

BASSEIN CATHOLIC CO-OPERATIVE BANK LTD.
(Scheduled Bank)

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING
PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR
THE YEARENDED 31stMARCH 2022**

I. BACKGROUND:

Bassein Catholic Co-operative Bank Ltd. was established in 1918 and has completed 104 years of providing wide range of Banking & Financial Services. It also carries Treasury Operations dealing in approved securities. The Bank is designated as a Scheduled Bank under Schedule II of the R.B.I Act. Presently, the Bank operates through 63 branches and 1 extension counter as at 31st March 2022 spread across Maharashtra. The banking products provided by the Bank cater to the needs of both corporate and retail customers within the State of Maharashtra. The bank also has AD-1 license to carry on Forex business.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation:

The financial statements have been prepared and presented under the historical cost convention as a going concern on accrual basis of accounting, unless otherwise stated and comply with the Generally Accepted Accounting Principles, statutory requirements prescribed under the Banking Regulation Act, 1949, and The Maharashtra Co-operative Societies Act, 1960 (MCS Act), circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time, Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable and the current practices prevailing in the co-operative banking sector in India.

The Accounting Policies adopted in the current year are consistent with those of previous year except otherwise stated.

2. Use of Estimates:

The preparation of financial statements, in conformity with the Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of contingent liabilities at the date of financial statements. Actual results could differ from those estimates. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively in current and future periods.

3. Revenue Recognition:

Items of Revenue are recognized to the extent that it is probable that the

economic benefits will flow to the Bank and the revenue can be reliably measured. Items of income and expenditure are accounted for on accrual basis except otherwise stated.

- i) Income from Advances – Interest income is recognized in the Profit and Loss Account as it accrues except:
 - (a) Income from Non-Performing Assets (NPAs), comprising of advances and investments is recognized upon realization, as per the prudential norms prescribed by the RBI.
 - (b) In case of Non-Performing Advances (NPAs), the recoveries in the accounts are first appropriated towards principal and then towards interest income with the approval of the Board.
 - (c) In case of Interest on Bills discounted under LC, income is accounted on proportionate basis. Interest received in advance as at year-end, is appropriately accounted in subsequent year.
- ii) Income from Investments –
 - (a) Interest income from investments is recognized on a time proportion basis considering the face value of investment and the rate applicable. Discount on T-Bills and other discounted instruments are recognized on a straight-line basis over the period to maturity.
 - (b) Interest on fixed income securities is recognized on accrual basis in case it is serviced regularly.
- iii) Locker Rent income is accounted on receipt basis. Locker rent received in advance is considered as income on proportionately basis over the period of rent collected.
- iv) Commission on Letters of Credit / Guarantees, dividends received from shares of co-operative institutions and mutual funds, sale of life insurance and mutual fund products and other charges levied by the bank are accounted on receipt basis.

4. Loans and Advances and Provisioning thereon:

- i) The classification of advances into Standard, Sub Standard, Doubtful and Loss assets as well as provisioning on Standard Advances, Restructured Advances and Non-Performing Advances are made in accordance with the Income Recognition, Assets Classification and Provisioning Norms prescribed by the RBI for Urban Co-operative Banks (UCBs) from time to time.

- ii) Amount recovered against debts written off in earlier years is recognized as income.
- iii) For restructured / rescheduled assets, provision is made in accordance with the guidelines issued by RBI.
- iv) The unrealized interest in respect of advances classified as Non-Performing Advances is disclosed as Overdue Interest Reserve (OIR) which is correspondingly shown under Interest Receivable as per RBI directives.
- v) Provision for Interest Capitalized on Non-Performing Assets represents unrecovered interest on Non-Performing Advances which was reversed from Profit & Loss Account as per RBI directives.

5. Investments:

i) Classification:

Investment other than Fixed Deposits with banks, Shares of Co-operative Banks and mutual funds are classified into "Held for Trading" (HFT), "Available for Sale" (AFS) and "Held to Maturity" (HTM) in accordance with the RBI guidelines applicable to Urban Co-operative Banks.

(a) Held to Maturity – These comprise of investments that the bank intends to hold on till maturity.

(b) Held for Trading – These comprise of investments which are held principally for resale within 90 days from the date of purchase.

(c) Available for Sale – These comprise of investments that cannot be classified under any of the above two heads.

For the purpose of disclosure in the Balance Sheet, Investments have been classified as required under RBI guidelines – Government Securities, Other Approved Securities, and Shares in Co-operative Institutions, Bonds of Public Sector Undertakings, Fixed Deposits with banks, Mutual Funds and other investments.

ii) **Valuation and Accounting of Investments:**

(a) Investments under "Held to Maturity" category have been valued at acquisition cost. Premium, if any, on such investments is amortized over the remaining period till the date of maturity.

(b) Investments under "Available for Sale and Held for Trading" category have been marked to market on the basis of guidelines issued by the RBI. Net depreciation, if any, under each classification is provided for, while net appreciation, if any, is ignored.

(c) Market value of Government securities & Bonds are determined on the basis of the "Yield to Maturity" (YTM) indicated by Financial Benchmark India Ltd. (FBIL) for valuation at the year end.

