%
3	K.S.C.APEX BANK LTD., BANGALORE	1795	603220018848	29/09/2025	1,50,00,000.00	29/09/2026	12 Months	7.00%
4	K.S.C.APEX BANK LTD., BANGALORE	17460	603220019320	04/12/2025	1,16,00,000.00	04/12/2026	12 Months	7.00%
5	K.S.C.APEX BANK LTD., BANGALORE	17974	603220019543	02/05/2025	2,86,00,000.00	02/05/2026	12 Months	7.50%
6	K.S.C.APEX BANK LTD., BANGALORE	28314	603220019637	10/10/2025	1,20,00,000.00	10/10/2026	12 Months	7.00%
6	K.S.C.APEX BANK LTD., BANGALORE	32972	603220020162	10/10/2025	2,56,50,000.00	10/10/2026	12 Months	7.00%
<b>TOTAL:</b>					<b>16,27,50,000.00</b>			

Details of OTHER EAR MARKED FUND with Apex Bank 31.03.2026

Sl. No.	NAME OF THE BANK	CERIFICATE NUMBER	ACCOUNT NUMBER	DATE OF DEPOSIT	AMOUNT IN RUPEES	DATE OF MATURITY	PERIOD	RATE OF INTEREST
1	K.S.C.APEX BANK LTD., BANGALORE	1641	603220018725	18/08/2025	50,00,000.00	18/08/2026	12 Months	7.25%
2	K.S.C.APEX BANK LTD., BANGALORE	1642	603220018726	18/08/2025	30,00,000.00	18/08/2026	12 Months	7.25%
3	K.S.C.APEX BANK LTD., BANGALORE	1643	603220018727	18/08/2025	2,00,00,000.00	18/08/2026	12 Months	7.25%
<b>TOTAL:</b>					<b>2,80,00,000.00</b>			



## ANNEXURE - F

The Kodagu District Cooperative Central Bank Ltd  
Statement Of Bank Guarantee As On 31-03-2026

Sl NO.	Name of the Branch/Borrower	Amount in Rs.
<b>I</b>	<b>Polibetta - Branch</b>	
1	P K Sirrajudden	5,000
2	Somaiah P.N	1,000
<b>II</b>	<b>Ponnampet -Branch</b>	
1	Joyappa C K	5,000
2	Harish P P	1,000
3	M D Ganapathy	1,000
4	P M Ganapathy	1,000
5	Praveena M B	1,000
<b>III</b>	<b>Siddapura- Branch</b>	
1	Maldare Pacs	48,00,000
<b>IV</b>	<b>Ammathi- Branch</b>	
1	P A Dinesh	1,000
2	Diea Yogeetha	1,000
<b>V</b>	<b>Gonikoppal -Branch</b>	
1	Gummatira.S Ganapathi	1,00,000
2	Gummatira.S Ganapathi	1,000
3	Gummatira.S Ganapathi	1,000
4	Gummatira.S Ganapathi	1,000
5	Gummatira.S Ganapathi	1,000
6	Gummatira.S Ganapathi	1,000
7	Gummatira.S Ganapathi	1,000
8	Gummatira.S Ganapathi	1,000
9	Vasanth Kumar M P	1,000
10	Bopaiah Kadiyamada A	1,000
11	Appanna K K Kuppana	1,000
12	Nirmala Cheppudira Thimmaiah	1,000
13	Somaiah.G.K. Gummattira	10,000
14	Nanjappa G S	1,00,000
15	Nanjappa G S	2,75,000
16	Nanjappa G S	3,50,000
17	Nanjappa G S	2,75,000
18	Nanjappa G S	2,00,000
19	Nanjappa G S	2,00,000
20	Ponnappa K W Kanjithanda	1,000
21	Ganapathy.N.N .(Neravanda)	5,000
22	Karumbaiah K G	1,000
23	Dinesh V N	1,000
24	Mohammed Raffi K A	1,000
25	Dilip K M	1,000
26	Rathy N A	1,000



27	Mohammed Koya Poovil	1,000
28	Ponnanna K A	1,000
29	Bharathy C G	1,000
30	T P Suresh	1,000
31	Nanjappa N P Noorera	1,000
	<b>Total</b>	<b>63,54,000</b>



## ANNEXURE – G

### Certificate for implementation of Prudential Norms

This is to certify that on verification of the records of THE KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI, for the financial year 2025-26, the implementation of prudential norms is found satisfactory subject to our observation vide Annexure C of our **Long Form Audit Report** dated **25.06.2026**

