KERALA BANK
Kerala State Co-operative Bank

THE KERALA STATE CO- OPERATIVE BANK LTD

(A Scheduled Bank), Head Office: Thiruvananthapuram

BALANCE SHEET AS AT 31ST MARCH 2020

Corresponding Figure for the Previous Year		Capital and Liabilities		Figure for the Current Year	
Rs. P	Rs. P			Rs. P	Rs. P
		1	**Capital**		
		I	Authorised capital		
10,00,00,00,000.00	10,00,00,00,000.00		A. 5,00,00,000 shares of Rs. 1000/- each	50,00,00,00,000.00	
			B. 2,00,00,000 shares of Rs. 1000/- each	20,00,00,00,000.00	
			C. 5,00,00,000 shares of Rs. 100/- each	5,00,00,00,000.00	
			D. 5,00,00,000 shares of Rs. 100/- each	5,00,00,00,000.00	80,00,00,00,000.00
		ii	Subscribed capital	3,84,53,80,100.00	
	3,84,53,80,100.00	a	A Class - PACS/Urban Bank/Malappuram DCB	9,40,09,22,499.00	
	2,94,20,00,000.00	b	B Class - State Government	4,95,52,44,050.00	
		c	C Class - Other Societies	93,93,96,428.00	
		d	D Class -Individuals	1,22,53,34,110.00	
	6,78,73,80,100.00			16,52,08,97,087.00	**16,52,08,97,087.00**
		iii	Amount called upon		
	3,84,53,80,100.00	a	A Class - PACS/Urban Bank/Malappuram DCB	9,40,09,22,499.00	
	2,94,20,00,000.00	b	B Class - State Government	4,95,52,44,050.00	
	-	c	C Class - Other Societies	93,93,96,428.00	
	-	d	D Class -Individuals	1,22,53,34,110.00	
6,78,73,80,100.00	6,78,73,80,100.00			16,52,08,97,087.00	**16,52,08,97,087.00**
		2	**Reserve Fund Other Reserves & Provisions**		
	8,72,79,260.76	I	Statutory Reserve Fund	3,50,00,77,521.28	
	29,26,13,976.70	ii	Agricultural Credit Stabilization Fund. Of which by way of loans from	2,03,07,09,629.33	
			Government Rs.12,16,149.00		
	82,17,309.66	iii	Building Fund	75,13,55,292.05	
	25,00,000.00	iv	Dividend Equalisation Fund	3,94,72,865.23	
	-	v	Special Bad Debts Reserve		
	-	vi	Bad & Doubtful Debts Reserve	-	
	79,83,325.00	vii	Investment Depreciation Reserve	1,84,87,882.76	
		viii	Other Funds Reserves and Provisions		
	92,60,42,027.46	a	Reserves	8,86,47,21,093.59	
	1,61,02,61,173.55	b	Provisions	21,83,22,03,061.63	
2,93,48,97,073.13	**2,93,48,97,073.13**			**37,03,70,27,345.87**	**37,03,70,27,345.87**
Rs. P	Rs. P			Rs. P	Rs. P
		3	**Principal State Partnership Fund Account**		
			For share capital of		
	34,35,63,850.00	I	Central Co-operative Banks	34,35,63,850.00	
	13,86,22,680.00	ii	Primary Agricultural Credit Societies	26,91,83,301.95	
	23,44,975.00	iii	Other Societies	23,44,975.00	
48,45,31,505.00	48,45,31,505.00			61,50,92,126.95	**61,50,92,126.95**
		4	**Deposits and Other Accounts**		
		I	Fixed Deposits		
	4,07,44,94,037.61	a	Individuals	1,38,75,62,15,120.61	
	60,37,86,45,138.77	b	PACS /Urban Co-operative Banks	3,56,71,28,66,179.53	
	1,28,52,23,937.58	c	Other Banks	4,78,13,99,177.89	
	-	d	Other Institutions	20,97,69,79,187.26	
	65,73,83,63,113.96			5,21,22,74,59,665.29	
		ii	Savings Bank Deposits		
	1,38,18,80,361.34	a	Individuals	32,13,91,78,648.98	
	25,19,908.57	b	PACS /Urban Co-operative Banks	21,30,92,89,431.49	
	1,84,94,12,342.06	c	Other Banks	24,03,34,612.55	
	-		Other Institutions	5,67,23,53,668.82	
	3,23,38,12,611.97			59,36,11,56,361.84	
		iii	Current Deposits		
	12,22,62,30,834.84	a	Individuals	1,28,62,69,535.23	
	7,92,17,49,093.65	b	PACS /Urban Co-operative Banks	8,44,20,69,006.37	
	33,77,06,602.26	c	Other Banks	47,20,93,867.79	
	-		Other Institutions	19,58,68,71,580.97	
89,45,78,62,256.68	20,48,56,86,530.75			29,78,73,03,990.36	6,10,37,59,20,017.48
		iv	Money at Call and Short Notice		
		a	Individuals		
		b	Central Co-operative Banks		
		c	Other Societies		-
		5	**Borrowings**		
		I	From the Reserve Bank of India / National Bank		
	22,60,00,00,000.00	a	Short-term loans, cash credit and overdrafts	37,80,62,72,814.00	
