

SCHEDULE - ISignificant Accounting Policies and Notes to the Accounts forming part of the Financial Statements for the Year ended 31st MARCH, 2017I. 1. Overview

Bharat Co-operative Bank (Mumbai) Limited, was registered in 1977 and is engaged in providing a wide range of banking and financial services.

2. Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act 1949, The Multi State Co-operative Societies Act, 2002 circulars and guidelines issued by the Reserve Bank of India (RBI), Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and current practices prevailing within the banking industry in India.

3. Use of Estimates

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expense for the reporting period. Actual results could differ from these estimates Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revision in the accounting estimates is recognized prospectively.

II. Significant Accounting Policies:1. Accounting Convention:

The accompanying financial statements have been prepared in accordance with the historical cost convention (as modified by revaluation of assets) and on the going concern concept.

2. Investments and Valuation thereof:

2.1 Categorization

In accordance with the Reserve Bank of India guidelines, the Bank classifies its investment portfolio into the following three categories:

- i) Held to Maturity – Securities acquired by the bank with the intention to hold till maturity.
- ii) Held for Trading – Securities acquired by the bank with the intention to trade within 90 days of purchase.
- iii) Available for sale – Securities not classified either as “Held to Maturity” or as “Held for Trading”.

2.2 Classification of Investments

For the purposes of disclosure in the Balance Sheet and in accordance with RBI guidelines, Investments under each category have been further sub-classified as under:

- (i) Government Securities (ii) Other approved securities (iii) Shares (iv) Bonds of PSU (v) Others.

2.3 Valuation

Valuation of investments held in above categories has been done as follows:

- i) **Held to Maturity** : Investments under this category are carried at their acquisition cost. Premium, if any, paid on acquisition is amortized over the balance period to maturity. Book value of securities is reduced to the extent of amount amortized during the relevant accounting period.
- ii) **Available for Sale / Held for trading** : Investments under this category are marked to market as per RBI guidelines and are valued scrip wise. Appreciation / depreciation is aggregated for each class of securities (as per para 2.2 above) and the net depreciation is provided for. Net appreciation, if any, is ignored.

Market value of government securities is determined on the basis of the pricelist published by RBI or the prices periodically declared by PDAI jointly with FIMMDA for valuation at the year end. In case of unquoted government securities, market price is determined on the basis of rates published by FIMMDA. Market value of other approved securities is determined on the basis of the yield curve and spreads provided by FIMMDA. Market Value of Mutual Funds are determined on the basis of NAV as on 31.03.2017 declared as per guidelines issued by AMFI.

- 2.4. Broken period interest on debt instruments is treated as a revenue item. Brokerage, Commission, etc. paid at the time of acquisition, is charged to revenue.
- 2.5. Profit in respect of investments sold from "HTM" category is included in Profit on sale of investments and a necessary amount is transferred to Investment Fluctuation Reserve by way of appropriation.
- 2.6. Bank follows the settlement date method of accounting for Government of India and State Government Securities in accordance with RBI guidelines.

3. Advances:

- 3.1 Advances are classified as "Performing" or "Non-Performing" based on recovery of principal / interest and are further classified under four categories, that is a) Standard Assets, b) Sub-Standard Assets, c) Doubtful Assets and d) Loss Assets in accordance with the guidelines issued by the Reserve Bank of India.

- 3.2 Provision on advances has been arrived at, on the basis of prudential norms laid down by the Reserve Bank of India on outstanding balances as under :

Standard Assets : at 0.40% to 1.00%

Sub-standard Assets : at 10%

Doubtful Assets : at 20%, 30%, 100% of the secured portion based on the number of years the account remained 'Doubtful' (i.e. up to one year, one to three years and more than three years respectively) and @ 100% of the unsecured portion of the outstanding.

Loss Asset : at 100%

- 3.3 Advances against security of Bank's own Fixed Deposits, National Savings Certificates, Life Insurance Corporation Policies, Indira Vikas Patra, Kisan Vikas Patra are not considered as Non-Performing Assets in accordance with the guidelines issued by the Reserve Bank of India.



