

INDEPENDENT AUDITORS' REPORT

The Members,
Bassein Catholic Co-Op. Bank Ltd.
Papdy, Vasai, Dist. Palghar-401 207.

Report on Audit of the Financial Statements

Qualified Opinion

1. We have audited the accompanying Financial Statements of "**Bassein Catholic Co-Operative Bank Limited**" (hereinafter referred to as 'the Bank'), as at 31st March, 2022, which comprise the Balance Sheet as at 31st March, 2022 and Profit and Loss Account, and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information. The returns of Head Office and its departments and 15 branches (including Treasury & Forex Branch) visited by us during audit and the returns of 48 branches and 1 extension counter which have been certified by the branch management and independently reviewed by the concurrent/ internal auditors of the respective branches are incorporated in these financial statements.
2. In our opinion and to the best of our information and according to the explanations given to us **except for the effects of the matter described in the "Basis for Qualified Opinion" section of our report and our detailed observations mentioned in the Audit Memorandum**, the aforesaid financial statements read together with the Notes, give the information required thereon by the Banking Regulation Act, 1949 as well as Maharashtra Co-operative Societies Act, 1960 and rules made there under, in the manner so required, for the Urban Co-operative Banks, guidelines issued by Reserve Bank of India and the Registrar of Co-operative Societies, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the **Balance Sheet**, of state of affairs of the Bank as at 31st March, 2022.
 - b. In the case of the **Profit and Loss Account**, of the profit for the year ended on that date and
 - c. In the case of the **Cash Flow Statement**, of the cash flows for the year ended on that date.

Basis for Qualified Opinion

3. We draw attention to Note No. 19 of Notes forming part of accounts regarding upgradation of 183 NPA borrower accounts by considering the post Balance Sheet date recoveries in these accounts. Due to the upgradation of these NPA accounts to Standard Category based on post Balance Sheet date recoveries, NPA is reduced by Rs.1679.56 Lakhs resulting into reduction of Gross and Net NPA by 0.40% & 0.12% respectively. The Bank has not accrued the interest

BRANCHES :

NAVI MUMBAI : 302 / 304 Arenja Corner, Sector 17, Vashi, Navi Mumbai - 400 703. • Tel. : +91-22-2766 6478
DELHI : 505, Nirmal Tower, 26, Barakhamba Road, New Delhi -110 001. • Tel. : +91-11-4019 0200



income towards this upgradation and also has excess provision in respect of NPA.

4. We draw attention to Note No. 33 of Notes forming part of accounts regarding settlement of 233 accounts under One Time Settlement scheme other than Government scheme having Total outstanding balance of Rs. 25,25,11,633/- of which Rs. 21,24,97,041/- has been recovered and burden to the Bank of Rs.3,86,11,092/- has been written off. There is no Board approved policy regarding OTS scheme but all these cases were recommended by the respective Branches and approved in Recovery Committee meeting and Board of Directors.
5. We draw attention to Note No. 34 of Notes forming part of accounts which states that the OMNI CBS system is not calculating the interest and commission on BG, LC's and Bills Discounted and the same is being done manually by the branches. Forex transactions are not integrated in the OMNI CBS system and the branches are manually entering these transactions in the system. Also, BG's are being issued manually instead from the OMNI CBS system.
6. We draw attention to Note No. 35 of Notes forming part of accounts regarding certain deficiencies in the OMNI CBS system which are under the process of rectification such as identification and classification of NPAs, appropriation of recoveries in NPAs, wrong interest income booking in NPAs, Provisioning done manually on NPAs etc. The net impact on the profit and advances is not ascertainable but the Management is of the opinion that the said impact would not be material.

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 Auditors 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 ethical requirements that are relevant to our audit of the Financial Statements under the provision of the Act and the Rules thereunder, 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 opinion.

Emphasis of Matter

7. We draw attention to Note no. 31 of Notes forming part of the accounts which describes uncertainty of impact due to Covid-19 pandemic on Bank's financial performance, which continues to be uncertain and as such, it is difficult to predict time horizons to gauge the impact thereof & is dependent on future development.

Our opinion is not modified in respect of this matter.



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

8. The Bank's Board of Directors 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 Bank in accordance with accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, The Banking Regulation Act, 1949 (as applicable to Co-operative Societies), the guidelines issued by Reserve Bank of India and the Registrar of Co-operative Societies, Maharashtra, The Maharashtra Co-operative Societies Act, 1960 & rules made thereunder. This responsibility also includes maintenance of adequate records in accordance with the provisions of the Act for safeguarding of assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 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. Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibility for the Audit of Financial Statements

9. 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 auditors' 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 controls.



- 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 auditors' 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 auditors' 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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

10. In view of the spreading of COVID19 across India, we were unable to physically visit some of the branches to undertake audit procedures prescribed under ICAI issued standards on Auditing in regard to certain aspects of the year-end statutory audit, including but not limited to:

- Physical verification of Cash in Hand & Cash at ATM on the year end.
- Physical verification of gold/stationery items including adequate internal controls thereof on the year end.

We have relied on alternative audit procedures as per the SAs to obtain reasonable assurance whether the Financial Statements, as a whole, are free from material misstatement, whether due to fraud or error.

Our opinion is not modified in respect of these matters.



Report on Other Legal and Regulatory Requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949 and provisions of the Maharashtra Co-operative Societies Act, 1960 and the Maharashtra Co-operative Societies Rules, 1961.

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 to be satisfactory;
- b. 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 and proper returns adequate for the purposes of our audit have been received from the branches/offices;
- c. The transactions of the Bank which have come to our notice are within the powers of the Bank;
- d. The Balance Sheet and the Profit and Loss Account and the Cash Flow dealt with by this report, are in agreement with the books of account and the returns;
- e. The accounting standards adopted by the Bank are consistent with those laid down by accounting principles generally accepted in India so far as applicable to banks.

As required by the Rule 69 (6) of the Maharashtra Co-operative Societies Rules, 1961, we report on the matters specified in clauses (i) to (iv) of the said Rule to the extent applicable to the Bank-

- a. During the course of our audit, we have generally not come across transactions which appear to be contrary to the provisions of the Act, the Rules or the Bye-Laws of the Bank.
- b. During the course of our audit, we have generally not come across any sums which ought to have been but have not been brought into account by the Bank.
- c. Following monies due to the Bank appear to be doubtful of recovery against which a provision of Rs.20521.13 Lakhs is made in the accounts. Advances categorized as doubtful and loss assets as per Prudential Norms are considered as doubtful of recovery:



Category	Outstanding as on 31.03.2022 (Rs. In Lakhs)
Doubtful Assets	33642.16
Loss Assets	776.87
Total	34419.03

Adequate provision has been made against the above advances as per RBI guidelines.

- d. To the best of our knowledge, no other matters have been specified by the Registrar, which require reporting under this Rule.

We further report that for the year 2020-22 under audit, the Bank has been awarded "A" classification.

For Batliboi & Purohit,
Chartered Accountants
Firm Reg. No.101048W



(CA Raman Hangekar)
Partner
M. No. 030615



Place: Papdy, Vasai
Date: 30.06.2022

UDIN: 22030615ALZKMG3377