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible securities	Nil	
Rs. P	Rs. P			Rs. P	Rs. P
		b	Medium term loans	-	
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible securities	Nil	
	11,22,53,69,680.00	c	Long term loans	15,41,41,18,941.00	
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible securities	Nil	
		ii	From the SBI / SBT / SCB / DFHI		
	1,50,00,00,000.00	a	Short-term loans, cash credit and overdrafts		
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible securities	Nil	
		b	Medium term loans		
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible securities	Nil	
		c	Long term loans		
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible securities	Nil	
		iii	From the State Government		
		a	Short-term loans		
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible securities	Nil	
		b	Medium term loans		
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible securities	Nil	
Rs. P	Rs. P			Rs. P	Rs. P
		c	Long term loans	43,13,59,465.00	
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible securities	Nil	
		iv	From other sources		
		a	From the Commercial Banks Cash Credit	74,00,000.00	
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible approved securities	Nil	
		b	From the National Co-operative Development Corporation	19,63,857.76	
			Long Term Subordinated Deposit (LTD)	6,29,93,86,111.00	
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible approved securities	Nil	
		c	From the Industrial Development Bank of India		
			Long Term Loans		
			Of which secured against		
		A	Government and other approved securities	Nil	
		B	Other tangible approved securities	Nil	
		d	Temporary overdraft in C/A with other SCBS		
		e	From Small Industries Development Bank of India		
		f	From HUDCO		
35,32,53,69,680.00	35,32,53,69,680.00				**59,96,05,01,188.76**
8,09,01,038.63	8,09,01,038.63	6	**Bills for Collection being Bills Receivable as per Contra**	40,34,30,359.62	**40,34,30,359.62**
13,63,275.72	13,63,275.72	7a	**Inter Branch Adjustment**	12,45,38,227.22	**12,45,38,227.22**
25,71,669.17	25,71,669.17	7b	Mask/Aimas Adjustment	-	-
-					-
3,04,14,35,310.39	3,04,14,35,310.39	8	**Overdue Interest Reserve**	3,69,09,38,335.34	**3,69,09,38,335.34**
76,89,24,365.89	76,89,24,365.89	9	**Interest Payable**	8,47,35,98,850.35	**8,47,35,98,850.35**
Rs. P	Rs. P			Rs. P	Rs. P
		10	**Other Liabilities**		
		a	L.T. Loan fisheries interest adjustment account	-	
		b	Interest tax received as per contra	-	
	51,84,383.98	c	Bills payable		
		d	Dividends		
	-	I	Unpaid	-	
	-	ii	Unclaimed	10,65,38,241.78	
	-	e	Discount received but not earned under IDBI Rediscounting Scheme	-	
	21,17,93,988.13	f	Contingent Provision against Standard Assets	1,35,72,63,973.29	
	50,35,77,040.78	g	Others	17,30,22,83,237.97	
72,05,55,412.89	72,05,55,412.89			-	
				18,76,60,85,453.04	**18,76,60,85,453.04**
		11	Adjusting (Contra) Heads		
			Government Fund routed to Labour Contract Co-operative Societies -		-
			amounts received from Government		
		12	Profit and Loss	-	-
73,35,85,225.35	73,35,85,225.35		Add Profit as per last Balance Sheet Rs. 7335,85,225.35		
			"Less Accumulated loss Rs.122437,55,366.94 by way of merger of 13 DCBS to KSCB on 29-11-2019"		
			"Add Profit/Loss for the year brought from the P&L account Rs. 37475,20,538.99"		
1,40,33,93,76,912.85	**1,40,33,93,76,912.85**		**Total**	**7,55,96,80,28,991.63**	**7,55,96,80,28,991.63**
			Contingent Liabilities		
1,00,000.00	1,00,000.00	I	Outstanding liabilities for guarantee issued and letter of credit	58,04,48,026.00	
		II	DEAF a/c	8,53,61,674.93	
		III	Others		66,58,09,700.93