Date: 25.06.2026

Place: Bangalore

For P.K.Subramaniam & Co

Chartered Accountants

F.R. No. 004135S

*V.S. Gouda*

CA Veerabasana Gouda S

Partner

M.No. 208698



**KODAGU DISTRICT COOPERATIVE CENTRAL BANK LIMITED, MADIKERI**  
**CLASSIFICATION OF ASSET AND PROVISIONING MADE AGAINST NON-PERFORMING ASSETS AS ON 31 MARCH 2026 (Rs. In lakhs)**

Sl. No.	Classification of Assets	Number of Accounts	Amount Outstanding	% of col.4 to Total Outstanding	Provision Required		Existing Provision at the beginning of the year	Provisions made during the year	Provisions written back during the year	Total Provisions at the end of the year (8 + 9 - 10)
					%	Amount				
1	2	3	4	5	6	7	8	9	10	11
A	Total Loans & Advances of which	30207	177214.43							
B	Standard Assets	29617	175220.87	98.88		581.63	533.23	50.00	0.00	583.23
	1. Agriculture	6498	79501.74	44.86	0.25%	198.75				
	2. Non Agriculture	23119	95719.13	54.01	0.40%	382.88				
C	Non Performing Assets									
	1. Sub standard	197	328.99	0.19		62.49	184.34	0.00	0.00	184.34
	Secured	22	197.54	0.11	15.00%	29.63				
	Unsecured	175	131.45	0.07	25.00%	32.86				
	2. Doubtful									
	a) 3 to 4 years	35	156.93	0.09		55.30	204.63	0.00	0.00	204.63
	Secured	1	135.50	0.08	25.00%	33.88				
	Unsecured	34	21.43	0.01	100.00%	21.43				
	b) 4 to 6 years	217	256.97	0.15		201.52	294.80	0.00	0.00	294.80
	Secured	7	92.42	0.05	40.00%	36.97				
	Unsecured	210	164.55	0.09	100.00%	164.55				
	c) Overdue above 6 years	129	1220.75	0.69		1220.75	1593.81	0.00	0.01	1593.80
	Secured	6	1111.63	0.63	100.00%	1111.63				
	Unsecured	123	109.12	0.06	100.00%	109.12				
	Total Doubtful Assets (a+b+c)	381	1634.66	0.92		1477.58	2093.24	0.00	0.01	2093.23
	3. Loss Assets	12	29.92	0.00	100.00%	29.92	29.91	0.01	0.00	29.92
	Gross NPA	590	1993.56	1.12		2151.62	2840.72	50.01	0.01	2890.72
	Less : Provisions to NPA		2307.49							
	Net NPA		-313.93							
	% of Gross NPA to total loans o/s		1.12%							
	% of Net NPA to total loans o/s		-0.18%							

*R...*  
Deputy General Manager (Loans)

*B...*  
General Manager

*[Signature]*  
Chief Executive Officer





<b>Annexure - I</b>				
<b>VARIANCE ANALYSIS FOR THE YEAR ENDING 31.03.2026</b>				
<b>THE KODAGU DISTRICT CO-OPERATIVE CENTRAL BANK LIMITED, MADIKERI</b>				
<b>Head of Account</b>	<b>31.03.2026</b>	<b>31.03.2025</b>	<b>Difference</b>	<b>% Change</b>
<b>Interest on Deposits</b>				
Interest on deposits	1,03,66,93,428	97,04,36,766	6,62,56,662	6.83%
Interest on borrowings	30,00,30,779	20,54,76,772	9,45,54,007	46.02%
<b>Expenditure</b>				
Payments to and Provisions to Employees	14,92,88,832	12,98,89,895	1,93,98,937	14.93%
Provident Fund Contribution Employer	37,35,621	32,60,625	4,74,996	14.57%
Provision/premium of Gratuity paid to LIC	7,41,763	10,000	7,31,763	7317.63%
Rent, Rates, Taxes & Lighting	1,28,70,746	1,19,80,711	8,90,035	7.43%
Printing & Stationery	24,43,563	41,21,349	-16,77,786	-40.71%
Advertisement & Publicity	16,20,222	5,61,433	10,58,789	188.59%
Depreciation on Building & Other Assets	1,42,06,215	1,48,87,917	-6,81,702	-4.58%
Amortization Expenses	3,47,552	2,86,269	61,283	21.41%
Directors sitting fee/Honorarium & Board Meeting Allowance	21,03,560	18,72,250	2,31,310	12.35%
Board meeting & other meeting expenses	3,98,381	2,90,341	1,08,040	37.21%
AGM Expenses	11,24,248	11,80,731	-56,483	-4.78%
Audit Fees( including branch concurrent auditors )	22,43,750	15,11,000	7,32,750	48.49%
Legal & Professional fee	33,12,250	12,01,000	21,11,250	175.79%
Repairs to movable, immovable properties & diesel	32,54,979	18,73,538	13,81,442	73.73%
Personal accident insurance vehicles	93,701	1,07,176	-13,475	-12.57%
Deposit Guarantee Insurance	88,31,511	1,74,71,738	-86,40,227	-49.45%
Postage, Telegraph & Telephone Charges	13,30,105	12,93,726	36,379	2.81%
Training & Travelling Expenses Staff	60,346	2,08,080	-1,47,734	-71.00%
Appraiser & Pigmy Agents Commission	1,92,96,939	1,67,39,008	25,57,931	15.28%
Bank charges/stamp charges/charges on atm transaction	45,26,169	39,80,940	5,45,229	13.70%
Computer software services expenses	1,13,09,426	1,11,94,610	1,14,816	1.03%
Recruitment 2024-25 Expenses	1,27,500	-	1,27,500	-
Loss from Sale of Non Banking Assets	1,39,997	-	1,39,997	-
Miscellaneous expenses	1,86,55,528	1,33,55,295	53,00,233	39.69%
<b>Total</b>	<b>1,59,87,87,111</b>	<b>1,41,31,91,170</b>		