(d) Treasury Bills & Commercial Papers are valued at carrying cost.

(e) Units of Mutual Funds are Valued at lower of Cost or Net Asset Value provided by the respective Mutual Funds.

(f) Shares of Co-operative Institutions and Financial Corporations are valued at cost unless there is a diminution in the value thereof in which case the diminution is fully provided for.

(g) Cost of securities is determined at on the basis of "Weighted Average Cost Method".

(h) Broken period interest on acquisition of investments is charged to revenue.

(i) Profit in respect of investments sold /redeemed from "HTM" Category is included in Profit on sale of investments and equal amount is transferred to Investment Fluctuation Reserve (IFR) by way of appropriation.

(j) Non-Performing Investments are recognized as per RBI guidelines and provision is made as per RBI norms applicable to Non-Performing Investments.

iii) **Transfer between categories of investments:**

Transfer of investments from one category to another is done in accordance with RBI Guidelines and any such transfer is accounted for at the acquisition cost / book value / market value, whichever is lower, on the date of transfer. Depreciation, if any, on such transfer is fully provided for.

6. Property, Plant & Equipment (AS – 10):

- i) Fixed Assets, other than those that have been revalued are carried at historical cost less depreciation accumulated thereon. Cost comprises of purchase price, including non-refundable taxes and any directly attributable cost of bringing the asset to its working condition for intended use. Any trade discount, rebates are deducted in arriving at the purchase price.
- ii) Revalued assets are carried at revalued amounts less depreciation accumulated thereon. Surplus arising out of revaluation is carried to Premises and is accounted under Revaluation Reserve.
- iii) Depreciation is provided over the estimated useful life of the fixed assets on a straight-line basis on pro rata basis.

The rates of depreciation for fixed assets are as under:

Sr. No.	Fixed Asset	Rate of Depreciation
1.	Buildings	3.00%
2.	Furniture/Fixture	10.00%
3.	Renovation Expenses of Rental Premises**	
4.	Motor Vehicles	20.00%
5.	Office Equipments	
6.	Computers Hardware	33.33%
7.	Computers Software	

** In case the lease is closed before the period of 10 years, the Net asset block is written down to NIL as at the date of expiry of the lease.

- iv) Depreciation on the revalued portion of bank's premises is included in depreciation on fixed assets under Profit & Loss account and the equivalent amount is reversed from revaluation reserves to the Profit and Loss Appropriation Account in accordance with AS-10.
- v) Depreciation is charged on fixed asset sold during the year till the date of sale.
- vi) Fixed assets that have been fully depreciated and are still in use are carried in the books of account at Rs.1/-.
- vii) Assets individually costing less than Rs. 10,000/- are not capitalized but charged to Profit & Loss Account in the year of purchase.

7. Foreign Exchange Transactions (AS-11):

- i) Transactions denominated in foreign currency are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities reflected in the balance sheet on the date are translated at the rates notified by Foreign Exchange Dealers Association of India (FEDAI). The profit / loss due to revaluation are recognized in the Profit and Loss account.
- ii) The outstanding spot and forward contracts are revalued at the end of the year at the exchange rates notified by FEDAI. The profit / loss resulting from such revaluation is included in Profit and Loss account in accordance with RBI / FEDAI guidelines.
- iii) Contingent liabilities on account of foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

8. Employee Benefits (AS-15):

i) Provident Fund:

Retirement benefit in the form of provident fund is a defined contribution plan. The contributions for the year in that respect to Provident Fund of Employees are charged to Profit and Loss Account for the year when the contributions are due.

ii) Gratuity:

Retirement Benefit in the form of Gratuity is a Defined Benefit Plan. Liability towards gratuity is assessed on the basis of actuarial valuation by an Independent Actuary as at the balance sheet date. The gratuity liability of the Bank is funded through Group Gratuity Scheme with Life Insurance Corporation of India (LIC), premium for which is paid annually. Gratuity is provided for on the basis of actuarial valuation done by an Independent Actuary as at the year end, using the Projected Unit Credit Method in accordance with AS -15 on Employee Benefits as issued by ICAI. Actuarial gain or loss is recognized in the Profit & Loss Account. The shortfall, if any, between the present value of the benefit obligation and the fair value of plan assets as on 31st March is paid / provided for and recognized as expense in the profit and loss account.

iii) Leave Encashment:

Provision for encashment of accumulated leave payable on retirement or otherwise is made on actuarial valuation done by an Independent Actuary as at the year-end using Projected Unit Credit Method, in accordance with the guidelines issued under AS -15 on Employee Benefits as issued by ICAI. The leave encashment liability of the Bank is funded through group conventional plan with HDFC Standard Life Insurance Co. Ltd. (HDFC Life)

9. Segment Reporting (AS-17):

i) The Bank's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a different business unit.

ii) Income and expenses in relation to the segments are categorized based on the items that are individually identifiable to the segments.

iii) Deposits, interest paid / payable on deposits, Borrowings and interest paid / payable on borrowings are allocated in the ratio of average investments to average advances in the segments Treasury and Forex and Other Banking Operations, respectively.

iv) Unallocated expenses include general corporate income and expense items which are not allocated to any business segment.

v) The business segment is considered as primary reporting format and the Bank does not have any geographical segment. In accordance with the guidelines issued by RBI, the Bank has adopted following business Segments:

(a) Treasury includes all investment portfolio, profit/loss on sale of investments and Mutual fund, money market operations & Fixed Deposit income and foreign exchange transactions including commission based Trade Finance Transactions.