Corresponding Figure for the Previous Year		Property and Assets		Figure for the Current Year	
Rs. P	Rs. P			Rs. P	Rs. P
		1	**Cash**		
	5,06,36,743.00		Cash in hand	4,40,06,09,104.25	
	13,53,44,20,981.62		balance with RBI,SBI & other notified banks	20,42,24,19,265.97	
13,58,50,57,724.62	13,58,50,57,724.62			24,82,30,28,370.22	**24,82,30,28,370.22**
		2	**Balance with Other Banks/District Treasury**		
	10,30,769.71	I	**Current Deposits**	5,15,87,10,128.34	
	39,41,96,522.00	ii	Savings Bank Deposits (District Treasury)	7,18,63,096.00	
		iii	Fixed Deposits		**5,23,05,73,224.34**
39,52,27,291.71	39,52,27,291.71				-
33,80,78,07,130.00	33,80,78,07,130.00	3	**Money at Call and Short Notice**	1,02,64,37,27,898.60	**1,02,64,37,27,898.60**
		4	**Investments**		
	17,38,51,46,270.00	I	In Central and State Government Securities (at book value)	1,70,32,44,82,535.52	
			Face Value : Rs. 1,69,63,78,583.00		
			Market Value: Rs. 1,78,58,48,18,825.17		
	12,85,000.00	ii	Other Trustee Securities	12,85,000.00	
	15,92,00,000.00	iii	Shares in Co-operative Institutions	20,68,31,000.00	
	2,78,58,86,000.00	iv	Other Investments	2,63,66,46,725.00	
20,33,15,17,270.00	20,33,15,17,270.00			1,73,16,92,45,260.52	**1,73,16,92,45,260.52**
		5	**Investment Out of the Principal State Partnership Fund**		
			In shares of:		
	34,35,63,850.00	I	Central Co-operative Banks	34,35,63,850.00	
	13,86,22,680.00	ii	Primary Agricultural Credit Societies	26,83,83,301.95	
	23,44,975.00	iii	Other Societies	23,44,975.00	
48,45,31,505.00	48,45,31,505.00			61,42,92,126.95	**61,42,92,126.95**
		6	**Advances**		
	45,12,65,72,860.72	I	Short-term loans, Cash Credits, Overdrafts and Bills Discounted	1,62,76,32,24,557.84	
			Of which secured against		
		A	Government and other approved securities - Nil		
		B	Other tangible securities - Rs.		
			Of the advances, amount due from Indvls - Rs.		
			Of the advances, amount overdue - Rs.		
Rs. P	Rs. P			Rs. P	Rs. P
	4,37,29,19,893.88	ii	Medium-term loans	1,37,53,03,37,562.89	
			Of which secured against		
		A	Government and other approved securities - Nil		
		B	Other tangible securities - Rs.		
			Of the advances, amount due from Indvls - Rs.		
			Of the advances, amount overdue - Rs.		
	15,37,79,35,674.60	iii	Long-term loans	1,01,27,45,93,937.39	
			Of which secured against		
		A	Government and other approved securities - Nil		
		B	Other tangible securities - Rs.		
			Of the advances, amount due from Indvls - Rs.		