**ANNEXURE - K**

**THE KODAGU DISTRICT  
CO-OPERATIVE CENTRAL BANK LIMITED**

**Details of Fraud cases Involving in the financial year 2025-26**

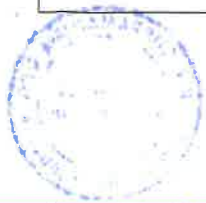
Name of Branch	Fraud details with name of the party involved	Amount in Rupees	Date of detection	Present Status	Reason for case not moving
Kodlipet	Mahindra K.M	1,96,677.00	09.09.2025	Fake Jewel Pledged. FIR Registered on 15.11.2025 , Reported to NABARD on 10.11.2025	After the submission of FSL report to Police Department, a criminal case has been registered against the accused and arrested subsequently. At present the accused is on bail. Court charge sheet is under process; once it is completed 1st summons will be issued.
Kodlipet	Mahindra K M	1,23,441.00	09.09.2025	Fake Jewel Pledged. FIR Registered on 15.11.2025 , Reported to NABARD on 10.11.2025	After the submission of FSL report to Police Department, a criminal case has been registered against the accused and arrested subsequently. At present the accused is on bail. Court charge sheet is under process; once it is completed 1st summons will be issued.
		<b>3,20,118.00</b>			



**ANNEXURE – L**

**The Kodagu District Co-Operative Central Bank Limited  
Compliance with the provisions of The Banking Regulation Act, 1949 (AACS)**

<b>Section</b>	<b>Summary of the Section</b>	<b>Compliance</b>
<b>Section 6 – Forms of business in which banking companies may engage</b>	Section 6 of the Act deals with the different forms of business in addition to the business of banking in which a banking company may engage. Different forms of business include activities such as contracting for public and private loan, acting as an agent of government or local agency etc.	<b>Yes.</b> The bank has complied with Section 6 of The Banking Regulations Act, 1949 (AACS).
<b>Section 8 – Prohibition of Trading</b>	Section 8 of the Act requires banks not to engage in buying or selling of goods (movable property, actionable claims, stocks, shares, bullion etc.) either directly or indirectly except in connection with the realisation of security given to or held by it.	<b>Yes.</b> The bank has complied with Section 8 of The Banking Regulations Act, 1949 (AACS).
<b>Section 9 – Disposal of Non-banking assets</b>	Section 9 of the Act restricts banks from holding non-banking assets for a period exceeding seven years. However, such period can be extended by RBI in particular cases up to five years if such extension would be in the interest of the depositors of the bank. Further, the banking company may, within the period of seven years as aforesaid, deal or trade in any such property for the purpose of facilitating the disposal thereof.	<b>Yes.</b> The bank has complied with Section 9 of The Banking Regulations Act, 1949 (AACS).
<b>Section 11 – Requirement as to minimum paid-up capital and reserves</b>	Section 11 of the Act prescribes that for the commencement or carrying on the business of banking by a Co-operative bank, the real or exchangeable value of its paid-up capital and reserves should not be less than one lakh rupees.	<b>Yes.</b> The bank has complied with Section 11 of The Banking Regulations Act, 1949 (AACS).
<b>Section 18 – Cash Reserve</b>	Section 18 of the Act requires banks to maintain cash reserve on a daily basis with itself or with current account with RBI or by way of net balance in current accounts, a sum equivalent to such per cent [that RBI prescribes from time to time] of its demand and time liabilities as on the last Friday of the second preceding fortnight and shall submit to the Reserve Bank before the twentieth day of every month.	<b>Yes.</b> The bank has complied with Section 18 of The Banking Regulations Act, 1949 (AACS).
<b>Section 19 of the B.R. Act, 1949 (AACS)</b>	The bank had outstanding (unlisted) shares amounting to ₹0.25 lakh of Karnataka State Insurance Corporation, acquired on 27-02-2011, ₹75 lakh of IFFCO, acquired on 28-03-2000 and 15-11-2003, which are more than 10 years from the date of acquisition. Thus, the bank had violated the provisions of Section 19 of B.R.	Investment in shares of IFFCO has been withdrawn on 30.07.2023 and reinvested Rs.10.00 lakhs. And the Karnataka State Insurance Corporation, where the