- 3.4 In arriving at the provisioning, for determining the value of securities, the value as per the latest valuation reports, wherever obtained, of the assets mortgaged is considered. In case of stock the value as per last stock statement submitted by the borrowers is taken into consideration and in case of fixed assets, the depreciated value of the assets is generally considered.
- 3.5 Overdue interest in respect of non-performing advances is provided for separately under "Overdue Interest Reserve" and is not recognized in the Profit and Loss Account until received as per the directives issued by RBI.
- 3.6 Restructured / Rescheduled accounts:
In case of restructured / rescheduled accounts provision is made for the sacrifice against erosion / diminution in fair value of restructured loans, in accordance with general framework of restructuring of advances issued by RBI. The erosion in fair value of the advances is computed as difference between fair value of the loan before and after restructuring.
- 3.7 Amounts recovered against debts written off in earlier years are recognized in Profit & Loss account.

4. Fixed Assets and Depreciation:

- 4.1 Premises are stated at historical cost (except in the case of certain premises which have been revalued) less accumulated depreciation. The appreciation on account of revaluation is credited to the Revaluation Reserve.
- 4.2 Vehicles are stated at historical cost less accumulated depreciation. Furniture & Fixtures, Computers and Other Fixed Assets are stated at their written down values.
- 4.3 Assets are depreciated on a straight line method at the rates considered appropriate by the management, as given below:.

Premises (including strong room)	-	5%
Furniture & Fixtures	-	10% - 15%
Office Equipments / Civil Work @ Leased Premises	-	20%
Computers	-	33.33%
Vehicles	-	20%
Computer Software (Intangible Assets)	-	33.33%

- 4.4 Depreciation on assets, purchased during the year, is provided for the entire year if the asset is put to use before 30th September, otherwise it is provided at 50% of the normal rate. No depreciation is charged on assets sold during the year.
- 4.5 In the case of assets, which have been revalued, the depreciation is provided on the revalued amount and on the estimate of the remaining useful lives of such asset. The incremental depreciation attributable to the revalued amount, is adjusted against the 'Revaluation Reserve'.

5. Revenue and Expenses Recognition (AS-9)

- 5.1 Items of Income and Expenditure are accounted for on an accrual basis.
- 5.2 Income on Non-Performing Assets is recognised to the extent realised, as per the guidelines issued by the Reserve Bank of India.
- 5.3 Interest on securities which is due and not received for a period of more than 90 days is recognized on realization basis as per Reserve Bank of India guidelines.
- 5.4 Expenses arising out of claims in respect of employee matters under dispute / negotiation is accounted during the year of final settlement / determination.
- 5.5 Recoveries in suit-filed accounts, accounts under securitization & arbitration are appropriated first towards principal and thereafter towards recorded interest and other dues.
- 5.6 Commission, exchange and brokerage is recognized on realization, except for guarantee commission which is recognized on a straight-line basis over the period of the guarantee.
- 5.7 Income from distribution of insurance products is recognized on the basis of business booked.

6. Employee Benefits (AS-15) :

6.1 Defined Contribution Scheme

Retirement benefits in the form of provident fund is a defined contribution scheme. The bank's contribution to the Provident Fund Scheme is recognized as an expense in the Profit and Loss Account on the basis of contribution to the scheme.

6.2 Defined Benefit Scheme-Gratuity

Liability towards gratuity is assessed on the basis of actuarial valuation as at the balance sheet date and is considered as a defined benefit scheme. The valuation is carried out by an independent actuary, as at the balance sheet date, using the projected unit credit method to determine the present value of the defined benefit obligation and the related service costs. Under this method, the determination is based on actuarial calculations, which include assumptions about demographics, early retirement, salary increases and interest rates. Actuarial gain or loss is recognized in the profit / loss account. The Bank makes contributions to funds administered by trustees and managed by insurance companies for amounts as notified by the said actuary.