			Of the advances, amount overdue - Rs.		
64,87,74,28,429.20	64,87,74,28,429.20			4,01,56,81,56,058.13	**4,01,56,81,56,058.13**
5,35,27,72,532.85	5,35,27,72,532.85	7	**Interest Receivable**	10,50,36,38,659.18	**10,50,36,38,659.18**
			Of which overdue - Rs.		
			Interest Receivable on Investment	5,89,44,71,560.85	**5,89,44,71,560.85**
8,09,01,038.63	8,09,01,038.63	8	**Bills Receivable being Bills for Collection as per Contra**	40,34,30,359.62	**40,34,30,359.62**
-	-	9a	**Inter Branch Adjustment**	-	-
-	-	9b	**Mask/Aimas Adjustment**		-
-	-	9c	**ACSTI Adjustment**		
85,49,55,574.25	85,49,55,574.25	10	**Premises less depreciation**	6,60,30,25,327.31	**6,60,30,25,327.31**
1,37,39,864.85	1,37,39,864.85	11	**Furniture and Fixtures less depreciation**	51,47,58,990.33	**51,47,58,990.33**
		12	**Other Assets**		
	56,83,337.71	a	Vehicles less depreciation	2,79,90,559.41	
	7,32,601.90	b	Librarary	28,85,102.15	
	20,63,157.52	c	Computer Periherals & Network	20,22,23,365.07	
Rs. P	Rs. P			Rs. P	Rs. P
		d	Stock of Registers & Stationary	-	
	2,53,722.00	e	Deposit with Electricity Board and P&T Department		
	-	f	Discount paid but not due under IDBI Bills Rediscounting Scheme		
	70,49,746.00	g	Interest subsidy due from State Government	41,78,79,490.96	
	-	h	Interest tax paid in advance		
	12,32,302.00	i	Income tax paid in advance	1,23,56,71,047.00	
		j	Premium paid to purchase securities from secondary market		
	35,54,68,910.61	k	Others	13,92,13,38,581.40	
37,24,83,777.74	37,24,83,777.74				
				15,80,79,88,145.99	**15,80,79,88,145.99**
		13	**Adjusting (Contra) Heads**		
			Government Fund routed to labour contract co-op societies - Funds		-
			lent to societies		
18,29,54,774.00	18,29,54,774.00	14	**Non-Banking Assets Acquired in Satisfaction of Claims**	42,90,43,407.00	**42,90,43,407.00**
		15	**Profit and Loss**	7,76,26,49,601.60	**7,76,26,49,602.60**
			Profit as per last Balance Sheet Rs. 7335,85,225.35		
		"	Less Accumulated loss Rs.122437,55,366.94 by way of merger of 13 DCBS to KSCB on 29-11-2019"		
		"	Add Profit/Loss for the year brought from the P&L account Rs. 37475,20,538.99"		
1,40,33,93,76,912.85	**1,40,33,93,76,912.85**		**Total**	**7,55,96,80,28,991.63**	**7,55,96,80,28,991.63**
			Contingent Liabilities		
	1,00,000.00	I	Outstanding liabilities for guarantee issued and letter of credit	58,04,48,026.00	
		II	DEAF	8,53,61,674.93	
		III	Others		66,58,09,700.93

