

**SCHEDULE – I****Significant Accounting policies and Notes to the Accounts forming part of the Financial Statements for the year ended 31st MARCH, 2019****I. 1. Background**

Bharat Co-operative Bank (Mumbai) Limited, was registered in 1977 and provides a wide range of corporate and retail banking products.

2. Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting unless otherwise stated 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) from time to time, the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and current practices prevailing within the banking industry in India.

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

3. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities as on the date of the financial statements. Actual results could differ from those 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 and ongoing concern basis.

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, Investments are classified as required under the Banking Regulation Act, 1949 and RBI guidelines as follows:-

- (i) Government Securities (ii) Other approved securities (iii) Shares in Co-operative institutions (iv) Shares of Limited Companies (v) PSU Bonds (vi) 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) **Held for trading** : The Individual scrip in the HFT category is marked to market at monthly intervals. The net resultant depreciation in each classification (as per para 2.2 above) is recognized in the Profit and Loss Account. Net appreciation, if any, is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marked to market.
- iii) **Available for Sale** : The individual scrip in the AFS is marked to market at the year end. The net resultant depreciation in each classification (as per para 2.2 above) is recognized in the Profit and Loss Account. Net appreciation, if any, is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marked to market.
- iv) Transfer of securities from HFT/AFS category to HTM category is carried out at the lower of acquisition cost/book value/market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. Transfer of securities from HTM category to AFS category is carried out at acquisition price/book value. After transfer, these securities are immediately revalued and the resultant depreciation, if any, is provided.
- v) Market value of government securities (excluding treasury bills) is determined on the basis of the quotes published by RBI or the prices periodically declared by PDAI jointly with FBIL for valuation at the year end. In case of unquoted government securities, market price or fair value is determined on the basis of rates published by FBIL.
- vi) Market value of other approved securities is determined on the basis of the yield curve and spreads provided by FBIL. Market values of Mutual Funds are determined on the basis of NAV as on 31.03.2019 declared as per guidelines issued by AMFI.



- vii) Equity shares are valued at cost or at the closing quotes on a recognized stock exchange, whichever is lower.
- viii) Treasury bills are valued at carrying cost, net of discount amortised over the period of maturity.
- ix) Certificate of Deposits and Commercial Paper are valued at carrying cost.
- x) Units of Mutual Funds are valued at the lower of cost and net asset value provided by the respective Mutual Funds.
- xi) Security Receipts –These are valued at Net Asset Value as provided by the Asset Reconstruction Company.
- xii) 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.

2.4. 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.

2.5. Bank follows the settlement date method of accounting for Government of India and State Government securities in accordance with RBI guidelines.

2.6. Accounting for Repo/Reverse Repo transactions (including transactions under the liquidity adjustment facility (LAF) with the RBI)

The securities sold and purchased under Repo/Reverse Repo are accounted as Collateralized Borrowing and Lending transactions. However, securities are transferred as in the case of normal outright sale/purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and contra entries. The above entries are reversed on the date of maturity. Costs and revenue are accounted as interest expenditure/ income, as the case may be. Balance in Repo account is classified under Borrowings and balance in Reverse Repo/TREPS account is classified under Money at Call and Short notice.

The accounting and disclosure of LAF is in accordance with the norms stipulated by RBI vide its Circular No. FMRD.DIRD. 10/14.03.002/2015-16 dated 19th May, 2016 and FMOD.MAOG. No.116/01.01.001/2016-17 dated 10th November, 2016.

3. Provisioning for Advances and Overdue Interest Reserve :

3.1 Advances are classified into Standard, Sub-Standard, Doubtful Assets and Loss Assets in accordance with the guidelines issued by the Reserve Bank of India from time to time.