- 6.3 Short Term Employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

6.4 Leave Encashment

Liability towards compensated absences is assessed on the basis of actuarial valuation as at the balance sheet date and is considered as a defined benefit scheme. The valuation is carried out by an independent actuary, as at the balance sheet date, using the projected unit credit method to determine the present value of the defined benefit obligation. The Bank makes contributions to funds administered by trustees and managed by insurance companies for amounts as notified by the said actuary.



7. Taxes on Income (AS-22):

- 7.1 Provision for current tax is made on the basis of estimated taxable income for the year.
- 7.2 Deferred tax is recognized, subject to consideration of prudence, in respect of the tax effects of timing differences between accounting income and taxable income for the period in respect of items of income and expenses that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the enacted or substantially enacted tax rates at the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future.

8. Foreign Currency Transactions :

Transactions denominated in foreign currencies are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated at the balance sheet date at rates notified by Foreign Exchange Dealers Association of India ('FEDAI'). All profits/losses resulting from year-end revaluations are recognized in the profit and loss account.

Outstanding forward exchange contracts and spot exchange contracts are revalued at year end exchange rates notified by FEDAI. The resulting gains or losses on revaluation are included in the profit and loss account in accordance with RBI/FEDAI guidelines.

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.

9. Lease Accounting (AS-19) :

Lease rental obligations for assets taken on operating lease are recognized in the Profit and Loss Account over the lease term. Initial direct costs are charged to the profit and loss account.

10. Segment Reporting (AS-17) - Basis of preparation :

The classification of exposures to the respective segments conforms to the guidelines issued by RBI. Business Segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organization structure, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

(a) Treasury

The treasury segment includes the investment portfolio, profit / loss on sale of investments, profit / loss on foreign exchange transactions and money market operations. Expenses of this segment consists of interest expenses on funds borrowed from external sources as well as internal sources, relevant administrative expenses and depreciation / amortisation of premium on Held to Maturity category investments.

(b) Other banking operations

Includes all other operations not covered under Treasury Operations.

(c) Geographic Segment

Since the Bank does not have any earnings emanating outside India, the Bank is considered to operate in only the domestic segment.

11. Accounting for Provisions, Contingent Liabilities and Contingent Assets (AS-29)

The Bank recognises provisions 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 will be required to settle the obligation in respect of which reliable estimate can be made.

Provisions are not discounted to its present value and 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.

Where there is a possible or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. In cases where the available information indicates that the loss or the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

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.

12. 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.

III. Notes to the Accounts

1) In terms of guidelines issued by the Reserve Bank of India the following disclosures are made

(` in lac)

	Current Year 31.03.2017	Previous Year 31.03.2016
i Capital to Risk Assets Ratio	13.05%	13.18%
ii <u>Movement of CRAR</u>		
a) Total Capital Funds	92617.12	81934.71
b) Risk Weighted Assets	709863.24	621491.57
iii. <u>Investments:</u>		
a) Face value	259975.50	282275.50
b) Book value	270482.34	287164.32
c) Market Value	271539.21	288168.67
iv. <u>Advances against:</u>		
a) Real Estate	47309.08	34853.09
b) Construction business	NIL	NIL
c) Housing	72610.26	79880.11
v. Advances against shares & debentures	NIL	NIL
vi. <u>Advances to Directors, their relatives, Companies / Firms in which they are interested</u>		
a) Fund Based	91.58	130.58
b) Non-Fund based (Guarantee, L.C. etc.)	NIL	NIL