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2020

Corresponding figures for thePrevious Year		Income			Figures for the Current Year
	Rs. P				Rs. P
	4,05,74,97,786.66	1	Interest Received on Investments		10,44,76,64,146.46
	7,17,61,37,339.24	2	Interest Received on Loans & Advances		18,03,48,88,056.59
	5,84,09,949.00	3	Commission, Exchange and brokerage		5,72,60,978.79
	-	4	Subsidies and Donations		5,58,17,732.93
		a	Subsidy from State Government - Loss of Interest		
	2,61,55,824.58	5	Other Receipts		71,02,23,891.84
		6	Last years contingent provision against Standard Assets - reversed		
		7	Last years provision against NPA - reversed		
		8	Income from non-banking assets and Profit from sale of or dealing with such assets		
		9	profit on trading of investment		8,80,65,650.00
		10	Last years overdue Interest Reserve - reversed		
	1,28,43,00,494.36	11	Provisions released		4,41,74,08,103.20
		12	Loss (if any)		
	12,60,25,01,393.84		**Total**		**33,81,13,28,559.81**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2020

Corresponding figures for the Previous Year		Expenditure			Figures for the Current Year
	Rs. P				Rs. P
	4,91,59,83,219.72	1	Interest on deposits		19,29,23,33,249.54
	1,84,31,56,272.05	2	Interest on borrowings etc.		2,25,63,28,388.92
	33,57,64,298.83	3	Salaries and allowances and Provident Fund		1,75,92,17,536.25
	-	4	Director's and Local Committee members' fee and allowance		-
	3,31,71,554.58	5	Rent, taxes, insurance, lighting etc.		82,88,30,872.42
	1,36,300.00	6	Law charges		1,19,52,887.00
	14,35,333.28	7	Postage, telegram and telephone charges		1,43,64,451.49
	39,75,289.00	8	Audit Cost		1,50,24,512.00
	2,01,58,616.30	9	Depreciation and Repairs to property		9,19,45,832.26
	56,81,108.11	10	Stationary, Printing, Advertisement etc.		2,67,34,903.26
	-	11	IT Expences		7,17,31,009.90
	3,03,16,84,681.13	12	Other expenditure		84,14,28,025.22
		13	Provisions and Reserves:		
	-	a	Reserve		4,85,39,16,352.55
	16,25,41,785.10	b	Provisions		
	2,24,88,12,935.74	14	Balance of profit		3,74,75,20,538.99
	12,60,25,01,393.84		**Total**		**33,81,13,28,559.81**

Sd/-
P S Rajan, Cheif Executive Officer

Sd/-
Sanjay M Kaul IAS, Director

Sd/-
Mini Antony IAS, Chair person

Note on accounts

Sl No.	Particulars (as on 31-03-2020)			(Rupees in Lakhs)
1	**Investment**			
A.	**Investment (SLR)**			**1703244.83**
	Permanent category			
	a. Book Value			1034933.05
	Current category			
	a. Book Value			668311.78
	b. Face Value			663506.18
	c. Market Value			705562.70
B.	**Investment (Non-SLR) Bonds**			**19356.61**
2	Advances to directors & relatives, companies/firm in which they are interested.			NIL
3	**Cost of Deposits - Average cost of Deposits**			**7.36%**
4	**NPAS**			
	a. Gross NPAS			612655.12
	b. Net NPAS			454758.70
	c. Percentage of Gross NPAS to total advances			15.26
	d. Percentage of Net NPAS to net advances			11.79
5	**Movement of NPAS**			
	Year	**2017-18**	**2018-19**	**2019-20**
	Total NPAS	32836.00	20476.81	612619.94
6	**Profitability**			
	a. Interest income as a percentage of working funds.			8.58%
	b. Non-interest income as a percentage of working funds.			0.25%
	c. Operating profit as a percentage of working funds.			1.26%
	d. Return on Assets			
	e. Business (Deposits + Advances) per employee			744.01
	f. Profit per employee			6.44
7	**Provisions**			
	a. Provisions on NPAS required to be made			152461.94

	b. Provisions on NPAS actually made			157896.43
	c. Provisions required to be made in respect of overdue interest taken into income account, gratuity fund, provident fund, arrears in reconcilliation of inter-branch account etc.			38137.10
	d. Provisions actually made in respect of overdue interest taken into income account, gratuity fund, provident fund, arrears in reconcilliation of inter-branch account etc.			38137.10
	e. Provisions required to be made on depreciation in investments.			1346.18
	f. Provisions actually made on depreciation in investments.			1346.18
8	**Movement in Provisions**			
	Years	**2017-18**	**2018-19**	**2019-20**
	a. Towards NPAS	24207.30	11397.71	23662.89
	b. Towards depreciations	79.83	79.83	179.56
	c. Towards standard assets.	1640.28	2117.94	13572.64
	d. Towards all other items under 7 above.			
	i Overdue interest	39345.64	30414.35	36909.38
	ii Gratuity Funds	170.00	121.17	1227.22
	iii Provident Fund	0.00	0.00	0.00
	iv Reconciliation inter-branch A/c.	0.00	0.00	0.00
9	**Payment of Insurance premia to the DICGC, including arrears, if any.**			160.45
10	**Penality imposed by RBI for any violation.**			NIL
11	**Information on extent of arrears in reconciliation of inter-bank and inter-branch accounts.- Statement attached**			
12	**Percentage of Capital Funds to Risk weighted Assets**			7.30%
13	**DEAF A/C**			**853.62**
14	The proceedings of the Registrar of Co-operative Societies vide letterNo.CB (5) 784/2019 dated 29-11-2019 accorded sanction of delayering of Short Term Co-operative Credit Structure in Kerala, merger by transfer of Assets and Liabilities of 13 District Co-operative Banks (DCBS) in Kerala with Kerala State Co-operative bank. The merged entity came into existence w.e.f 30-11-2019.			
15	As per RBI Circular DOC.No.BP.BC.47/21.04.048/2019-20 & DOC.No.. BP.BC.63/21.04.048/2019-20 We have permitted to grant Moratorium on payment of all term loans falling due on march in respect of accounts classified as standard on 29-02-2020 and created moratorium provision of Rs1653.49 lakhs on total moratorium loans of Rs 33069.85 lakhs.			

