

The Zoroastrian Co-operative Bank Ltd.

(Multi-State Scheduled Bank)

The Bank that is Big on Tradition & Trust



2019-20
Annual Report

*Leaders Bridge
the Gap Between
Talk & Action !*

MY
GOLD MY
CASH



GOLD LOAN **Available @** **Attractive Rates**

Maximum loan Amount

₹ 20.00 Lakhs

No Pre-payment Charges

No Income Tax Paper for
loan up to

₹ 2.00 Lakhs

customer@zcb.in / +91 22 6172 7600

Home Loan



Get Yourself
A Different Lifestyle

- ❖ Construction / Purchase of new house / bungalow / flat
- ❖ Purchasing of existing flat / house / bungalow
- ❖ Repairs or renovation

- Quick Processing
- Simple & Easy Documentation
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customer@zcb.in / +91 22 6172 7600



The Zoroastrian Co-operative Bank Ltd.

**Registration No: MSCS /CR/881/2013 dated 11th November, 2013, under the
Multi State Co-operative Societies Act, 2002.
Reserve Bank of India Licence No. UBD.MH.1065p dated 16th February, 1994**

BOARD OF DIRECTORS

Ms. Homai A. Daruwalla – Chairperson

Mr. Yazdi B. Tantra – Vice Chairman

Mrs. Shernaz D. Mehta

Mr. Homa D. Petit

Mrs. Dhanoo H. Khusrokhan

Mr. Jimmy N. Panthaky

Dr. Firdos T. Shroff

Mr. Saroosh C. Dinshaw

Mr. Phillie D. Karkaria

Mr. Mehrab N. Irani

Mr. Farhad S. Choksey

Mr. Manek J. Kalyaniwalla

Mr. Aspi A. Kathawalla

**STATUTORY AUDITORS
KALYANIWALLA & MISTRY, LLP.
Chartered Accountants**

From the Chairperson's Desk



SURVIVAL OF THE FITTEST

- ❖ *Sustaining Strong Fundamentals*
- ❖ *Utmost Transparency In Dealings & Being A Trusted Bank*
- ❖ *Enhancing Efficiency And Managing Disruptions*
- ❖ *Sound Governance To Drive Growth*
- ❖ *Doing The Right Thing Always And Bringing About Meaningful Change*

Dear Members,

It gives me a deep sense of gratitude and humility, from the time I took charge as Chairperson of the Board of Directors, The Zoroastrian Co-operative Bank Ltd to preside over the 93rd Annual General Meeting of your Bank. During this period, when the world is going through the most unprecedented and trying times, I sincerely hope that you and everyone around is taking due care, and keeping healthy and safe. It also marks the first AGM of the Bank being held virtually.

We can only wish we were in better times than these, but nevertheless, we hope that the tide will turn soon and normal times will be back.

We all are living through unprecedented health crisis of global magnitude, which is disrupting our economies, businesses, lives and livelihoods amid the COVID-19 pandemic. As a conscientious and responsible Bank, we believe, these testing times have further strengthened our resolve to serve our community Bank and all its customers.

Notwithstanding the challenges, we are taking all relevant measures to focus on business continuity and ensure the safety of our people and customers.

Our engagement with our customers enquiring about their safety and wellbeing and addressing their needs have helped us build a stronger bond with them. We believe that these bonds of mutual respect and trust will hold us in good stead, as we contribute to get them the best of Banking services and an experience to remember.

Even in a year of several macroeconomic challenges, we have done reasonably well on most key parameters as the struggle for existence and survival of the fittest is the key amongst Urban Co-operative Banks (UCBs).

'It is not the strongest or the most intelligent who will **survive but those who can best manage change**. The law of evolution is that the strongest survives!' We at ZCBL, continuously seek to learn from the ever-changing environment to build stronger fundamentals. Our performance for this year may not demonstrate financial growth but it shows the inherent strength, resilience, and scalability of ZCBL.

We, as an organization, have been through various challenges this past year and looking back, I feel proud that we have steered through these phases with reasonable success, reinforcing that prudence and governance are key at all points of time. Challenging times do lie ahead and ZCBL as a team & family is all geared up, more than ever before, to face these uncertain times with sharpened focus on customer experience and execution.



Success is collated out of small beginnings and continuous efforts, repeated day in and day out. This reflects for the year gone by. The team at ZCBL was focused on execution, while being fully aware of the challenges that we encountered.