vii. <u>NPAs</u>		
a) Gross NPAs	36101.29	15673.71
b) Net NPAs	24897.41	7869.84
viii. <u>Movement in Gross NPAs</u>		
a) Opening balance	15673.71	9945.56
b) Additions during the year	42169.97	10504.18
c) Reductions during the year	21742.39	4776.03
d) Balance at the end of the year	36101.29	15673.71
e) Net NPAs	24897.41	7869.84
ix. <u>Profitability</u>		
a) Interest income as a percentage of working funds	8.95%	9.58%
b) Non interest income as a percentage of working funds	1.39%	0.78%
c) Operating profit as a percentage of working funds	1.73%	1.86%
d) Return on Average Assets	1.04%	1.23%
e) Business (Deposits + Advances) per employee	1242.12	1203.44
f) Profit per employee	8.64	9.33
x. Average cost of deposits	7.82%	8.37%
xi. <u>Provisions made towards:</u>		
a) NPAs	1200.00	1700.00
b) Depreciation on Investment	3981.78	1519.19
c) Standard Assets	250.00	355.00
d) Restructured Assets	121.50	56.00
xii. a) Foreign Currency Assets	10703.23	9846.92
b) Foreign Currency Liabilities	1204.47	2248.12
xiii. Insurance Premium paid to DICGC (Paid upto 31/03/2017)	1012.84	839.62

xiv Bancassurance Business :

(` in lac)

Sr No.	Nature of Income	Current Year	Previous Year
1.	For selling life insurance policies	106.78	109.14
2.	For selling non life insurance policies	49.54	35.83
3.	For selling mutual fund products	-	-
4.	Others	10.30	9.99

xv. Movement in Provisions towards

(` in lac)

		Opening Balance	Additions during the year	Reduction during the year	Closing Balance
a)	NPAs	7803.88	3400.00	-	11203.88
b)	Standard Assets	2505.00	250.00	-	2755.00
c)	Contingent Provision against Dep. In Investment	1519.19	3981.78	-	5500.97
d)	Provision for taxes	16874.55	5588.70	4741.55	17721.70

xvi. Market risk in trading book

a)	The bank has determined the market risk i.e. the risk of losses in on-balance sheet and off-balance sheet positions arising out of movement in market prices in respect of securities included under the Held for Trading category, Available for Sale category and Open foreign exchange position limits. The market risk positions subject to Capital Charge is as under :		
b)		(` in lac)	(` in lac)
	Capital requirement for :	Current Year	Previous Year
	Interest rate risk	5146.29	4763.97
	Equity position risk	-	-
	Foreign exchange risk	178.80	106.33

xvii Disclosure of penalties imposed by RBI :

During the financial year the bank has not been subjected to any penalty for contravention or non compliance with any requirement of the Banking Regulation Act, 1949 or any rules or conditions specified by the Reserve Bank of India in accordance with said Act. There was however one instance of SGL bouncing, due to shortage of balance in SGL Account, for which the bank was cautioned.

2) Management of the Non-SLR Investment portfolio :

i. Issuer Composition of Non-SLR Investments

(` in lac)

No.	Issuer	Amount	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted' securities
1	2	3	4	5	6
1.	PSUs	Nil	-	-	-
2.	Fls	Nil	-	-	-
3.	Public Sector Banks	Nil	-	-	-
4.	Mutual fund	Nil	-	-	-
5.	Others	25.01 (25.01)	-	-	25.01 (25.01)
6.	Provision held towards depreciation	Nil	-	-	-
	Total	25.01 (25.01)	-	-	25.01 (25.01)

Note : Figures in brackets represent previous year's figures.

ii. Non performing Non-SLR investments

Particulars	Current Year	Previous Year
Opening Balance	Nil	Nil
Additions during the year	Nil	Nil
Reductions during the above period	Nil	Nil
Closing Balance	Nil	Nil
Total provisions held	Nil	Nil

3) In connection with Repo / Reverse Repo transactions :

(` in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As on 31.03.2017
Security sold under Repos	-	-	-	-
Security purchased under Reverse Repos	315.19	853.72	600.35	-

4) Particulars of loans subjected to restructuring as on 31st March, 2017 is as under. (₹ in lac)

