



INDEPENDENT AUDITORS' REPORT

To

The Members

The Adarsh Co-operative Urban Thrift & Credit Society Limited

459, 1st Floor, Teliwara, Shahdara, Delhi - 110032

Report on the Financial Statements

We have audited the attached Balance Sheet of The Adarsh Co-operative Urban Thrift & Credit Society Limited as on 31st March' 2025, Income & Expenditure Account and Receipt & Payment Account annexed thereto for the year ending 31st March' 2025. These financial statements are the responsibility of the society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Co-operative Society in conformity with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





Emphasis of Matter

Part B & C of the Schedule annexed with this report form part of this report and exhibits our observations concerning the society in accordance with the requirements of the Registrar Co-operative Societies, Delhi. During the course of our audit, we identified recoverable loan amounts that have become doubtful to some extent due to factors such as very old and the financial condition of the members who have taken loan. It is important to note that the extent of the doubtfulness requires further evaluation and possible provisions for potential losses. Material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. We have communicated these matters to the management of the society and recommended a comprehensive assessment of the recoverable loan portfolio. Our audit opinion is based on the information available to us at the time of the audit, and we emphasize the importance of management's consideration of these concerns in assessing the overall financial health of the society.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by Co-operatives Societies Act, 2003 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In case of Balance Sheet, of the state of affairs of the society as on 31st March, 2025;
- (ii) In the case of the Income & Expenditure Account, of the surplus; excess of income over expenditure for the year ended 31st March, 2025.

Report on other Legal & Regulatory Requirements

We further report that:

- 1) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of audit.
- 2) In our opinion proper Books of Accounts as required under the Act, Rules and Bye-Laws had been maintained by the society subject to our observation given in 'Part B & C' of this Report.
- 3) The Balance Sheet, Income & Expenditure Account and Receipts & Payment Account dealt with by this report are in agreement with the available Books of Accounts.

Our detailed report in Part- A, Part-B and Part C is attached.

Place: New Delhi
Dated: 11-07-2025

For A P N & Associates
Chartered Accountants
FRN : 001876N


(CA Manoj Agrawal)
Partner
M. No.: 093749





THE ADARSH CO-OPERATIVE URBAN THRIFT & CREDIT SOCIETY LIMITED
DETAILED AUDIT REPORT FOR THE YEAR ENDED 31/03/2025

PART 'A'

Objections raised by the Previous Auditor and Their Compliance by the Management

- 1) The society is also advised to follow the provisions of TDS of Income Tax Act/ Rules, which are applicable to it.

Compliance : Not complied with. There will be interest liability for the non -compliance.

PART 'B'

Detailed Comments on the working of the Society

- 1) The society is functioning from its' registered address. The members are being allowed to inspect documents of the society including audit reports as has been observed by us during the course of our audit and also certified by the management. We did not receive any complaint from any members in this regard during the course of our audit at the society's registered address.
- 2) The society reconciles its accounts with those of the members and external parties including the banks only at the close of each co-operative year using the general cash book. However, the ledger balances of members' accounts remain unconfirmed. It is advised that the society obtain balance confirmations from all individual members at least once a year, preferably at the close of co-operative year. Further the accounting software used by the society is operated on a yearly maintenance/lease basis. Currently, the society does not maintain independent control over the software, data or system backups. It is essential that the society takes regular data backups and preserves the books of account and related records.
- 3) Since the turnover of the society is more than five crores, the accounts of the society must be under concurrent audit, as prescribed under Co-operative Societies Act/Rules. It is not complied with.
- 4) The Managing Committee has implemented the decision of the General Body in letter and spirit and in accordance with the co-operative principles.
- 5) There is no unresolved dispute or pending complaint against the society, as certified the management. The dues from members are generally being recovered in the normal course. The society is regularly filing arbitration cases against the defaulter members. The management is making all efforts to recover the dues from defaulting members. The legal fee of Rs. 15,24,737/- is shown as recoverable from defaulter members.
- 6) The Managing Committee is putting efforts for continuous and smooth running of the affairs of the society. The meetings of the Managing Committee are held regularly. List of MC meetings held during the period under review is attached. The elections of managing committee were held on 19.10.2024. as per the provisions of Co-operative Act, 2003. The last annual general meeting was held on 19.10.2024. The society is maintaining records for managing committee and general body meetings.





- 7) The lists of members enrolled and resigned during 2024-2025 are enclosed. List of total members along with their ledger balances as on 31st March' 2025 is also enclosed.
- 8) The details of suspense account amounting to Rs. 17,483/- is not available with the society.
- 9) Certificate from the custodian of record regarding possession of documents, records and cash is enclosed. Compliance report in respect of previous year's audit objection must be submitted with the competent authority.
- 10) The society is maintaining bank accounts with ICICI Bank & State Bank of India. The bank accounts are reconciled with the books of the society.
- 11) No budget is being prepared by the society. We have been explained that expenditures have been incurred on need basis.
- 12) The society has a website and some records are uploaded there.
- 13) As per AIS of Income Tax portal, the society deposited a sum of Rs. 1,92,72,500/- in bank accounts. The society should try to take all deposits/share money/loan repayments etc. maximum through banking channels.
- 14) The society has filed an appeal with competent authority against the demand raised by the Income Tax Department for the Asst. Year 2020-21. However no contingent liability has been provided in the books against this demand.
- 15) In some large loan cases, the Society requires the borrower to obtain a LIC (Life Insurance Corporation) policy in their own name and have it assigned in favour of the Society. This is done to ensure that, in the event of the borrower's death during the tenure of the loan, the outstanding loan amount with interest can be recovered from LIC at the time of settlement of the death claim. The premium for such policies is paid by the borrowers.
- 16) In case of chronic defaulters, the society has classify such member's accounts as NPA. However no data is made available for the audit.
- 17) The Assistant Registrar of Co-operative Societies (T&C), New Delhi vide it's letter no F. No. 47/AR-TC/Sec-1/2022/02 dated 21/01/2022 approved the proposed amendments made in bye-laws which mandate society to disburse Loan up to Rs. 5,00,000/-, Secured Loan (Loan Against Property) Rs. 20,00,000/- and Vehicle Loan Rs. 5,00,000/-