EVER-INCREASING STRESS IN THE EXTERNAL ENVIRONMENT - RIDING THE STORM

The global economy has witnessed sluggish growth of 2.9% in 2019 vis-à-vis 3.6% in the previous year. Against this backdrop, India's economy also saw significant deceleration in growth owing to weak consumption demand, low private sector capex, slowdown in credit flow and also weakening of a few other indicators.

Owing to these uncertain external factors, the Banking sector too witnessed the pressure with credit growth halving from 13% in FY 2018-19 to 6% in FY 2019-20. Many UCBs continued to struggle with liquidity issues and asset quality remained a serious concern.

Towards the end of the last financial year, we had to face the impact of COVID -19 and the resultant lockdowns which were imposed to contain the virus spread. While the economic ramifications of the lockdowns are yet to play out fully, the Strategy of the Bank was "Serve and Survive".

We, at ZCBL, have taken all prescribed safety protocols for the safety of our employees. From the customer's side, all were encouraged to use mobile, internet banking and other technology platforms and our teams facilitated the process by helping the client to go online.

Amidst the rising external challenges, it is imperative for us to step-up our efforts to enhance customer connect and we believe that these initiatives will help us protect our asset quality.

The Government of India has announced an economic stimulus package of Rs. 20 lakh crores, which is focused on mitigating the negative impacts of the pandemic. The Reserve Bank of India has announced various measures on moratorium and enhancing liquidity into the economy and supports the ailing sectors. However, benefits from these will accrue only gradually.

The Government of India's focus on reducing dependence on imports and enhancing self-reliance by encouraging indigenous manufacturing, services and supply chains will help accelerate economic recovery in the coming months as a part of 'Atmanirbhar Bharat.'. Sectors such as agriculture, food processing units and MSMEs, in particular, would continue to need short-term and long-term credit and the Bank is providing need based relevant banking products and solutions.

In terms of RBI COVID-19 Regulatory Package, your Bank initiated steps to defer the instalments and interest/ EMI on Term Loans falling due between March 1, 2020 and May 31, 2020 and extended the repayment period initially by 3 months, which was then extended for another three more months. Our Bank is coping with the situation in full throttle on one side while trying to maximise its earnings and by leveraging its strengths in driving growth in key customer segments on the other side.

OUR PERFORMANCE CURVE

Over the medium term, growing our physical as well as digital footprint will remain one of our key priorities. We believe, there is significant potential to leverage our existing digital capabilities and building new ones. Necessary investments in people and processes are a pre-requisite for our future growth.

In FY 2019-20, we have faced many headwinds along the way, but those have only served to make us stronger and more resilient. We strive to push the bar higher on achieving excellence across our operations on all parameters. Our

focus on serving our customers better, involves in the all-round initiatives to build capabilities of our people in order to help us create value for all shareholders.

Our total income decreased by 0.92% i.e. from Rs.109.42 crores to Rs.108.42 crores. Net interest income declined by 18.67% i.e. from Rs.41.20 crores to Rs.33.51 crores. We continued to achieve critical mass in our deposit base which grew by 2.67% to Rs. 1143.79 crores. The healthy traction in retail deposits and CASA was a key driver of the robust deposit growth. The slow paced momentum in the top-line trickled down to the bottom line with PAT by -72% % to Rs.3.28 crores. Gross NPA and Net NPA ratios inched up considerably compared to FY 2018-19 to 7.81% and 1.55%, respectively. With CRAR of 20.62%, we have adequate capital buffer to tide over the crisis and grow sustainably.

Since our inception, strong governance practices, ethical, fair and transparent manner of conducting business have been ingrained deeply in our DNA. As a result, we have built a healthy brand and trust-based relationships not just with our customers, but with all shareholders.

Our Balance Sheet is well capitalised and reflects the efficiency of our operations.

As per the RBI guidelines to conserve the capital in an environment of heightened uncertainty caused by COVID – 19, the Bank has not declared dividend for the year ended March 31, 2020.

GOING DIGITAL

Our digital strategy helps us provide our customers a seamless, secured and hassle-free user experience. It also helps us know our customers better in terms of their preferences, requirements or concerns and serve them accordingly.

Digitalisation is enabling us to achieve higher efficiencies across all our processes and become a leaner, future-ready organisation. We will continue to enhance our digital footprint to attain better operational efficiencies and provide our customers smarter banking solutions.