		Housing Loans	SME Debt Restructuring	Others
Standard advances restructured	No. of Borrowers	2 (3)	7 (9)	7 (4)
	Amount outstanding	10.50 (11.26)	2490.42 (2616.86)	4527.98 (572.09)
	Sacrifice (diminution in the fair value)	0.46 -	104.50 (74.04)	98.27 (7.68)
Sub - Standard advances restructured	No. of Borrowers	-	-	1 (1)
	Amount outstanding	-	-	2653.22 (2898.70)
	Sacrifice (diminution in the fair value)	-	-	168.94 (168.18)
Doubtful advances restructured	No. of Borrowers	- -	3 (3)	4 (4)
	Amount outstanding	- -	213.39 (217.44)	60.76 (64.08)
	Sacrifice (diminution in the fair value)	- -	0.13 (0.36)	0.16 (0.16)
Total	No. of Borrowers	2 (3)	10 (12)	12 (9)
	Amount outstanding	10.50 (11.26)	2703.81 (2834.30)	7241.95 (3534.88)
	Sacrifice (diminution in the fair value)	0.46 -	104.63 (74.40)	267.37 (176.02)

Provision required as per RBI guidelines ₹ 372.46 lac. Provision held ₹ 372.50 lac.

5) Intangible Assets - details of Computer Software-Other than Internally generated. (AS- 26) (₹ in lac)

Particulars	Current Year	Previous Year
Opening balance (at cost) as on 1st April, 2016	1792.43	1707.77
Add: Additions during the year	159.78	84.66
Sub Total (A)	1952.21	1792.43
Less : Amortisation		
Opening Balance	1222.20	735.88
Add : Amortisation during the year	533.84	486.32
Sub Total (B)	1756.04	1222.20
Net Carrying amount as on 31st March, 2017 (A-B)	196.17	570.23

Amount of commitments (net of advance) for the acquisition of computer software ₹ Nil (Previous year ₹ Nil)

6) Segment Reporting- Information about Business and Geographical segments: (AS -17)

Primary Segment Reporting (by Business Segments)

(₹ in lac)

Business Segments Particulars	Treasury		Other Banking Operations		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	41832.43	28121.07	86274.93	84203.31	128107.36	112324.38
Result	6419.16	1309.22	10775.26	16074.30	17194.42	17383.52
Unallocated Expenses	-	-	-	-	-	-
Operating Profit	-	-	-	-	17194.42	17383.52
Income Taxes	-	-	-	-	5286.14	5635.21
Extraordinary profit /loss	-	-	-	-	-	-
Net Profit	-	-	-	-	11908.28	11748.31
Other Information						
Segment Assets	394174.36	336619.03	801283.27	702090.21	1195457.63	1038709.24
Unallocated Assets	-	-	-	-	20724.42	18884.97
Total Assets	-	-	-	-	1216182.05	1057594.21
Segment Liabilities	15988.43	9386.56	1182471.92	1031333.10	1198460.35	1040719.66
Unallocated Liabilities	-	-	-	-	17721.70	16874.55
Total Liabilities	-	-	-	-	1216182.05	1057594.21

Notes:

- a) Segments are reported considering the nature of products or services, class of customers for the products/services, different risks and returns attributable to them, organisation structure and internal management information system.
 - b) The Bank reports its operations in the following segments :
 - i) Treasury : Dealing operations in Forex / Money Market instruments
 - ii) Other Banking Operations : Comprising of corporate, retail banking business & allied services.
 - c) The business operations are concentrated in India hence information about secondary segment i.e. geographical segment is not given.
 - d) Segment liabilities exclude Capital and Reserves other than those specifically identifiable with a segment.
 - e) In determining segment results, the funds transfer price mechanism followed by the Bank has been used.
- 7) Employee Benefits (AS-15):
- a. Defined contribution Plans viz Provident fund and other similar funds. The amount recognized as expense towards contributions to provident fund is ` 606.95 lac (previous year ` 450.27 lac).
 - b. Defined Benefit Plans.

