

**INDEPENDENT AUDITOR'S REPORT**

To,  
The Members,  
**Bharat Co-op. Bank (Mumbai) Ltd.,**

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of **Bharat Co-operative Bank (Mumbai) Limited** ('the Bank') as at 31<sup>st</sup> March 2019, which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, and the Profit and Loss Account, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The returns of Head Office and its departments and 90 branches audited by us and the returns of other branches audited by the Concurrent Auditors/ Internal Auditors are consolidated in these financial statements. As informed to us, by the management, the Bank has not received any specific guidelines from the Central Registrar of Co-operative Societies with respect to selection of branches to be covered under audit. Since all branches are subject to statutory, internal or concurrent audit, the matter of submission of details of percentages of advances/deposits/interest income/interest expense of unaudited branches is not applicable.

**Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with provisions of the Banking Regulations Act, 1949, the guidelines issued by the Reserve Bank of India and the guidelines issued by the National Bank for Agricultural and Rural Development, the Central Registrar of Cooperative Societies, the Multi State Co-operative Societies Act, 2002, the Multi State Co-operative Societies Rules, 2002 (as applicable) and accounting principles generally accepted in India so far as applicable to Banks. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
3. In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.
4. The management is responsible for overseeing the Bank's financial reporting process.

**Basis for opinion**

5. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those Standards are further described in the Auditor's Responsibility section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Auditor's Responsibility**

6. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that



includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

7. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
8. We also conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Opinion**

11. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the Notes thereon give the information required by the Banking Regulation Act, 1949, the Multi State Co-operative Societies Act, 2002 and the Multi State Co-operative Societies Rules, 2002 and the guidelines issued by the National Bank for Agricultural and Rural Development (as applicable) and guidelines issued by Reserve Bank of India and the Central Registrar of Cooperative Societies, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Balance Sheet, of state of affairs of the Bank as at 31<sup>st</sup> March 2019;
  - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal & Regulatory Requirements**

12. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949 and the Multi State Co-operative Societies Act, 2002, the Multi State Co-operative Societies Rules, 2002.

13. As required by Section 73(4) of the Multi State Co-operative Societies Act, 2002, we report that:
- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found to be satisfactory;
  - In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches/offices;
  - The transactions of the Bank which came to our notice have been within the powers of the Bank;
  - The Balance Sheet and the Profit and Loss Account dealt with by this report, are in agreement with the books of account and the returns;
  - The reports on the accounts of the branches/offices audited by branch auditors have been forwarded to us and have been properly dealt with by us in preparing this Report.
  - The accounting standards adopted by the Bank are consistent with those laid down by accounting principles generally accepted in India so far as applicable to Banks;
  - In our opinion and according to information and explanations given to us, we have not noticed any material impropriety or irregularity in the expenditure or in the realization of money due to the bank.
14. As required by Rule 27(3) of the Multi State Co-operative Societies Rules, 2002 we report on the matters specified in clauses (a) to (f) of the said Rule, to the extent applicable to the Bank.
- During the course of our audit, we have generally not come across transactions which appear to be contrary to the provisions of the Act, the Rules or the Bye-Laws of the Bank.
  - During the course of our audit, we have not come across transactions which appear to be contrary to the guidelines issued by the Reserve Bank of India.
  - The following monies due to the bank have been classified as doubtful and loss assets in accordance with the prudential norms, against which a provision of ₹23805.55 lac has been made.

<b>Category</b>	<b>Outstanding as on 31.03.2019 (₹in lac)</b>
Doubtful Assets	40355.48
Loss Assets	2436.66

- As per the information provided to us and to the best of our knowledge the amount of fund based advances outstanding as at 31<sup>st</sup> March, 2019 from the members of the Board or their relatives is ₹1.09 lac and overdues is NIL.
- During the course of our audit we have generally not come across any significant and material violations of guidelines, conditions etc issued by the Reserve Bank and National Agriculture and Rural Development Bank.
- To the best of our knowledge, no other matters have been specified by the Central Registrar which require reporting under this rule.

Place : Mumbai  
Dated : 26<sup>th</sup> April, 2019

For **U. G. DEVI & COMPANY**  
Chartered Accountants.  
FRN: 102427W  
Sd/-  
**(V. U. Devi)**  
Partner  
M. No. : 38973