The expenses of this segment consist of interest expenses on funds borrowed from external / internal sources and depreciation / amortization of premium on Held to Maturity investments.

(b) Other Banking Operations include all other operations not covered under Treasury Operations. It primarily comprises of Loans and Advances to retail customers and other banking services to such customers. The revenue consists of interest earned on loans and advances, fee income on various services and foreign exchange products to customers.

10. Lease (AS – 19):

Lease payments for assets taken on operating lease are recognized in the Profit & Loss account over the lease term in accordance with AS-19 issued by ICAI.

11. Earnings Per Share (AS-20):

Basic earnings per share is calculated by dividing the Net Profit for the period after tax attributable to members by the weighted average number of equity shares outstanding during the year. The weighted average numbers of shares are calculated on monthly basis.

The weighted average number of equity shares outstanding during the period are calculated by aggregating the equity shares outstanding at the beginning of the period adjusted by the number of shares surrendered / forfeited or issued during the period multiplied by the time-weighting factor, which is the number of months for which the shares are outstanding as a proportion of total number of months during the year.

12. Taxes on Income (AS-22):

- i) Tax expense comprises of Current Tax and Deferred Tax. Current Tax is provided for in accordance with the applicable provisions of the Income Tax Act, 1961 and Rules framed.
- ii) Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences for earlier years. Deferred tax is measured using tax rates and tax laws enacted or substantially enacted at reporting date. Deferred tax assets are recognized for only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
- iii) Deferred Tax Assets are reassessed at each reporting date, based upon management's judgment as to whether the realization is reasonably certain.

13. Impairment of Assets (AS-28):

The Bank assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Profit and Loss Account to the extent the carrying amount of assets exceeds their estimated recoverable amount.

14. Provisions, Contingent Liabilities and Contingent Assets (AS-29):

- i) In accordance with AS-29, Accounting for Provisions, Contingent Liabilities and Contingent Assets, issued by ICAI, the Bank recognizes provision where it has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits to settle the obligation will be required and a reliable estimate can be made of such an obligation.

- ii) Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.
- iii) In cases where the available information indicates that the loss on the contingency is reasonably possible, but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.
- iv) Contingent Assets, if any, are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

15. Accounting of Goods & Service Tax

GST collected is accounted under the account head of GST Payable Account and GST paid to vendor is accounted under the account head of Input Credit Receivable Account. Out of the GST in Input Credit Receivable Account, eligible Input tax credit (ITC) is availed as set off. In case, eligible ITC remains unutilized, the same is carried forward and set-off subsequently. The ITC on expenses which is not allowable to be set-off as per GST Law, is expensed out.

In case of fixed assets, eligible ITC of GST paid to vendor is utilized against the amount of GST collected from the customers and the disallowed portion of ITC is added back to the value of respective assets.

Items of Income and expenses on which GST is applicable, are accounted for net of GST.

16. Deposits for Utilities:

Deposits for services like telephone, electricity etc. paid to concerned authorities are written off as expenditure over a period of 5 years.

III. NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2022

- 1) The Bank has given effect for following appropriation of profits for the year ended March 31,2022 in the Financial statements, subject to approval of the shareholders at the AGM: -

Particulars	Amount (Rs.)
Profit of last year	4,50,53,497.35
Net Profit for the year ended March 31,2022	74,40,24,347.57
Add : Transfer from revaluation reserve	1,73,31,000.00
Total Profit available for appropriation	80,64,08,844.57
Less: Appropriations	
Statutory Reserve Fund	18,60,06,086.89
Contingency Reserve Fund	7,44,02,434.76
Dividend to Shareholders *	-
Investment Fluctuation Reserve	6,00,00,000.00
Death Benefit Fund	15,00,000.00
Charity Fund	74,40,243.48
Members Welfare Fund	5,24,93,740.48
General Reserve	3,12,47,513.97
Staff Welfare Fund	5,00,000.00
Bad and Doubtful Debt Fund	25,00,00,000.00
Total	80,64,08,844.57

* In terms of provisions of AS-4 issued by ICAI, effective from the accounting period commencing on 1st April, 2017 onwards, dividend which is subject to approval by the members at the Annual General Meeting has not been included as a liability in these financial statements. Accordingly, the Bank has not disclosed the proposed dividend to shareholders of Rs.14,28,18,825/- as a liability for the financial year 2021-22, but said amount has been retained in Profit and Loss Account.

