

RATTAN SINGH & ASSOCIATES

CHARTERED ACCOUNTANTS

6 COMMUNITY CENTRE, 3RD FLOOR, NEAR PAYAL PVR, NARINA, DELHI-18

TO
THE MEMBERS
THE SHRI SAIN SAMAJ CO-OPERATIVE THRIFT & CREDIT SOCIETY LTD.
D-136, GALI NO.4, BHAJAN PURA
NEW DELHI 110053

Sir,

We have audited the attached Balance Sheet of **THE SHRI SAIN SAMAJ CO-OPERATIVE THRIFT & CREDIT SOCIETY LTD.** as at 31st March, 2021 and also the attached Income & Expenditure Account and Receipt & Payment Account for the year ended on that annexed thereto subject to date and have to report that:-

We have conducted our audit in accordance with auditing standards generally accepted in India.

These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- 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.
- b) In our opinion proper books of account as required by law have been kept by the society, so far as it appears from our examination of the Books of Account.
- c) The Balance Sheet, Income & Expenditure Account and Receipt & Payment Account dealt with by this report are in agreement with Books of Accounts maintained.
- d) Further to our comments above, in our opinion and to the best of our information and according to the explanation given to us the accounts subject to our observations as in the reporting Annexure (Informatory, Part-A, Part-B and Part-C) give the information in the manner so required and give true and fair views:-
 - (i) In the case of Balance Sheet of the state of affairs of the society as at 31st March, 2021.
 - (ii) In the case of Income & Expenditure account of the excess of Income over Expenditure for the year ended that date.
 - (iii) In the case of Receipt & Payment account of the Receipt & Payment for the year ended on that date.

Date: 20/12/2021
Place: New Delhi

For Rattan Singh & Associates
Chartered Accountants

Rattan Singh Yadav
(Partner)

Audit Report

Name of Society	THE SHRI SAIN SAMAJ CO-OPERATIVE THRIFT & CREDIT SOCIETY LTD.
Address of the Society	D-136, Gali No-4, Bhajan Pura, New Delhi-110053
No. & date of Registration	F-30/549 (P)/163/19-1-90
Period of Last Audit	01.04.2019 to 31.03.2020
Period of Current Audit	01.04.2020 to 31.03.2021
Name of Previous Auditor	SVANS & Associates
Name of Present Auditor	Rattan Singh & Associates
Sanctioned MCL as at 01.04.19 to 31.03.20	5,00,000/-
Sanctioned MCL as at 01.04.20 to 31.03.21	5,00,000/-

	During Last Audit	During Present Audit
No. of Members	2335	2804
Audit Classification	A	B
Place	DELHI	DELHI

MANAGEMENT

How many managing committee meetings were held during the year	14
Whether proper agenda was circulated among the managing committee members	Yes
Whether Annual General Body Meeting was held as per rules & election was conducted in it	Yes
Whether quorum was complete in the AGM if the election were held in the Board Meeting	Yes
Give Name & address of the MC Members elected with date	As per List Attached



MEMBERSHIP

Information in respect of the enrolled resigned and expelled members during period under review	Opening Balance: 01.04.20	2335
	Add: Enrolled	544
	Total	2879
	Less: Resigned	75
	Balance As on 31.03.21	<u>2804</u>
Whether membership registers completed in all respects	Yes	

WORKING CAPITAL

Whether proper receipts are issued to the depositor against deposits	Yes
Whether the payments are made properly and vouchers are prepared and approved by the competent authority	Yes, However in few cases voucher find unsigned by signatory.
Whether the accounts are maintained properly and signed by the competent authority	Yes
Whether the payment are made by Cheque or cash, give reason there to why Cash	Payment of regular loans generally made by cheques/Electronic-Mode
Whether voucher files is maintained properly	Yes
Whether Expense incurred by the Society are approved in the M.C Meeting	Yes
Whether voucher have been verified by the Competent Authority	Yes, However in few cases voucher find unsigned some signatory