	Act, 1949 (AACS).	investment in share of Rs.0.25 lakhs acquired on 27-02-2011 has been written off during 2025-26 as per NABARD guidelines and Bank Board Meeting Resolution No. 18/2025-26 dated 30.01.2026.
<b>Section 20 – Restrictions on loans and advances</b>	Section 20 of the Act restricts the banks to grant any loans or advances on the security of its own shares or enter into any commitment for granting any loans or advances to or on behalf of any of its directors or firm or company in which director is interested as a partner, manager, employee or guarantor.	<b>Yes.</b> During the financial year, bank has not granted any loans to Directors of the bank or entities in which they have interest, subject to details furnished in AS-18 in the Notes on Accounts.
<b>Section 22 – Licensing of banking companies</b>	Section 22 of the Act requires banks to hold a licence issued by RBI to carry on the business of banking in India. Further, this section deals with the conditions under which RBI may grant licence to banks and circumstances under which RBI may cancel the licence of banks.	<b>Yes.</b> The bank has complied with Section 22 of The Banking Regulations Act, 1949 (AACS).
<b>Section 23 – Restrictions on opening of new, and transfer of existing, places of business</b>	Section 23 of the Act requires banks to obtain prior permission of the RBI before opening a new place of business in India or change otherwise than within the same city, town or village, the location of an existing place of business situated in India. "Place of business" includes any sub-office, pay office, sub pay office and any place of business at which deposits are received, cheques cashed or moneys lent.	<b>Yes.</b> The bank has complied with Section 23 of The Banking Regulations Act, 1949 (AACS).
<b>Section 24 – Maintenance of a percentage of assets</b>	Section 24 of the Act requires banks, in addition to cash reserve, to maintain assets in India, the value of which shall not be less than such percentage not exceeding forty percent [that RBI prescribes from time to time] of its demand and time liabilities as on the last Friday of the second preceding fortnight and shall submit returns in prescribed form declaring the assets maintained in accordance with this section to the Reserve Bank before the twentieth day of every month.	<b>Yes.</b> The bank has complied with Section 24 of The Banking Regulations Act, 1949 (AACS).
<b>Section 26 – Return of unclaimed deposits</b>	Section 26 of the Act requires banks to submit a return in prescribed form to the RBI within 30 days of close of calendar year regarding all accounts in India which have not been operated upon for ten years.	<b>Yes.</b> The bank has complied with Section 26 of The Banking Regulations Act, 1949 (AACS).

<b>Section 27 – Monthly returns and power to call for other returns and information</b>	Section 27 requires banks to submit a return before close of the month succeeding that to which it relates, to the Reserve Bank a return in the prescribed form and manner showing its assets and liabilities in India as at the close of business on the last Friday of every month.	<b>Yes.</b> The bank has complied with Section 27 of The Banking Regulations Act, 1949 (AACS).
<b>Section 29 – Accounts and balance-sheet</b>	Section 29 requires banks to prepare a balance-sheet and profit and loss account as on the last working day of [that year or the period, as the case may be] in the Forms set out in the Third Schedule of this Act. Further, the balance sheet and profit and loss account should be signed by the manager or the principal officer of the company and where there are more than three Directors of the company, by at least three of those Directors.	<b>Yes.</b> The bank has complied with Section 29 of The Banking Regulations Act, 1949 (AACS).
<b>Section 31 – Submission of returns</b>	Section 31 of the Act requires banks to furnish three copies of financial statements along with the audit report to RBI within three months from the end of the period to which they refer.	<b>Yes.</b> The bank has complied with Section 31 of The Banking Regulations Act, 1949 (AACS).

For P K Subramaniam & Co.,  
Chartered Accountants  
F.R. No. 004135S

*V.S. Gouda*

CA Veerabasana Gouda  
Partner  
M. No.208698

Date: 25.06.2026  
Place: Madikeri