To the Members of The Kerala State Cooperative Bank Limited
Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of The Kerala State Cooperative Bank Limited ('the Bank'), which comprise the Balance Sheet as at March 31, 2020 and the Profit and Loss Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter said in the Basis for qualified opinion section in our report, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 and the guidelines issued by National Bank for Agriculture and Rural Development (as applicable) and guidelines issued by Reserve Bank of India andKerala Cooperative Societies Act, 1969 ('the Act') in the manner so required for Cooperative banks and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2020, and its profit for the year ended on that date.

Basis for Qualified Opinion

1) The interbranch/unit balance in the books of the bank has not been reconciled as at 31 March 2020. Various interbranch/unit had a net credit balance of Rs.12,45,38,227.22 The credit and debit balances in the interbranch/unit ledgers are not netted off in the books and hence shows abnormal balances. This should have been reconciled and adjusted / nullified appropriately in order to reflect the true financial position of the bank as on date.Unless the above interbranch/unit ledgers are reconciled appropriately, we are unable to quantify the effect of the same in the profit and loss account.
2) We have observed on multiple occasions, loan which were Nonperforming in nature, were closed by sanctioning fresh loans. Further we have observed on some cases, advances which were otherwise Nonperforming in nature were regularised by crediting the account with the proceeds from newly sanctioned loans, which indicate that NPA's were regularised through book adjustments. It is practically not possible to verify each and every new loans sanctioned during the period and hence we are unable to quantify the effect of the same in the profit and loss account.
3) As per section 194N of the Income Tax Act,1961, the bank is required to deduct tax on payment of cash in excess of rupees one crore during the previous year. But the bank had not deducted tax of Rs.17,41,51,590 upon payments in cash to societies in excess of rupees one crore.
4) Computation statement of Provision for income tax were not made available to us for verification. Hence we are unable to comment on those provisions.

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

We draw attention to Note No. 15of the accompanying Financial Statements, regarding the impact of COVID19 pandemic and the adjustments made in the accounts for the year ended March 31, 2020 on account of the same. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID19 pandemic which would depend on several factors including the steps taken by the Governments, Reserve Bank of India (RBI) and the bank to mitigate the same.

Our opinion is not modified in respect of this matter.

We draw your attention to Note No. 14 of the accompanying Financial Statements, vide Proceedings of the Registrar of Cooperative Societies No.CB(5) 784/2019, dated 29 Nov 2019, 13 District Cooperative Banks in the State of Kerala were merged with the Kerala State Cooperative Bank. Closing balances of the said District Cooperative Banks were carried forwarded to the books of the Kerala State Cooperative Bank.

Our opinion is not modified in respect of this matter.

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

The Bank's management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The management is responsible for the preparation and presentation of the financial statements that give a true and fair view of the financial position and financial performance of the bank in accordance with the provisions of the Banking Regulation Act 1949, the guidelines issued by the National Bank for Agriculture and Rural Development (as applicable) and guidelines issued by the Reserve Bank of India, the Kerala Cooperative Societies Act, 1969 and rules made there under and the accounting principles generally accepted in India as far as applicable to banks. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Management is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a 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.
- 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.

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.

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.

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 for the financial year ended March 31, 2020. 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 communication.

Other Matters

We have not audited the financial statements of branches of the bank in the revenue districts of Trivandrum, Kollam, Alappuzha, Kottayam, Pathanamthitta and Idukki, as considered in the financial statements. Those financial statements have been audited by other auditors whose report has been furnished to us and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949.

As required by subsection (3) of Section 30 of the Banking Regulation Act, 1949, we report that:

a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
c) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

for Ayyar & Cherian
Chartered Accountants Firm Registration No. 000284S
Sd/-
CA Dijo Philip Mathew, Membership No. 224930
UDIN: 20224930AAAADM4843, Place: Ernakulam, Date: 24 Sep 2020

CMYK