Towards providing significant emphasis on Digitalisation, your Bank is soon going LIVE with Mobile Banking and IMPS (Immediate Payment Systems) facilitating instant transfer of funds and the same would be launched shortly. With a view to improving Cyber Security measures, your Bank has planned to migrate its Core Banking Solution (CBS) to Software as a Service (SaaS) model.

STRONG ROOTS, SOLID STRATEGY & LEADING with RESPONSIBILITY

Over the years, we have built a solid and scalable business model, which will serve as the foundation for our next level of growth.

What sets us apart is the undeterred focus on operational efficiency, strong customer-connect, curated products tailored to customer centric requirements, conforming to best industry practices, localised approach to branch Banking, higher capital adequacy, etc.

Our approach is to analyse the operating scenario, map the opportunities and inherent risks and build an agile response mechanism. Our priorities undergo course-correction, based on our assessment of what needs urgent attention and what does not.

Our key priorities for the short term would be to ensure business continuity in the face of evolving COVID-19 scenario, continue to engage closely with our customers to provide superior services, Razor-sharp emphasis on improving collections



and restricting delinquencies, facilitate ease of transactions for our deposit holders, High focus on risk management framework - both strategy and execution, Deploy new-age technology in a prudent manner to ensure cost optimisation and maintain strong Balance Sheet on consistent basis.

HAPPIER CUSTOMERS ENSURE FASTER GROWTH

Our customer-facing teams depict superior soft skills like active listening, empathy, problem-solving and communication to ensure that the customers have a good experience with us. We, at ZCBL, analyse the queries/complaints and take customer feedback seriously. We also encourage our customers to adopt our digital channels for a seamless, simple experience to carry out banking transactions, and hand-hold them, wherever necessary.

During this lockdown, I have observed that my team has gone beyond the call of duty to ensure seamless services and customer safety at all times.

MY UNDETERRED BELIEF FOR ZCBL – FROM ROLLING THE PITCH TO CHANGING GEARS

The values, credit ethos and processes of a good financial institution were ingrained in us in these years. Opportunities for ZCBL are immense. We are straightforward and transparent with an eye for detail. Our Bank will remain agile, analytics driven, customer-centric and humane enterprise, with a shared ambition to grow the right way, convert challenges into business opportunities and come out stronger for the next phase of economic growth.

As a Chairperson of the Bank, I believe that ZCBL way ahead would be to have a focused execution of strategy, enhanced efforts to contain fresh slippages and drive recoveries and our ability to cater to the financial needs of our customers in a swift and efficient manner will be the primary drivers of our growth.

Every period has its own set of challenges, whether it was the financial crisis in 2008, the oil crisis in 2014 or demonetisation in 2016, each adversity was most unsettling when ZCBL faced it. However, it is our response to the adversity, not the adversity itself that determines how our story develops.

The post-COVID lockdown scenario is still unfolding. Though international organisations like WHO, World Bank and others are predicting significant impact on the world economy, there is a strong parallel view that the Indian economy will revive faster. Our Indian government took some swift and strong measures like identification, isolation, quarantine, lockdown, relief measures etc. to contain the spread of the virus & which produced better results compared to most of the developed countries. India had a very timely and a resolute response to the COVID-19 pandemic as it undertook numerous health, social, economic, fiscal and relief measures at the national, regional and local levels in the face of the difficult situation on the ground, making efforts to contain the spread of the pandemic within communities as far as possible.

However, impacted by COVID-19, the Indian economy is projected to grow at a far lower rate of around 1.9% in calendar year 2020, down from the earlier pre-COVID estimate of 5.9%. This figure may further come down as the income levels and employment numbers continue their downward trend, with muted demand considerably undermining the growth potential of the economy.

While pressures are building up on demand and flow of credit, our Bank is prudent and remains liquid with higher capital adequacy to maintain sufficient solvency with a buffer of future risk. Bank in the difficult times ahead has made a particularly significant drop in overall savings bank rates and term deposits rates with a deceleration in credit growth

across all asset classes. At ZCBL, the highest priority is cash conservation, liquidity, capital conservation, and asset quality as we did witness a record decline in the credit growth as compared to the peers in the Banking industry, besides the issues of mounting NPAs, etc. The Bank has proactively taken calibrated and synchronised measures, to boost liquidity, maintain and improve flow of credit and keep the interest rates low, among others to avoid disruptions.