PART A

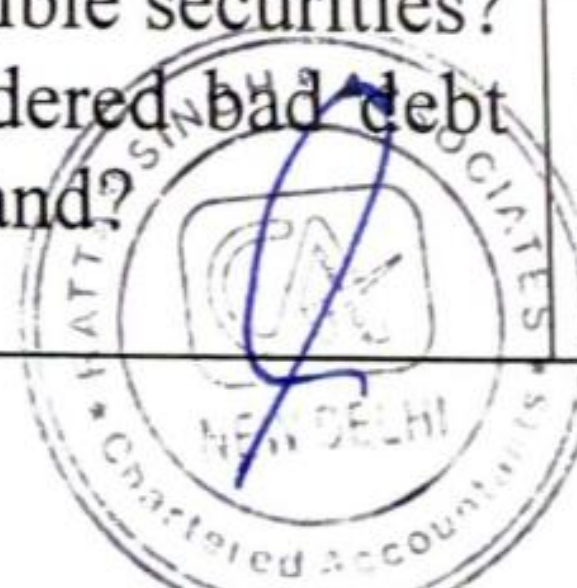
	Objections/suggestions of previous audit	Compliance
1	It is submitted that in case of persistent default in repayment of installments of principal and/or interest by the members, the society should initiate suitable legal action as per the Co-operative Societies Act and as permitted as per bye laws and articles of association of the society.	Partially Complied :- Management of society informed that 449 Notices is sent to defaulter.
2	Since the society is registered with the Registrar of Co-operative Societies, Delhi its membership should be limited to the resident to NCT of Delhi only. The Society is advised to adhere the same while admitting new members in the society.	During the Current F.Y. Society followed the provisions of RCS for the membership, However we found that before 31.08.2016 there are 357 Members having address outside of NCT of Delhi.
3	Signature of the member on Membership register is pending in few cases.	In few cases membership register found unsigned.
4	It is noted that a sum of Rs.60,97,783.00 is pending for payment to the members towards dividend for earlier years up to 31 march 2019. It is informed to us that dividend could not be credited/paid to the concerned	It is found that dividend paid to the member who has completed their KYC hence still advise

(9)

	shareholders due to not updating of their KYC in the bank account. It is submitted that the society should ask the shareholders to update their KYC so that pending dividend be paid/credited to their account.	to complete KYC.
5	<p>It is noted that the society has not deducted/paid TDS on the following payments/expenses made during the year.</p> <p>1. Shree Adisoft Tech. Pvt Ltd. 36000.00</p> <p>2. Shree Balaji Caterers 48000.00</p> <p>3. SVANS & Associates 98767.00</p>	Not Compliance, Matter related to financial year 2019-20, hence we further not taken in Part C for further Compliance.
6	<p>Noted that a sum of Rs. 20,0000 was paid to the president as advance. On being enquired we have not been provided the purpose of giving advance to the presidents. It is suggested that no advance should be given otherwise than for official purpose. Noted that the advance is also not adjusted till 31.03.2020 suggested that the advance should be adjusted within reasonable time.</p> <p>It is advised that observation mentioned in our audit report should be attended to and suitable action should be taken by the management wherever required.</p>	Amount of Rs. 20,000/- is recovered from the President as on date

PART B

1.	Is the society functioning from the Registered Office and the members are being allowed to inspect the documents of the society including Audit Report as per provisions of Rule 84(4) of the Delhi Co-operative Societies Rules, 1973?	Yes
2.	Whether the Society periodically reconciles its accounts with the accounts of the members, outside parties including banks at the close of the Co-op. Year with General Cash Book?	Yes
3.	Whether the Society has raised funds, so as to confirm to the provisions of the Rule 69(1) of the Delhi Co-op. Societies rules, 1973 and the Society has restricted its borrowings to the borrowing powers, as approved by the Registrar from time to time.	The society has raised funds from its members only in the form of Compulsory Deposit, Optional Deposit and Share Money
4.	What is the Debt Equity Ratio of the Society and how the Society proposes to discharge its Debt liability?	NA
5.	What has been the lending policy of the society? Whether the society is extending loans to its members within their borrowing limits? In case the society is granting loans to other parties, what is the general Loaning Policy and how far the interest of the Society has been secured against proper interest of the society has been secured against proper tangible or intangible securities? When and at what point of time, a debt is considered bad debt ripe enough to initiate legal action to recover demand?	<p>The Society extends loans only to its members within their Borrowing Limit which are fixed as under:</p> <p>1. Maximum Amount of Loan for each Borrower not exceeding Rs.5,00,000/-</p>



		<p>2. The Loan advanced shall be repaid in Maximum period of 60 Months.</p> <p>3. Interest will be charged @ 8% p.a. in diminishing monthly balance.</p> <p>4. the amount of loan shall not be more than ten times of Paid-Up share capital standing to the credit of the members as on date of Loan.</p> <p>5. Each Loan require one guarantor for every 1,25,000/- amount of loan and Guarantor shall be member of the society.</p> <p>6. A Member can give guarantee for four members only..</p>
6.	Whether the Managing Committee has implemented/ carried out the decisions of the General Body in letter and spirit keeping in view the best interest of the members of the society, in accordance with the Co-op. Principles? (C.A. will give his comments on the appointment of Architects. Building contractors and other contracts etc.	Yes
7.	Number of unresolved disputes position of society as also the steps taken to resolve disputes at various forums. C.A. is also required to give his comments on complaints received against the Society by the department.	Nil
8.	Details of claims if any against the members and outside parties, not being pursued properly and proceedings not launched within period of limitation.	Nil
9.	In respect of Group Housing Society whether managing committee or any sub-committee is exercising the financial/material management and control to keep the project cost as low as possible? What is the allotment policy of the society with particular reference to categorization of members both for the purpose of getting building plans approved as also handling over the possession of flats?	Not Applicable
10.	Has the Society been holding meeting or various committees including General Body and proper records of proceedings are being maintained in the Proceeding Register?	Yes
11.	List of members with their ledger Balances at the close of the Co-op. Year. A separate list of changes on account of resignations, expulsions and whether rules/instructions in this behalf have been properly complied with?	Attached
12.	Without prejudice to the generality of the provisions contained in Delhi Co-op. Societies Act, 1972 And the Rules framed there under, the Auditor shall state if any of the office Bearers suffers from the disqualification's contained in section 31 read with rule 59 and 60.	On the basis of information provided None of the office bearer suffers from the