- 2) Calls in arrears of Rs. 82,020/- (4,101 shares of @20 per calls in arrears) [L.Y. Rs.83,460.00/- (4,173 shares of @20 per calls in arrears)] represent amounts called up and not paid as of date. These members do not carry any voting rights and no dividend is payable on such amount.
- 3) **Contingency and Event Occurring after the Balance Sheet date (AS-4):**

Following are the Contingency and Event Occurring after the Balance Sheet date which is also provided in the Books of Accounts:

Sr. No	Particulars	Amount(Rs.)
1	RBI Penalty for the F.Y 2018-19	49,00,000.00

- 4) **Prior Period Items (AS-5):**
There are no material Prior Period items requiring a separate disclosure.
- 5) **Employee Benefits (AS - 15):**

Disclosures in respect of AS -15 Employee benefits are as under:

Defined Benefit Plan:-

Provident Fund:

Employer's contribution to Provident Fund debited to Profit and Loss Account – Rs.339.44 lakh (P.Y.Rs.328.46 lakh).

Gratuity:

The following tables summarize the components of net benefit expenses recognized in the profit and loss account and funded status and amount recognized in the Balance Sheet for the Gratuity Benefit Plan.

(Rs. In Lakhs)

Particular	Gratuity	
	2021-22	2020-21
1.Movement in the net liability recognized in the balance sheet		
Present value of benefit obligation at the beginning of the year	2,208.46	2,260.99
Current service cost	97.07	99.16
Interest Cost	158.16	154.65
Actuarial (gains) and losses	(45.67)	(58.32)
Benefits Paid	(176.70)	(248.02)
Present value of benefit obligation at the end of the year	2,241.32	2,208.46
2. Movement in Fair value of assets during the year		
Opening value of fair value of plan assets	2,389.35	2,308.41
Expected Return on plan assets	163.91	157.90
Contributions	59.15	171.15
Benefits Paid	(176.71)	(248.02)
Actuarial gains/(loss) on plan assets	4.57	(0.09)
Closing value of fair value of plan assets	2,440.27	2,389.35
3. Reconciliation of the present value of defined obligation and fair value to the assets and liabilities recognized in the balance sheet		
(Present value of obligations at the end of the year)	(2,241.32)	(2,208.47)
Fair value of assets as at the balance sheet date	2,440.27	2,389.35
Net (Liability)/Asset disclosed in the balance sheet	198.95	180.88
Bank is following Net Liability approach through P&L, accordingly Funded status is not recognized		

4. Total Expenses recognized in the Profit and Loss account		
	2021-22	2020-21
Current Service Cost	97.07	99.16
Interest Cost	(5.75)	(3.24)
Expected return on plan assets	--	--
Actuarial (gains) or losses	(50.24)	(58.23)
Net to be charged profit and loss in Current year	41.08	37.69
Expenses recognized for gratuity in Profit & Loss A/c Rs 64.05 Lakh [P.Y. Rs 175.96 Lakh]		
Discount rate	7.20%	6.86%
Future salary increases	5.00%	5.00%

Leave Encashment: The actuarial liability of leave encashment of accumulated privileged and sick leaves of the employees of the Bank is given below:

Particulars	(Rs. In Lakhs)	
	2021-22	2020-21
Total Privileged leave and Sick leave actuarial liability	1,046.11	863.92
Assumptions		
Discount rate	7.20%	6.86%
Salary escalation rate	5.00%	5.00%

Expenses recognized for leave encashment in Profit & Loss A/c Rs. 273.90 lakh [P.Y. Rs.NIL lakh]

6) **Segment Reporting (AS – 17)**

The segmental results are presented hereunder:

Business Segment						
Particulars	2021-22			2020-21		
	Treasury & Forex	Other Banking Operations	Total	Treasury & Forex	Other Banking Operations	Total
Revenue	32,835.18	40,678.96	73,514.13	33,170	46,922	80,092
Expenses	20,954.33	35,862.14	56,816.48	20,489	39,964	60,154
Result	11,880.84	4,816.82	16,697.66	12,681	6,957	19,638
Unallocated expenses			6,050.42			9,620
Operating			10,647.24			10,318

profit						
Income Tax			3,207.00			2,808
Extraordinary profit/loss						--
Net Profit			7,440.24			7,210
Other Information						--
Segment assets	4,78,460	4,45,355	9,23,815	4,52,991	4,45,061	8,98,052
Unallocated assets			1,01,311			91,227
Total assets			10,25,125			9,89,279
Segment liabilities	4,12,805	3,84,242	7,97,047	3,92,455	3,85,586	7,78,041
Unallocated liabilities			84,832			77,562
Shareholders' Fund			1,43,246			1,33,675
Total liabilities			10,25,125			9,89,279

7) Related Party Disclosure (AS – 18):

The Bank is a co-operative society registered under the Maharashtra Co-operative Societies Act, 1960 and there are no Related Parties requiring disclosures under Accounting Standard 18 issued by The Institute of Chartered Accountants of India (ICAI) other than the Key Management Personnel, Mr. Sixto Fargose, Acting Chief Executive Officer. However, in terms of RBI circular dated March 29, 2003, the CEO being a single party coming under the category, no further details therein need to be disclosed.