- 3.2** Provision on non-performing advances is arrived at on the basis of prudential norms laid down by the Reserve Bank of India. In addition to this, in accordance with RBI guidelines, a general provision on standard assets is made @ 0.40% of the outstanding amount except in case of direct advances to Agricultural and SME sector @ 0.25%, Advances to Commercial Real Estate @ 1.00%, Commercial Real Estate-Residential House Sector @ 0.75% and in case of loans to eligible MSME borrowers registered under the GST Act @ 5%.
- 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 available, 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. Cash and Cash Equivalents (for purposes of Cash Flow Statement) :**
- Cash and cash equivalents comprises cash on hand, balances with other banks (excluding term deposits), money at call and short notice and highly liquid time deposits that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
- 5. Cash Flow Statement (AS-3) :**
- Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Bank are segregated based on the available information.

**6. Revenue Recognition (AS-9) :**

- 6.1 Items of Income and Expenditure are accounted for on an accrual basis, except as otherwise stated.
- 6.2 Income on Non-Performing Assets is recognised to the extent realised, as per the guidelines issued by the Reserve Bank of India.
- 6.3 Interest on Government securities, debentures and other fixed income securities is recognized on accrual basis. 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.
- 6.4 Income (other than interest) on investments in “Held to Maturity” (HTM) category acquired at a discount to the face value in case of interest bearing securities is recognized only at the time of sale/redemption.
- 6.5 Expenses arising out of claims in respect of employee matters under dispute / negotiation is accounted during the year of final settlement / determination.
- 6.6 Recoveries in suit-filed accounts, accounts under securitization & arbitration are appropriated first towards principal and thereafter towards recorded interest and other dues.
- 6.7 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.
- 6.8 Dividend income is accounted on receipts basis.
- 6.9 Income from distribution of insurance products is recognized on the basis of business booked.

7. Property, Plant and Equipment (AS 10) :

- 7.1 The bank follows the cost model for determining the gross carrying amount of Premises and for other assets.
- 7.2 Property, Plant and Equipment (PPE), are carried at cost less accumulated depreciation and impairment if any. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the asset.
- 7.3 Deprecation is charged on PPE on a straight line method at the rates considered appropriate and based on the estimate of the remaining useful lives of such assets by the management. The rates charged are as given below:

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

7.4 Premises, Vehicles and Computer Software are stated at historical cost less accumulated depreciation. Furniture & Fixtures and Computers are stated at their written down values.

7.5 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.

7.6 Fixed Assets at employees residence are depreciated at the rates as prescribed in Para 7.3.

7.7 Fixed assets which have been fully depreciated but are still in use, are carried in the books at ₹1/-.

8. Employee Benefits (AS-15) :

8.1 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.

8.2 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 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 for amounts as notified by the said actuary. 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.

- 8.3 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.

8.4 **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.

9. **Borrowing Costs (AS-16) :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs, are capitalized as part of the cost of the asset upto the date when the asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred. No borrowing cost has been incurred during the year requiring capitalization.

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. Related Party Disclosures (AS-18) :

There are no related parties requiring disclosure under Accounting Standard 18 other than the Key Management Personnel. Since Mr. C. R. Mulky, Managing Director & Chief Executive Officer of the Bank is a single party under the category Key Management Personnel, no further details need to be disclosed in terms of RBI Circular dated 29th March, 2003.

12. Operating Leases (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.

13. Earnings per share (AS-20) :

Basic earning per share is calculated by dividing the net profit or loss for the year by the weighted average number of shares outstanding during the year calculated on monthly basis.

14. Income Tax (AS-22) :

14.1 Income Tax expense comprises of current tax and deferred tax. Current Tax is provided for and Deferred Tax is accounted for in accordance with the applicable provisions of the Income Tax Act, 1961 and rules framed thereunder.

14.2 Provision for current tax is made on the basis of estimated taxable income for the year.

14.3 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.

15. Discontinuing Operations (AS-24) :

Principles of recognition and measurement as set out in the Accounting standards are considered for the purpose of deciding as to when and how to recognize and measure the changes in assets and



liabilities and the revenue, expenses, gains, losses and cash flows relating to a discontinuing operation. There were no discontinuing operations as defined in the standard which need to be separately disclosed.

16. Intangible Assets (AS-26) :

Intangible assets consist of Computer Software acquired/self-created. The same is amortized equally over the period of three years (@ 33.33%).