		disqualification contained in section 31 read with rule 59 and 60 of said Act.
13.	Whether the Society is incurring expenditure in accordance with the approved budget and if not, indicate the lapses?	As per the records and documents and the management representation, it is submitted that the society generally incur expenditure as per approved budget.
14.	Whether the Society is periodically reviewing the fixed Assets also the Cash Credit Limits vis-à-vis loans extended on the basis of goods hypothecated to the Co-op. Society.	Yes
16.	Whether the monthly expenditure of the Society is being approved in the ensuring M.C. meeting, if not, reasons for same must be explained in details?	Yes
16.	In respect of T/C Societies including Co-op. Banks and stores whether the respective Co-op. Society is reviewing the cash credit limit and restricting its future loaning/credit to good parties only?	Yes
17.	A certificate shall be obtained from the custodian of records regarding documents and cash certifying the possession there of along with certificate of C.A. regarding details of books of accounts seen and signed by him.	Attached
18.	The details of various bank accounts being maintained by the society as also the securities and investments of the society along with the addresses, A/c nos. of the banks and comments on the Bank Reconciliation Statement.	Attached
19.	Comments on each and every items of Balance Sheet and Profit & Loss A/c.	All the items are self explanatory / well supported by detailed statements hence no separate comments. Further during cash vouching recipient signature and management verification is found missing. Further in case of loan files management/Authority signature is missing in some cases.



PART C

Objections/suggestions of Current audit

1. It is submitted that in case of persistent default in repayment of installments of principal and/or interest by the members, the society should initiate suitable legal action as per the Co-operative Societies Act and as permitted as per bye laws and articles of association of the society.

2. Since the society is registered with the Registrar of Co-operative Societies, Delhi its membership should be limited to the NCT of Delhi only.

During the Course of audit on physical examination of Books we found that 357 members is out of Jurisdiction of Resident of NCT Delhi. They are Registered as a members on or before 31.08.2016.

It is also found that they had taken the Loan of Rs. 2,28,44,260.00 And Interest thereon Rs. 8,79,513.00

The management of the society also serve the notice to such members however unserved to respective address.

The Society is advised to adhere the same while admitting new members in the society

3. Signature of the member on Membership register is pending in few cases. In few cases approval of secretary/ president for approving the loan is not found.

4. It is noted that a sum of Rs.72,45,165.00 is pending for payment to the members towards dividend for earlier years up to 31 march 2020. It is informed to us that dividend could not be credited/paid to the concerned shareholders due to not **updating** of their KYC in the bank account. It is submitted that the society should ask the shareholders to update their KYC so that pending dividend be paid/credited to their account.

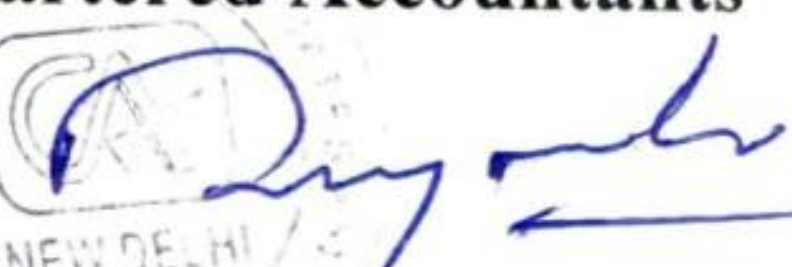
5. We found that Rs. 650000/- is deposited by the members of society exceeding the Rs. 20000/- the ceiling limit of IT Act 1961.

In the AGM of 2019-20 held on 27.12.2020, accepted by consent of members Rs. 650000/- deposited by ex president Sh. Raghubar Dayal Chandela (A/c No. 10023) & his family members, costing a Revenue Loss of Rs. 22,44,970/- under section 144 of the Income tax Act, 1961, **It is advised to take the legal proceedings against above members to society loss.**

6. Members' balances are subject to confirmation.

Date: 20/12/2021
Place: New Delhi

For Rattan Singh & Associates
Chartered Accountants


Rattan Singh Yadav
(Partner)