8) Leases (AS – 19):

The lease agreement entered into pertains to use of premises at the branch. The lease agreement does not have any undue restrictive or onerous clauses other than those normally prevalent in similar agreements regarding use of assets, lease escalations, renewals and a restriction on sub-leases.

Operating Lease comprises leasing of office premises (AS – 19):

Particulars	(Rs. In Lakhs)	
	31.03.2022	31.03.2021
Future lease rental payable as at the end of the year	4.98	5.06
-Not later than one year	0.08	0.08
-Later than one year and not later than five years	0.34	0.34
-Later than five years	4.56	4.64
Total of minimum lease payments recognised in the Profit and Loss A/c for the year	0.08	0.08

9) Earnings per Share (AS – 20):

Particulars	(Rs. In Lakhs)	
	2021-22	2020-21
Net Profit / (Loss) after tax	7,890.78	7,210.32
Weighted average number of Equity Shares.	386.44	364.60
EPS (Face Value Rs.25/- per share) per share	20.42	19.78

10) Accounting for Taxes on Income (AS – 22):

Deferred Tax Assets (Net) comprises of the following: -

Particulars	(Rs. In Lakhs)		
	As on 31.03.2021	Addition/ (Reversal) During the year	As on 31.03.2022
<u>Deferred Tax Asset on :</u>			
Provision on Std. Advances for COVID – 19 Moratorium	--		
Provision on Advances	1,916.12		
Provision for restructured Advances	176.19	(93.21) 528.57	1,822.91 704.76
Provision for Fraud	14.85	(17.50)	(2.65)
(A)	2,107.16	417.86	2,525.02
<u>Deferred Tax Liability on :</u>			
Special Reserve u/s 36(1)(viii) of Income Tax	1,129.93	(167.38)	1,297.31
Difference in the WDV of Fixed Asset	5.55	2.94	2.61
(B)	1,135.47	(164.44)	1,299.92
Net Deferred Tax Asset / (Liability) (A) – (B)	971.69	253.42	1,225.10

11) Details of Computer Software Expenses (Intangible Asset) are as under:

Particulars	(Rs. in Lakh)	
	2021-22	2020-21
Carrying Amount at the Beginning of the Year	131.70	157.67
Additions during the Year	53.59	65.90
Amortisation during the Year	81.29	91.87
Carrying Amount at the End of the Year	104.00	131.70

The same are disclosed under Other Assets.

New Core-Banking Solution System for accounting & NPA identification is being implemented by the Bank. During the year Rs. 1,834.11 lakhs (P.Y. Rs. 1,685.69 lakhs) have been accounted for software under Capital Work-In-Progress.

12) Impairment of Assets (AS – 28):

The Bank has ascertained that there is no material impairment of any of its assets and as such no provision under AS-28 on Impairment of Assets issued by ICAI is required.

13) Provisions, Contingent Liabilities and Contingent Assets (AS – 29):

All bank guarantees / letters of credit are sanctioned to customers with approved credit limits in place. The liability thereon is dependent on terms of contractual obligations, devolvement raising demand by concerned parties and the amount being called up. These amounts are secured by margins, counter guarantees and secured charges. The quantum of contingent liabilities in respect of bank guarantees, letters of credit, forward contracts, etc. is as under:

Sr. No	Particulars	(Rs in Lakhs)	
		31.03.2022	31.03.2021
1	Bank Guarantees	3,784.82	4,318.01
2	Letter of Credit	315.96	342.97
3	Income tax Demand	7,948.77	1,543.13
4	Forward Exchange Contracts	8,803.43	2,813.99
5	DEAF	1,483.84	1,502.48
6	Others	Nil	Nil
	Total	22,336.82	10,520.58

i) Outstanding Bank Guarantees/ Counter guarantees issued on behalf of customers Rs. 3,784.82 lakh (P.Y. Rs. 4,318.01 lakh). The bank holds cash & equivalent margins against the same of Rs.1,495.52 lakh (P.Y Rs. 1,497.55 lakh)

ii) **Claims against the Bank, not acknowledged as debt: -**

Demand under Income Tax Act Rs.7,948.77 Lakh (P.Y. 1,543.13 Lakh) against which the Bank has preferred appeals with appropriate authorities.

14) Broken Period Interest:

Broken period interest of Rs.65.53 Lakh (P.Y: Rs. 55.11 Lakh /-) is netted off against investment income.

15) Depositor Education and Awareness Fund (DEAF):

As required under RBI circular DBOD no. DEAF.Cell.BC.101/30.01.002/2013-14 dated 21st March, 2014; the Bank has transferred the following amounts to DEAF with RBI. The movement of the DEAF a/c is as follows:

Particulars	(Rs. in Lakhs)	
	31.03.2022	31.03.2021
Opening Balance of amounts transferred to DEAF	1,502.48	1,023.24
Add: Amounts transferred to DEAF during the year	54.66	526.91
Less: Amounts reimbursed by DEAF towards claims*	73.31	47.67
Closing Balance of amounts transferred to DEAF	1,483.83	1,502.48

*Does not include an amount of Rs.6.13 Lakh (P.Y Rs.5.78 Lakh) that has already been paid by the Bank to the eligible depositors, claim for which has been lodged with the RBI and reimbursement of which is expected.