17. 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.

18. Deposits for Services :

Security deposits for Telephone services are written off equally over a period of 20 years.

19. 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.

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

A provision is recognized when the Bank 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.

Contingent Assets, if any, are not recognized in the financial statements. However contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

Contingent liability is disclosed when there is a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank or any present obligation arising from past event which is not recognized since it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of such obligation cannot be made.

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 31.03.2019	Previous Year 31.03.2018
i. Capital to Risk Assets Ratio	13.32%	13.00%
ii. Movement in CRAR		
a) Total Capital Funds	110951.52	99897.78
b) Risk Weighted Assets	832784.81	768395.94
iii. Investments:		
a) Face Value	275845.60	282634.60
b) Book Value	280749.41	290654.93
c) Market Value	278188.39	282232.82
iv. Advances against:		
a) Real Estate	52268.09	52860.65
b) Construction business	NIL	NIL
c) Housing	107460.29	90661.95
v. Advances against shares & debentures	NIL	NIL
vi. Advances to Directors, their relatives, Companies / Firms in which they are interested		
a) Fund Based	1.09	39.71
b) Non-Fund based (Guarantee, L.C. etc.)	NIL	NIL
vii. NPAs		
a) Gross NPAs	57975.53	38343.85
b) Net NPAs	32651.64	22570.97
viii. Movement in Gross NPAs		
a) Opening balance	38343.85	36101.29
b) Additions during the year	46030.84	15549.80
c) Reductions during the year	26399.16	13307.24
d) Balance at the end of the year	57975.53	38343.85
e) Net NPAs	32651.64	22570.97



ix.	Profitability		
	a) Interest income as a percentage of working funds	8.91%	9.04%
	b) Non interest income as a percentage of working funds	0.63%	0.83%
	c) Operating profit as a percentage of working funds	1.52%	1.61%
	d) Return on Average Assets	0.75%	0.78%
	e) Business (Deposits + Advances) per employee	1425.63	1320.41
	f) Profit per employee	6.77	6.64
x.	Average cost of deposits	6.92%	6.98%
xi.	Provisions made towards:		
	a) NPAs	3900.00	1500.00
	b) Depreciation on Investment	NIL	2378.77
	c) Standard Assets	193.00	530.00
	d) Restructured Assets	686.00	470.00
xii.	a) Foreign Currency Assets	11963.24	11717.19
	b) Foreign Currency Liabilities	467.36	621.03
xiii.	Insurance Premium paid to DICGC (including GST) (Paid upto 31/03/2019)	1260.96	1147.09

xiv. Bancassurance Business :

(₹ in lac)

Sr. No.	Nature of Income	Current Year	Previous Year
1.	For selling life insurance policies	117.04	121.61
2.	For selling non-life insurance policies	72.97	59.71
3.	For selling mutual fund products	-	-
4.	Others	9.04	9.38

xv. Movement in Provisions towards

(₹ in lac)

		Opening Balance	Additions during the year	Reduction during the year	Closing Balance
a)	NPAs	15772.87	9887.00	335.98	25323.89
b)	Standard Assets	3285.00	193.00	-	3478.00
c)	Contingent Provision against Dep. In Investment	7879.74	-	2607.29	5272.45
d)	Provision for taxes	16733.74	6400.00	5825.70	17308.04