I am confident that our Bank is well placed to navigate through the challenging times by quickly reprioritising, repositioning and reorganising its business and business model.

In this context, I believe that our Bank is well placed to tackle any situation that unfolds, as we are well-grounded, agile and nimble footed. Given the kind of stress that we are seeing, there will be challenges to overcome as well as opportunities to be leveraged, which I am sure, would help your Bank grow to newer heights.

We, at The Zoroastrian Co-operative Bank Ltd, are the outcome of the choices that we make in our journey and we have always focused on growing the right way to build a resilient banking institution. New challenges will call us to make suitable amends to our strategy and execution, and we look forward to carefully tread between opportunities, risks and rewards.

We will always give our best to keep the faith of our customers, regulators and to build sustainable value for our shareholders.

At ZCBL, our fair, simple and transparent manner of conducting business is the fulcrum of our relationships with all shareholders. We will continue to benchmark our governance practices with industry-best practices and enhance them further.

I want to take this opportunity to thank my peer Board of Directors who continues to empower and guide our Bank on the pathway of progress.

Before concluding, I extend my heartfelt gratitude to all our people for their dedication and efforts especially during the lockdown, customers, business vendors, communities, regulators - Reserve Bank of India, Central Registrar of Co-operative Societies and other regulators for their valuable advice and support.

I also thank our shareholders for their constant faith and belief in our abilities. We seek your unconditional continued support and encouragement in the years to come. We are cognisant of our responsibility towards all shareholders and are committed to fulfil them in a consistent manner in the future.

The Best of our Bank is yet to come..... Fortifying for a better future....

Steering Responsible Growth..... Focused on Execution....We Will Not Give Up....

With Best Wishes,



HOMAI A. DARUWALLA
CHAIRPERSON



NOTICE OF 93RD ANNUAL GENERAL MEETING

Notice is hereby given that the 93rd Annual General Meeting (AGM) of the Members of the Bank will be held on Monday, 21st December, 2020, at 3.00 p.m. through Video Conferencing (VC)/Other Audio Visual Means (OAVMs) which is in compliance with the guidelines issued by the Director (Co-operation), with the approval of Central Registrar of Cooperative Societies, New Delhi, vide circular Ref No. R-11017/101/2015-L&M dated August 25, 2020, on holding of AGM through VC/OAVMs, to transact the following business:

1. To read and confirm the Minutes of the Annual General Meeting held on September 20, 2019.
2. To adopt the Annual Report placed by the Board of Directors for the Financial Year ended March 31, 2020, Balance Sheet and Profit and Loss Account and take note of Statutory Auditors' Report.
3. To update on dividend and to allocate profit for the Financial Year 2019-20.
4. To appoint Statutory Auditors for the Financial Year 2020-21 and to authorize Board of Directors to fix their remuneration. The Board of Directors recommends appointment of M/s. Kalyaniwalla & Mistry LLP – Chartered Accountants as the Bank's Statutory Auditors for the Financial Year 2020-21.
5. To take note of and approve the remission of Non -Performing Assets as certified by the Auditors under The Multi-State Co-operative Societies Act, 2002.
6. To approve Bye-Laws amendment as proposed.
7. To grant Leave of Absence to members who have not attended this Annual General Meeting.
8. Any other business with the permission of the Chair.

Notes :

- A. In view of the continuing Covid-19 pandemic, the Director (Co-operation) with the approval of the Central Registrar of Cooperative Societies, New Delhi, has, vide its circular number R-11017/101/2015-L&M dated 25th August 2020, permitted the holding of the Annual General Meeting (AGM) through VC/OAVMs without the physical presence of the Members. In compliance with the terms and conditions mentioned in the said circular, the AGM of the Bank is proposed to be held through VC/OAVM.
- B. This AGM will be conducted VC/ OAVMs only and physical presence of members is not required.
- C. The detailed notice of AGM through VC/OAVMs is also available on the website of the Bank i.e. <https://www.zoroastrianbank.com>
- D. If, within half an hour after the time appointed for the meeting, the quorum is not formed, the meeting would stand adjourned and this adjourned meeting shall be held same day after half an hour at which the quorum will not be required.
- E. Mr. Umesh P. Maskeri, practising Company Secretary (FCS 4831 and COP 12704) has been appointed by the Bank as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
- F. In case of joint holders, the person whose name stands first in the share certificate, shall have the right to vote. The facility to appoint proxy to attend and cast vote is not permitted. However, in case of Institutional / Corporate members (i.e., other than individuals /Partnership firm, HUF etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or Governing Body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC/ OAVMs on its behalf and to vote through remote e-Voting. The said Resolution/Authorization shall be sent to the shares@zcbi.in and to the Scrutinizer by e-mail to umeshmaskeri@gmail.com with a copy marked to helpdesk.evoting@cdslindia.com by e-mail through its registered e-mail address with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote at least 8 days before the date of the meeting.