In case of demand from customer/depositors whose unclaimed amount/deposit had been transferred to the fund, the Bank repays the customer/depositor, along with interest, if applicable, and lodges a claim for refund from the Fund for an equivalent amount paid to the customer/depositor. The details of refund made by the Bank in each calendar month are furnished to RBI by the Bank in the prescribed form in the subsequent month.

16) Deposit for utilities:

Other Expenses include an amount of Rs.57,013.98 (P.Y. Rs.1,31,089.00) towards Security Deposits for electricity and telephone written off.

17) Bills for collection (Being bills receivable as per contra) for the current year includes an amount of Rs.24,10,02,244.29/- (P.Y. Rs.38,04,70,538.34/-)being cheques sent for clearing as on 31st March 2022.

18) Bank has upgraded 183 NPA borrower accounts post balance sheet date by considering subsequent recoveries till 29th June, 2022. Due to this, NPA of the Bank has decreased by Rs. 1,679.56 lakhs resulting in decrease in Gross and Net NPA by 0.40% and 0.12% respectively. The Bank has not accrued the interest income towards this upgradation and also has excess provision over the NPA. The details are as under:

Sr. No	Particulars	No. of Accounts	Principal outstandings Amt as on 31/03/2022 (Rs. in lakhs)
i.	Overdue amounts received in borrower accounts where the accounts have been subsequently closed completely.	59	724.54
ii.	Overdue amounts received from 1 st April'2022 to 29 th June, 2022	124	955.02

19) Investments include following Securities:

- Government Securities amounting to Rs. 33,209.48 lacs are pledged with Clearing Corporation of India Limited towards settlement / collateral of guarantee Fund for Security Segment, TREPS & Forex transactions and Government Securities amounting to Rs. 18,675.77 lacs are pledged with RBI for LAF.
- Fixed deposits aggregating to Rs. 932.67 lacs have been pledged with IDBI Bank Ltd. against which line of credit (LC and Bank Guarantee) of Rs. 10.01 lacs are obtained. (P.Y. Fixed Deposits of Rs.1225.59 lacs were pledged with IDBI). Fixed deposits aggregating to Rs.433.09 lacs have been earmarked with Yes Bank Ltd. against which line of credit (LC and Bank Guarantee) of Rs.124.35 lacs is obtained. Fixed Deposits aggregating to Rs. 1,226.38 lakhs have been earmarked with ICICI Bank Ltd. against which line of credit (Bank Guarantee) of Rs.564.44 lakhs is obtained.

20) Write off during the year: -

- a. During the year, the Bank has written off an amount of Rs.394.91 lakh (P.Y Rs. 472.94 lakh) towards bad debts under Rule 49 of Maharashtra State Co-operative Societies Rules 2014 which is identified by the Management as irrecoverable, as approved by the Board of Directors, members in Annual General Meeting and certified as such by the Statutory Auditors. The said amount had been fully provided for in the earlier years and accordingly an equivalent amount has been written back from the Bad and Doubtful Debt Reserve.
- b. Suppliers / service providers covered under Micro, Small, Medium Enterprises Development Act, 2006, have not furnished the information regarding filing of necessary memorandum with the appropriate authority. Therefore, information relating to cases of delays in payments to such enterprises or of interest payments due to delays in such payments, could not be given.

21)

Income Bank assurance Business:

(Rs. In Lakh)

Sr. No.	Particulars	2021-22	2020-21
1	For Selling Life Insurance Policies	69.48	36.64
2	For Selling Non-Life Insurance Policies	28.49	34.64

22) Based on the RBI Inspection Report it has been found as under

Sr.No	Particulars	Amt.in crores
1	Gross NPAs as on March 31,2021 as reported by the bank	444.31
2	Gross NPAs as on March 31,2021 as assessed by RBI	444.31
3	Divergence in Gross NPAs (2-1)	0.00
4	Net NPAs as on March 31,2021 as reported by the bank	58.72
5	Net NPAs as on March 31,2021 as assessed by RBI	58.72
6	Divergence in Net NPAs (5-4)	0.00
7	Provisions for NPAs as on March 31, 2021 as reported by the bank	385.6
8	Provisions for NPAs as on March 31,2021 as assessed by RBI	385.6
9	Divergence in Provisioning (8-7)	0.00
10	Reported Net Profit after Tax(PAT) for the year ended March 31, 2021	72.10
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31,2021 after taking into account the divergence in provisioning	72.10

23) The Management is under the process of implementing new Oracle operating and accounting software and would be switching from the current OMNI software gradually, OMNI system has certain limitations. Due to COVID, the implementation has been delayed. The IT department is implementing the new system and is under the process of rectifying these limitations and same may not have material impact on asset classification and profit for the year.

24) In accordance with the instruction in RBI circular dated April 7,2021 the Bank is

required to refund/ adjust 'interest on interest' to all the borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. As required by the RBI notification, the methodology for calculation of such 'interest on interest' has been circulated by the Indian Banks' Association (IBA). The bank is in the process of suitably implementing this methodology. As at March 31, 2022, the bank has made adhoc provision of Rs.3.00 Crores, estimating the liability towards interest relief, by reducing the same from interest income and crediting to Other liabilities, pending refund/ adjustment of the same to the individual Borrower accounts.