xvi. Market risk in trading book

a.	<p>Qualitative Disclosures : Market Risk is the risk that the value of investment may undergo change over a given time period, simply because of economic changes or other events that impact the financial markets. In other words, Market Risk is calculated for both, adverse movement in the price of an individual security owing to factors related to the individual issuer as well as interest rate risk in the portfolio.</p> <p>Methodology : The bank follows the Standardised Duration Approach for calculation of Market Risk. The bank manages the Market Risk in the books on an ongoing basis and ensures that the capital requirement for Market Risk is being maintained on a continuous basis i.e. at the closure of each business day.</p> <p>The capital charge is applied to the market value of securities in the Banks trading book. Market value is determined as per the external RBI guidelines on valuation investments. Minimum Capital Requirement is worked out separately for 'General Market Risk' –for interest rate risk in the portfolio.</p> <p>Scope : The portfolios covered under the said approach include,</p> <p style="margin-left: 20px;">a. Securities included under the Available for Sale (AFS) category.</p> <p style="margin-left: 20px;">b. Open Foreign Exchange Position Limits.</p> <p>Infrastructure / MIS & Reporting : The Investment Policy as approved by the Board of Directors provides detailed guidelines for all operational procedure, settlements, valuations and risk controls pertaining to the investments. A separate mid-office is also in place which acts as an intermediary, monitoring compliance of regulatory guidelines and of the Banks Investment Policy and undertakes reporting to higher management.</p> <p>Parameters for risk measurement : Risk Management and reporting is based on parameters such as Modified duration, Net Open Position Limits, Gap limits, Value-at-Risk (VaR).</p>		
b.	Quantitative Disclosures	(₹ in lac)	(₹ in lac)
	Capital requirement for :	Current Year	Previous Year
	Interest rate risk	3269.63	4962.06
	Equity position risk	-	-
	Foreign exchange risk	199.51	113.72

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, However a penalty of ₹ 1.75 lac (previous year ₹ Nil) on account of counterfeit notes detected during processing of Specified Bank Notes (SBN) was levied during the year.

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.	FIs	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 during the year	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	As on 31.03.2019
Security sold under Repos	-	-	-	-
Security purchased under Reverse Repos	9.32	483.34	82.10	-

4) Particulars of loans subjected to restructuring as on 31st March, 2019 is as under. (₹ in lac)

		Housing Loans	SME Debt Restructuring	Others
Standard advances restructured	No. of Borrowers	2 (2)	10 (3)	12 (11)
	Amount outstanding	13.52 (9.64)	10697.57 (629.07)	17874.97 (19370.3)
	Sacrifice (diminution in the fair value)	0.39 (0.38)	496.74 (44.96)	496.68 (604.17)
Sub - Standard advances restructured	No. of Borrowers	- -	- -	1 (-)
	Amount outstanding	-	-	627.70 (-)
	Sacrifice (diminution in the fair value)	-	-	28.27 (-)
Doubtful advances restructured	No. of Borrowers	-	2 (3)	2 (3)
	Amount outstanding	-	2723.65 (1431.53)	12601.90 (2714.36)
	Sacrifice (diminution in the fair value)	-	92.20 (41.93)	405.52 (146.02)
Total	No. of Borrowers	2 (2)	12 (6)	15 (14)
	Amount outstanding	13.52 (9.64)	13421.22 (2060.60)	31104.57 (22084.66)
	Sacrifice (diminution in the fair value)	0.39 (0.38)	588.94 (86.89)	930.47 (750.19)

Provision required as per RBI guidelines as on 31.03.2019 ₹1519.80 lac. Actual provision held ₹1528.50 lac.

5) **MSME accounts restructured :**

No of accounts Restructured	Amount (₹ in lac)
NIL	NIL

6) **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 ₹ 673.97 lac (previous year ₹ 634.89 lac).
- b. Defined Benefit Plans.

Gratuity and Leave Encashment :

The following table sets out the status of funded gratuity & leave encashment plan for the year ended March 31, 2019 as required under AS-15 : (₹ in lac)

	Gratuity (Funded)		Leave Encashment (Funded)	
	Current year	Previous year	Current year	Previous year
Change in Defined Benefit Obligation				
Opening Defined Benefit Obligation	4263.20	4006.19	2256.39	2071.18
Current service Cost	208.03	199.98	128.38	120.96
Interest Cost	343.62	305.67	181.86	158.03
Actuarial (Gain)/Loss	(31.18)	(40.03)	(47.97)	(2.76)
Benefits Paid	(218.67)	(208.61)	(83.79)	(91.02)
Closing Defined Benefit Obligation	4565.00	4263.20	2434.87	2256.39
Change in the Fair Value of Assets				
Opening in Fair Value of Assets	4263.20	4006.19	2256.39	2071.18
Expected Return on Plan Assets	343.61	305.67	181.86	158.03
Actuarial Gain/(Loss)	(20.81)	(25.36)	(5.32)	(20.37)
Contribution by Employer	197.66	185.31	85.73	138.57
Benefits Paid	(218.67)	(208.61)	(83.79)	(91.02)
Closing Fair Value of Plan Assets	4565.00	4263.20	2434.87	2256.39
Net Asset /(Liability) recognized in the Balance Sheet	-	-	-	-