Gratuity Plan:

The bank has set up a Group Gratuity Scheme and makes an annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), and HDFC Standard Life Insurance Company Limited a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based on completed year of service or partly thereof in excess of six months. Vesting occurs on completion of five years of service. Present value of plan assets represents the balance available with the LIC & HDFC as at the end of the period. Defined benefit asset is recognized subject to the consideration of prudence and materiality.

The following table sets out the status of funded gratuity plan for the year ended March 31, 2017 as required under AS-15: (` in lac)

	Current Year	Previous Year
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	3060.65	2837.95
Current service Cost	148.76	140.54
Interest Cost	256.79	223.63
Actuarial (Gain)/Loss	730.57	(66.00)
Benefits Paid	(190.58)	(75.47)
Closing Defined Benefit Obligation	4006.19	3060.65
Change in the Fair Value of Assets		
Opening in Fair Value of Assets	3060.65	2837.95
Expected Return on Plan Assets	256.79	223.63
Actuarial Gain/(Loss)	(19.04)	14.24
Contribution by Employer	898.37	60.30
Benefits Paid	(190.58)	(75.47)
Closing Fair Value of Plan Assets	4006.19	3060.65
Net Asset / (Liability) recognized in the Balance Sheet	-	-



Expenses for the year	Current Year	Previous Year
Current Service Cost	148.76	140.54
Interest on Defined Benefit Obligation	-	-
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss	749.61	(80.24)
Total Included in Employment Expenses	898.37	60.30
Actual Return on Plan Assets	237.75	237.86
Category of Assets	Insurer Managed Funds	Insurer Managed Funds

The Assumptions used in accounting for the gratuity are set out below :

	Current Year	Previous Year
Discount rate	7.63%	8.39%
Attrition Rate	2.00%	2.00%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Salary Escalation Rate	4.00%	4.00%
Retirement Age	58 – 60 years	58 – 60 years
Expected Rate of return on plan assets (*)	7.63%	8.39%

*Expected rate of return on plan assets is based on expectation of the average long term rate of return expected to prevail over the estimated term of the obligation. The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotions and other relevant factors.

Assets allocation : Since the investments are held in the form of deposit with LIC/HDFC, these are not volatile and the market value of assets is the cost value of assets and has been accordingly considered for the above disclosures.

8) Operating lease comprises of leasing of office premises. Disclosures as per AS-19 is as under: (` in lac)

	Current Year	Previous Year
Future lease rental payable as at the end of the year :		
-Not later than one year	1726.28	1524.55
-Later than one year and not later than five years	6307.01	6152.93
-Later than five years	8214.72	9244.42
Total minimum lease payments recognized in the profit and loss account for the year	1826.63	1490.68
Total of future minimum sub-lease payment expected to be received under non-cancelable sub-lease	-	-
Sub-lease payments recognized in the profit and loss account for the year	-	-

9) The major components of Deferred Tax Assets/ (Liabilities) is as under (AS-22): (` in lac)

Sr. No.	Particulars	Current Year	Previous Year
1	On account of timing difference towards provision	959.01	830.43
2	On account of timing difference between book and Income Tax depreciation	(297.42)	(338.01)
3	On account of amortisation / depreciation on securities	1360.00	1202.26
		2021.58	1694.68

10) Investments :

- i) As per RBI guidelines, the excess of acquisition cost over face value of securities held under the category "Held to Maturity" is amortised over the residual life of securities. The amount amortized during the year is ` 467.23 lac (previous year ` 440.23 lac)
- ii) In terms of RBI guidelines, the bank has during the year transferred a portion of Government Securities (SLR) kept in "Held to Maturity" category to "Available for Sale" category. The resultant depreciation of the same was NIL. During the previous year the bank had transferred a portion of Government Securities kept in "Available to Sale" category to "Held to Maturity" category. The resultant depreciation of ` 580.09 lac was charged to the Profit & Loss Account. No transfer from "Available for Sale" category to "Held to Maturity" was made during the year.