Comments on Major Items of Income & Expenditure A/C and Balance Sheet

1. SHARE CAPITAL:

The balance under this head as on 31st March' 2025 was Rs. 1,73,24,000/- as against Rs. 1,66,39,500/- on 31st March' 2024.

2. COMPULSORY DEPOSIT:

The balance under this head as on 31st March' 2025 was Rs. 1,12,17,490/- as against Rs. 1,06,01,590/- on 31st March' 2024.

3. OPTIONAL DEPOSIT:

The balance under this head as on 31st March' 2025 was Rs. 9,07,692/- as against Rs. 17,71,721/- on 31st March' 2024.

4. RECURRING DEPOSIT:

The balance under this head as on 31st March' 2025 was Rs. 91,18,900/- as against Rs. 90,17,400/- on 31st March' 2024.

5. FIXED DEPOSIT:

The balance under this head as on 31st March' 2025 was Rs. 50,87,700/- as against Rs. 4,12,77,000/- on 31st March' 2024.

6. RISK FUND:

The balance under this head as on 31st March' 2025 was Rs. 17,17,629/- as against Rs. 1502653/- as on 31st March' 2024. During the year, a sum of Rs. 6,65,976/- was transferred and Rs. 4,51,000/- paid.

7. STAFF WELFARE FUND:

The balance under this head as on 31st March' 2025 was Rs. 20,47,630/- as against Rs. 21,09,553/- on 31st March' 2024. During the year under review an appropriation of surplus amounting to Rs. 5,00,000/- was transferred under this head and a sum of Rs. 5,61,923/- was paid.





8. LOAN TO MEMBERS:

The balance under this head as on 31st March' 2025 was Rs. 10,25,51,029/- as against Rs. 9,42,91,398/- as on 31st March' 2024. Strict action as per Rules/Act is being taken by the society against the defaulters to recover the dues. The society is advised not to advance the loan to members in between the currency of current loan, by adjusting the loan balance with fresh loan sanctioned to them and not to disburse the loan to members within the month of becoming of their members of the society. The management of society informed us that it is putting all efforts to recover the over dues.

9. INTEREST RECOVERABLE ON LOAN TO MEMBERS:

The balance under this head (excluding interest recoverable from defaulters) as on 31st March' 2025 was Rs. 1,58,02,958/- as against Rs. 1,46,76,601/- as on 31st March' 2024. The total interest earned on loan, during the year under review comes to Rs. 1,62,06,904/- so the figures mentioned above reveal the need of urgency of recovery of the outstanding loan and interest at this stage.

10. INCOME & EXPENDITURE ACCOUNT:

The main source of income of the society during the year under audit was interest on loan amounting to Rs.1,62,06,904/-. The major heads of expenses were interest on deposits amounting to Rs.73,49,822/-, salaries including bonus Rs.32,83,070/-, computer operation expenses Rs.2,70,000/- and rent Rs.12,17,160/-. Audit fee expenses is being booked on payment basis. The society is spending expenses under the head conveyance for recovery, attending the arbitration cases, collection of dues from members, visits to verify the credentials of new members, work related to RCS office, payment to MC Members towards conveyance for attending MC Meetings etc. The society is also advised to follow the provisions of TDS of Income Tax Act/Rules, which are applicable to it i.e., in case of Payment to Auditors, Salaries to Staff and Rent Payment etc. Gift should be distributed to members with in the limit as prescribed under the Act/Rules applicable to the society. The society earned a surplus of Rs.23,63,658.95/- for the year ended 31st March' 2025 as against Rs.20,51,608.96/- for the year ended 31st March' 2024.





PART – C

OUR BSERVATIONS TO THE MANAGEMENT FOR TAKING CORRECTIVE STEPS

In addition to the points mentioned in Part B above

1. The society is advised to follow the provisions of TDS of Income Tax Act/Rules, which are applicable to it. There will be interest and penalty liability for the default.
2. The society has Rs. 16,63,950/- as Dividend Payable on 31.03.2024 which is to be given in the form of Gift (Bed Sheet & Blanket) and Cash as per the Minutes dated 01.08.2024. As per Minutes Rs. 15,00,000/- is given in the form of Gift and Rs. 3,79,580/- was paid in cash which include Rs. 2,16,630/- of Additional amount distributed.
3. As on 31.03.2025, the society has Legal Fee Recoverable from Defaulter members of Rs. 15,24,737/-. Immediate steps should be taken to recover the amount from defaulters.
4. As on 31-03-2025, the society has Interest recoverable on Loan of Rs. 1,58,02,958/-. Immediate steps should be taken to recover the amount from defaulters.

Place: New Delhi
Dated: 11-07-2025

For A P N & Associates
Chartered Accountants
FRN : 001876N



(CA Manoj Agrawal)
Partner
M. No.: 093749

UDIN: 25093749BMOBJT1380