Expenses for the year	Current year	Previous year	Current year	Previous year
Current Service Cost	208.03	199.98	128.38	120.96
Interest on Defined Benefit Obligation	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (Gain)/Loss	(10.37)	(14.67)	(42.65)	17.60
Total Included in Employment Expenses	197.66	185.31	85.73	138.57
Actual Return on Plan Assets	328.80	280.31	176.55	137.66
Category of Assets	Insurer Managed Funds	Insurer Managed Funds	Insurer Managed Funds	Insurer Managed Funds

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

	Current year	Previous year	Current year	Previous year
Discount rate	7.94%	8.06%	7.94%	8.06%
Attrition Rate	3.00%	3.00%	3.00%	3.00%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Salary Escalation Rate	4.00%	4.00%	4.00%	4.00%
Retirement Age	58 – 60 years	58 – 60 years	58 – 60 years	58 – 60 years
Expected Rate of return on plan assets (*)	7.94%	8.06%	7.94%	8.06%

* 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.

7) Segment Reporting-Information about Business and Geographical segments: (AS-17)
 Primary Segment Reporting (by Business Segments) (₹ in lac)

Business Segments Particulars	Treasury		Other Banking Operation		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	31272.30	30818.66	95360.24	88795.67	126632.84	119614.33
Segment Cost	28482.95	30221.19	83264.21	73499.46	111747.16	103720.65
Result	2789.35	597.47	12096.33	15296.21	14885.68	15893.68
Unallocated Expenses	-	-	-	-	-	-
Operating Profit	-	-	-	-	14885.68	15893.68
Income Taxes	-	-	-	-	5169.29	5000.31
Extraordinary Profit /Loss	-	-	-	-	-	-
Net Profit	-	-	-	-	9716.39	10893.37
Other Information						
Segment Assets	393825.01	350128.98	1000191.23	902429.44	1394016.24	1252558.42
Unallocated Assets	-	-	-	-	20341.32	19110.89
Total Assets	-	-	-	-	1414357.56	1271669.31
Segment Liabilities	13544.31	13775.25	1383505.20	1241154.82	1397049.51	1254930.07
Unallocated Liabilities	-	-	-	-	17308.05	16739.24
Total Liabilities	-	-	-	-	1414357.56	1271669.31

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 and 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.
- f) Treasury result is net of transfer from IFR.



- 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	2290.66	1826.66
-Later than one year and not later than five years	5293.87	6310.80
-Later than five years	10981.26	9370.09
Total minimum lease payments recognized in the profit and loss account for the year	1826.66	1918.38
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	2551.53	1462.38
2	On account of timing difference between book and Income Tax depreciation	(336.76)	(365.24)
3	On account of amortization / depreciation on securities	1482.13	1369.05
4	Special Reserve u/s 36(i)(viii)	(69.88)	(69.88)
		3627.02	2396.31

- 10) Intangible Assets - details of Computer Software-Other than Internally generated. (AS-26)

- a) Amortization rates used at 33.33% p.a. on straight line method. (₹ in lac)

Particulars	Current Year	Previous Year
Opening balance (at cost) as on 1 st April, 2018	2109.20	1952.22
Add : Additions during the year	50.29	156.98
Sub Total (A)	2159.49	2109.20
Less : Amortisation		
Opening Balance	1909.96	1756.05
Add : Amortisation during the year on SLM basis @33.33%	132.16	153.91
Sub Total (B)	2042.12	1909.96
Net Carrying amount as on 31 st March, 2019 (A-B)	117.37	199.24

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

11) 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 ₹ 644.89 lac (previous year ₹ 627.74 lac).
- ii) In terms of RBI guidelines the bank has transferred a portion of Government securities kept in "Available for Sale" category to "Held to Maturity" category and from "Held to Maturity" to "Available for Sale". The resultant depreciation is ₹ 1753.71 lac (Previous year ₹ 2418.71 lac) is charged to the Profit & Loss account.