- G. The Bank has fixed 31st March 2020 as the 'Cut-off Date' to record the entitlement of the Members to cast their vote through remote e-Voting / e-Voting during the AGM through OAVMs.
- H. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, bank details such as name of the bank and branch details, bank account number, MICR code, IFSC code, etc. by writing a letter to Shares Department at the Bank's Registered Office and/or by sending an e-mail @ shares@zcbl.in
- I. For updation of e-mail address and mobile number for 93rd AGM, members are requested to send an e-mail to the shares@zcbl.in
- J. Members who would like to express their views / or would like to speak during the AGM through VC/ OAVMs may register themselves as speakers by sending their requests from their registered e-mail address mentioning their name, Folio Number, mobile number to shares @zcbl.in 8 days prior to the date of AGM. Those Members who have registered themselves as speakers, within the stipulated timeline, will only be allowed to express their views/ speak during the AGM. The Bank reserves the right to restrict the number of speakers depending on the availability of time for the AGM. Any request received after the aforesaid time shall not be considered.
- K. Members interested to inspect Audit Report have to send request to the Bank eight days prior to the AGM by sending an e-mail to shares@zcbl.in
- L. Members who have not encashed their dividends for the Financial Year 2016-17 are requested to do so immediately. They are requested to please note that if the dividend is not encashed on or before 31st December 2020, it would stand forfeited by the Bank and the proceeds thereof would be transferred to the Bank's Reserve Fund, as per the provisions of the Bank's Bye- Law no. 48(iii). This intimation by the Bank may be treated as the final notice to the concerned members who are yet to encash their dividends.
- M. Annual Report referred to in the accompanying Notice is available on the website of the Bank for inspection by the Members.
- N. In compliance with the aforesaid circular and Bye Law 26 of the Bank, notice of the AGM through VC/OAVMs along with the Annual Report 2019-20 is being sent through electronic mode to those Members whose e-mail addresses are registered with the Bank and also by post. Members may note that the Notice and Annual Report 2019-20 will also be available on the Bank's website, <https://www.zoroastrianbank.com> and on the website of CDSL <https://www.evotingindia.com>
- O. Since the AGM will be held through VC/OAVMs, the attendance slip is not included in the Annual Report.
- P. The Members can join the AGM through VC/OAVMs, 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice at item No. R.
- Q. The chronology for conducting AGM through VC/OAVM is detailed below:**
- a. **Day 1: - AGM day** - i.e. Monday, 21st December, 2020 at 3.00 p.m. onwards. Presentation of agenda and Chairman's speech which shall be webcast.
 - b. **AGM Day Day 1 and Day 2:** Members to post questions/ queries electronically, if any, from 3 pm on Monday, 21st December, 2020 to 4 .00 pm on Tuesday, 22nd December, 2020.
 - c. **Day 3:-** i.e. Wednesday, 23rd December, 2020, the Bank shall reply to the questions/queries of the members and post the same on Bank's Website i.e. www.zoroastrianbank.com.
 - d. **Day 4 and Day 5:-** The members to cast their votes by remote e-Voting from 9.00 am on Thursday, 24th December, 2020 to 4 pm on Friday, 25th December, 2020. The members to follow the due procedure, as mentioned under item R - Instructions for Remote e-voting and Joining AGM. The remote e-Voting module shall be disabled by CDSL for voting after the cut-off date and time.