11) Contingent Liabilities :

- i) Claims against the Bank not acknowledged as debts.
 - a) The income tax authorities have raised a demand of ` 332.80 lac (Previous Year ` 280.15 lac) for various assessment years which is contested by the Bank in appeal and against which the bank has deposited/paid ` 241.38 lac (Previous Year ` 134.32 lac). No provision is considered necessary in respect of these demands as, in the Bank's view, duly supported by counsels opinion and / or judicial pronouncements the demands made are not sustainable.
 - b) Maintenance charges in respect of one of the bank's premises ` 12.60 lac (Previous Year ` 18.53 lac), which matter is under dispute.
 - c) The MCGM has raised demands, retrospectively from 1st April 2010, on account of Property taxes based on capital values in respect of some of the bank's premises. The Bank has objected to the levy and mode of calculation. The issue of chargeability and basis of calculation being under dispute and not finalized the final liability, if any, is not ascertainable and not provided for.
- ii) Other items for which the bank is contingently liable – Amount transferred to DEAF (Deposits unclaimed for 10 years or more).

Particulars	Current Year (` in lac)	Previous Year (` in lac)
Opening balance of amounts transferred to DEAF	1201.17	1030.98
Add: Amounts transferred to DEAF during the year	216.40	170.19
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF *	1417.57	1201.17

*Inclusive of ` 42.47 lac (` 31.29 lac) paid to the eligible depositors.

- 12) Certain premises of the Bank have been restated at their respective market values based on the valuation reports obtained from professionally qualified independent valuers. The original cost of premises subject to revaluation, during the year is ` 3294.56 lac (Previous Year ` 1358.83 lac). The net appreciation of ` 4179.57 lac (Previous Year ` 4934.38 lac) arising on revaluation, being the difference between the net book value of ` 1829.43 lac (Previous Year ` 441.62 lac) and revalued amount of ` 6009.00 lac (Previous Year ` 5376.00 lac) has been recognized as "Revaluation Reserve".
- 13) Depreciation for the year includes ` NIL (Previous Year ` 27.35 lac) being prior period item on account of reversal of excess depreciation charged on revalued premises in the earlier year.



- 14) There are no material prior period item's, except as disclosed elsewhere, included in Profit and Loss account required to be disclosed as per Accounting Standard 5 read with the Reserve Bank of India guidelines. Therefore these have been charged/accounted for/to their respective head of accounts.
- 15) There are no related parties requiring disclosure under Accounting Standard 18 i.e. Related Party Disclosures issued by the Institute of Chartered Accountants of India other than the Key Management Personnel i.e. Mr. C. R. Mulky, Managing Director & Chief Executive Officer of the Bank. In terms of RBI Circular dated 29th March, 2003 they being a single party coming under this category, no further details need to be disclosed.
- 16) Impairment of Assets (AS-28): No material impairment of Assets has been identified by the Bank and as such no provision is required.
- 17) Suppliers/Service Providers covered under the Micro, Small and Medium Enterprises Development Act, 2006 have not furnished the information regarding filing of necessary memorandum with the appropriate authority In view of the same, information relating to cases of delays in payments to Micro, Small and Medium enterprises or of interest payments due to delays in such payments cannot be given.
- 18) Provision for Taxes:

The break up of provision for Taxes appearing in the Profit & Loss Account is as under :

	(` in lac)	
	Current Year	Previous Year
Current Income Tax	5580.00	5817.00
Deferred Tax	(326.90)	(218.79)
Tax paid for earlier years	33.04	37.00
	5286.14	5635.21

- 19) Previous Year's figures have been regrouped / rearranged wherever necessary to conform to those of the Current Year.

For BHARAT CO-OPERATIVE BANK (MUMBAI) LTD.

Sd/-
JAYA C. SUVARNA
 Chairman

Sd/-
ROHINI J. SALIAN
 Vice-Chairperson

Sd/-
C. R. MULKY
 Managing Director & CEO

Mumbai,
 Dated : 24th April, 2017