12) Contingent Liabilities :

- i) Claims against the Bank not acknowledged as debts
- a) The income tax authorities have raised a demand of ₹177.89 lac (Previous year ₹187.99 lac) for various assessment years which is contested by the Bank in appeal and against which the bank has deposited/paid ₹177.89 lac (Previous year ₹128.50 lac). No provision is considered necessary in respect of these demands as, in the Bank's view, duly supported by counsel's opinion and / or judicial pronouncements the demands made are not sustainable.
- b) Maintenance charges in respect of one of the bank's premises ₹21.15 lac (Previous year ₹15.86 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.
- d) The bank is in receipt of an audit objection from the Service Tax department seeking reversal of CENVAT claimed ₹240.70 lac (previous year ₹ 240.70 lac) for the period 2012-2017. No order has been received. No provision for the same is considered necessary as in the opinion of the bank, duly supported by counsel's opinion, the objection raised is not sustainable.



- ii) Other items for which the bank is contingently liable – Amount transferred to The Depositor Education and Awareness Fund Scheme 2014 (DEAF) as per RBI Circular dated 27-05-2014.

Particulars	Current Year (₹ in lac)	Previous Year (₹ in lac)
Opening balance of amounts transferred to DEAF	1582.20	1375.10
Add : Amounts transferred to DEAF during the year	194.09	222.08
Less : Amounts reimbursed by DEAF towards claims	26.48	9.75
Less : Amounts yet to be settled by DEAF	-	5.23
Closing balance of amounts transferred to DEAF	1749.81	1582.20

- 13) **Earnings per Share (EPS) :** (₹ in lac)

Particulars	Current Year	Previous Year
Net Profit after taxation	9716.39	9337.89
Weighted average no of shares	2640.84	2323.77
EPS (in actuals - ₹)	3.67	4.02

- 14) **Long Term Subordinated (Tier-II) Deposits :**

In accordance with the approval granted by RBI vide its letter no.SBEPV.MUSHEKA.B.S.S. II3218/12.07.022/2018-19 dated 11th January, 2019 and the Joint Secretary and Central Registrar of Co-operative societies vide its letter dated 7th February, 2019 during the year 2018-19 the Bank has raised ₹64.34 Crore (previous year ₹100 crore) by way of Long Term (Subordinated) Deposits (Series II) which are callable after 5 years from the date of issue. In accordance with RBI guidelines, the said amount would be included in the Tier-II capital of the Bank for Capital Adequacy purposes after applying relevant discounting factors.

- 15) 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.
- 16) 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 being a single party coming under this category, no further details need to be disclosed.
- 17) Impairment of Assets (AS-28). No material impairment of Assets has been identified by the Bank and as such no provision is required.

- 18) No disclosure is made for Accounting for Amalgamation (AS-14) and Consolidation of Financial Statement (AS-21) as the same is not applicable to the bank.
- 19) 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.
- 20) **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	6400.00	5319.50
Deferred Tax	(1230.71)	(374.73)
Tax paid for earlier years	-	55.54
	5169.29	5000.31

- 21) Previous year's figures have been regrouped / rearranged wherever necessary to conform to those of the current year.

For **BHARAT CO-OPERATIVE BANK (MUMBAI) LIMITED**

Sd/-
JAYAC. SUVARNA
Chairman

Sd/-
ROHINI J. SALIAN
Vice-Chairperson

Sd/-
C. R. MULKY
Managing Director & C.E.O.

Mumbai,
Dated : 26th April, 2019