- 25) The Bank has decided to exercise the option of lower tax rate available under section 115BAD of the Income Tax Act, 1961 as introduced by the Finance Act, 2020 w.e.f. Assessment Year beginning on 1st April, 2021.
- 26) Previous year figures are re-grouped or re-arranged wherever necessary to conform to the presentation of the current year.

IV. DISCLOSURES as per RBI Guidelines:

(Rs. In lakh)

Sr. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
1	CRAR		
A	Capital Tier 1	76,876.67	74,877.03
B	Capital Tier 2	11,721.76	11,199.76
C	Risk Weighted Assets	5,09,726.09	5,11,124.43
D	Capital to Risk Asset Ratio to Tier I capital	15.08%	14.65%
E	Capital to Risk Asset Ratio to Tier II capital	2.30%	2.19%
F	Capital to Risk Asset Ratio	17.38%	16.84%
2	Investments (Government Securities/Approved Securities / Bonds)		
A	Face Value	2,81,702.74	2,59,643.54
B	Book Value	2,84,668.99	2,63,719.95
C	Market Value	2,84,246.77	2,71,809.66
D	TREPS Lending	4,997.80	14,163.39
3	Advance Against		
A	Real estate	14,360.01	12,332.62
B	Construction business	23,408.98	28,388.83
C	Housing	69,115.04	68,504.94
4	Advance against Shares and Debentures	Nil	Nil
5	Advance to directors, their relatives, companies / firms in which they are interested:		
A	Fund Based		
	Opening Balance	68.40	91.21
	Additions during year	0.50	11.55
	Less: Recovered	4.13	34.36
	Less: Written Off	--	--

		Closing balance	64.77	68.40
	B	Non-fund based (Guarantees, L/c)		
		Opening Balance	-	-
		Additions during year	-	-
		Less: Recovered	-	-
		Less: Written Off	-	-
		Closing balance	-	-
6		Average Cost of Deposits	5.46%	6.18%
7		NPA's		
	A	Gross NPA's	41,917.39	44,430.27
	B	Net NPA	0.00	5,871.28
Sr. No	Particulars		Year ended March 31, 2022	Year ended March 31, 2021
8		Movement of NPA's		
	I	Gross NPA's		
	A	Opening Balance	44,430.27	35,950.42
	B	Additions during year	7,611.88	29,799.70
	C	Less: Closed / Recovered	9,729.85	20,846.92
	D	Less: Written Off	394.91	472.94
	E	Closing balance	41,917.39	44,430.27
	II	Net NPA's		
	A	At the beginning of the year	5,871.28	7,478.50
	B	At the end of the year	0.00	5,871.28
9		Profitability		
	A	Interest income as a percentage of working funds.	6.86%	7.63%
	B	Non-interest income as percentage of working funds.	0.48%	0.50%
	C	Operating profit as a percentage of working funds.	1.74%	1.90%
	D	Return on Assets (Net Profits)	0.73%	0.76%
	E	Business (Deposit + Advance) per employee	1984.61	2041.05
	F	Profit per employee	12.18	12.30
10		Provision made towards Contingent provisions against depreciation in investment during the year		
		Opening balance	169.50	23.50
		Addition	210.00	146.00
		Written Back		--
		Closing Balance	379.50	169.50
11		Movements in Provisions		
	A	Bad and Doubtful Debt Reserve		
	A	Opening balance	38,558.98	28,471.92
	B	Additions during year	2500.00	7,750.00

	C	Add : - Amt appropriated from profit	2500.00	2,810.00
	D	Reductions during the year	394.91	472.94
	E	Closing Balance	43,164.07	38,558.98
	B	Contingent Provision against Std. Assets		
	A	Opening Balance	1,700.00	1,700.00
	B	Additions during the year	-	-
	C	Reductions during the year	-	-
	D	Closing Balance	1,700.00	1,700.00
12		Repo/Reverse Repo transactions during the year		
	A	Repo	5,900.00	5,900.00
	B	Reverse Repo	36,600.00	22,700.00
13		Payment of insurance premium to DICGC (Net of GST)	915.74	856.73
14		Penalty imposed by RBI for any violation	49.00	NIL

Issuer composition of Non-SLR Investments:

(Rs. in lakh)

Sr. No.	Issuer	Amount as on 31.03.2022	Extent of 'below investment grade' Securities	Extent of 'unrated' Securities	Extent of 'unlisted' Securities
1	PSUs	14,134.61	-	-	-
2	FIs	24,503.59	-	-	-
3	Nationalized Banks		-	-	-
4	Others-CPs		-	-	-
	Total	38,638.20	-	-	-
5	Provision held towards depreciation	Nil	-	-	-

*Exclusive of Fixed deposits placed with other banks

Non-performing Non-SLR Investments:

(Rs. In lakh)

Particulars	2021-22	2020-21
Opening Balance	-	-
Additions during the year	-	-
Reduction during the year	-	-
Closing balance	-	-
Total Provision held	-	-

Particulars of Accounts Restructured:

(Rs. In lakh)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	819	17,096.95	-	-	1,709.70
Corporate persons	94	10,068.05	-	-	1,006.81
Of which, MSMEs	92	9,976.14	-	-	997.61
Others	2	91.91	-	-	9.19
TOTAL	913	27,165.00			2,716.51

Bank has made provision of Rs.28.00 Crore for the F.Y 2021-22.

- 27) During the year the Bank has transferred an amount of Rs. NIL (P.Y Rs. NIL Lakh) being profit on sale of Investment held in HTM category, to IFR through appropriation.
- 28) Commission, Exchange & brokerage include Income from Forex Business Rs. (38.85) lakh as Bank is showing notional depreciation in the revaluation of FCNR (USD). (PY Rs. (48.87) lakh)

29) **Foreign currency Assets and Liabilities**

Particulars	(Rs. In lakh)	
	31.03.2022	31.03.2021
A. Foreign Currency Assets	463.14	69.74
B. Foreign Currency Liabilities	2,375.34	2,116.66

- 30) Bank has borrowed Rs. 59.00 crore in LTRO (P.Y Rs. 59.00 crore). Bank has also entered into several Reverse Repo/LAF Term Variable Reverse Repo transactions (Total turnover Rs. 52,319.00 Crore) in current year.
- 31) The SARS-CoV2 virus responsible for Covid-19 continues to spread across the globe and India. This has resulted in a significant decline and volatility in global and Indian markets and economic activity. Implementation of lockdown and extensions has resulted in disruptions of business and common life. With situation still unfolding, it is difficult to predict time horizons to gauge the impact. Major identified challenges for the Bank borrowers across various industry sectors is expected to arise from eroding cash flows and elongated working capital cycles. The Bank is gearing itself on all fronts to meet these challenges, including creation of additional provisioning buffer. Despite these events and conditions, the Bank's results in future are not expected to be materially adverse nor there be any significant impact on the going concern assumption.
- 32) For recovery in NPAs accounts, wherein the borrower directly deposits money in his accounts, then the amount is first appropriated towards the interest and charges and later towards the principal dues by the OMNI system. In cases where the branch adjusts the amounts received from the borrower in NPA accounts, then in such cases the branch first adjusts the amounts towards the principal and latter towards the interest and charges.
- 33) Bank has settled 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 RS.3,86,11,092/- has been written off. All these cases were recommended by the respective Branches and approved in Recovery Committee meeting and Board of Directors.
- 34) The OMNI 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.
- 35) There are certain deficiencies in the OMNI 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 material.
- 36) 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.

37) Capital work in progress:

The Board of Directors decided to upgrade the CBS system to Oracle Flexcube. The Budgeted cost for CBS as on 28th May, 2019 was Rs.35.97 crores. The forecasted cost for platform software & support, operational cost and professional services is Rs. 10.59 crores. Thus the total CBS and other costs tallies to 46.56 crores. The amount spent till date is Rs. 17.53 crore and as on date the project is at UAT 1 stage. In our judgement the said project is approximately 70% completed.

The project got impacted by COVID-19 pandemic. The Data Migration has also been very challenging due to large legacy data in complex form. The current situation due to Ukraine war and sanctions on Russia has impacted the chip supply to hardware vendors. This in turn is delaying deliveries of hardware which is also a concern. Still we are optimistic that the project plan will go live by December 11, 2022.

38) Capital Charge on Market risk:

Market risk in Trading book - Standardized Modified Duration Approach:

Qualitative Disclosures:

The general qualitative disclosure requirement for market risk: -

Strategies and Processes:

Investment Policy which includes Market Risk Management is in line with the RBI regulations vide circular UBD.BPD.(PCB). Cir. No. 42/09.11.600/2009-10 dated February 8, 2010 and business requirements.

The overall objective of market risk management is to enhance profitability by improving the bank's competitive advantage and mitigate loss from all types of market risk loss events.

Scope and Nature of Risk Reporting / Measurement Systems:

The Bank has regulatory / internal limits for various Instruments in place. Various exposure limits for market risk management such as Overnight limit, Aggregate Gap limit & Investment limit etc. are in place.

The portfolio covered by Standardized Modified Duration Approach for computation of Capital charge for Market Risk includes investment portfolio held under AFS, HFT and Forex Open positions.

Quantitative Disclosures:

Amount of Capital Required

Particulars	(Rs. In Lakh)	
	31.03.2022	31.03.2021
Interest rate risk	6661.43	6249.96
Equity position risk	Nil	Nil
Foreign exchange risk	95.49	94.05

As per our report of even date

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



CA Raman Hangekar
Partner
Membership No.: 030615
Place: Papdy, Vasai
Date:



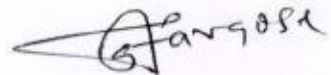
Ryan Fernandes
Chairman



Dominic Dmello
Director



Simon Soares
Vice - Chairman



Sixto Fargose
Acting CEO