R. Instructions for Remote e-voting and Joining AGM.

1. E-VOTING:

- i. The Remote e-voting period begins on December 24, 2020 from 9.00 a.m. and ends at 4.00 p.m. on December 25, 2020. During this period, Members as on the cut-off date (i.e.31.03.2020) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after cutoff date and time.
- ii. The shareholders should log on to the e-voting website www.evotingindia.com.
- iii. Click on "Shareholders/Members" Tab
- iv. Now enter your User ID as your "Folio Number" registered with the Bank. The folio number on the share certificate is printed like, SHR/ 14725836/ 1 members will use 8 digit 14725836 & will ignore prefix & suffix marked after slash.
- v. Next enter the Characters displayed (CAPTCHA) and Click on Login.
- vi. **Enter PAN and Bank Account No. OR Date of Birth (DOB) as per following-**

Mandatory Field	Particulars
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department</p> <ul style="list-style-type: none"> ❖ Members who have not updated their PAN with the Bank are requested to use the first two letters of their first name and the last 8 digits of Folio Number in the PAN Field. ❖ The folio number on the share certificate is printed like, SHR/ 14725836/ 1. Members will use 8 digits i.e. 14725836 & will ignore prefix & suffix marked before/after slash. ❖ In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. <ul style="list-style-type: none"> • Eg.1 If your name is Rakesh Kumar with folio number 100 then enter RA00000100 in the PAN Field.
Bank Account No. OR Date of Birth (DOB)	<p>Enter the Bank Account No. or Date of Birth (in dd/mm/yyyy format) as recorded in your bank records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the bank please enter the Folio Number in the Dividend Bank details field as mentioned in instruction no.(iv)

- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Members will then directly reach the Bank EVSN selection screen.
- ix. Click on the EVSN for the relevant The Zoroastrian Co-operative Bank Limited on which you choose to vote.
- x. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xi. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xii. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xv. Members can also cast their vote during remote e-voting using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

2. INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVMs:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-Voting credentials. The link for VC/OAVM will be available in member's login where the EVSN of the Bank will be displayed.
2. The facility of joining the AGM through VC/OAVM shall open 30 minutes before the time scheduled for the AGM.
3. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
4. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Members who would like to express their views/ask questions during the meeting may register themselves as speakers by sending their requests in advance at least 8 days prior to AGM date mentioning their name, folio number, email id, mobile number at (shares@zcbi.in).
7. Those shareholders who have registered themselves as speakers will only be allowed to express their views/ask questions during the meeting.

OTHER INSTRUCTIONS:

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast through remote e-Voting in the presence of two witnesses not in the employment of the Bank and make, within a period not exceeding 24 hours of conclusion of the e-Voting on 25th December, 2020, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Bank or a person authorised by him in writing, who shall countersign the same.
2. The Chairman or the authorised person shall declare the results of the e- Voting on next working day upon receipt of the report from Scrutinizer and declare along with the report of the scrutinizer on the website of the of CDSL.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

Daljit Dogra

MD & CEO

Date : 9th November, 2020

The Annual Report is also available on the Bank's website: <https://www.zoroastrianbank.com>



NOTES

1. Members desiring any information relating to the accounts are requested to do so in writing to the Bank on or before 14th December 2020 to enable the Management to make available the required information at the Annual General Meeting.
2. The Reserve Bank of India, through its circular dated April 17, 2020, has advised that Banks shall not make any further dividend pay outs from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that Banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on August 31, 2020, has not proposed any final dividend for the year ended March 31, 2020.
3. Attention of the Members is invited to Bye-law No. 48, in terms of which, any dividend remaining undrawn for three years after having been declared, shall be forfeited and shall be carried to the Reserve Fund of the Bank. The Shareholders who have not collected dividend for the previous three years are requested to do so on or before September 30, 2020 failing which, the dividend for the year ended March 31, 2017 will be forfeited and credited to the Reserve Fund Account.
4. Shareholders, Depositors and Safe Deposit Locker holders are requested to avail of the nomination facility provided by the Bank. Prescribed nomination forms are available at all our Branches.
5. As per recent amended guidelines , Deposits upto Rs. 5.00 lakh in the case of each individual depositor is insured by the Bank with the Deposit Insurance Credit Guarantee Corporation and the Bank has effected up-to-date payment of the corresponding Insurance premium.

DIRECTORS REPORT

Your Directors have great pleasure in presenting the Ninety Third Annual Report of the Bank together with the Audited Accounts for the financial year ended 31st March 2020.

India Economic Overview in the Financial Year 2019-20:

India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Economic liberalization measures, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment, began in the early 1990s and served to accelerate the country's growth, which averaged nearly 7% per year from 1997 to 2017.

Revenues have been impacted severely due to slowdown in economic activity amid COVID-19 outbreak. Right from the first quarter of Calendar Year 2020, the Covid-19 pandemic has impacted most countries, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. Several countries took unprecedented fiscal and monetary actions to help alleviate the impact of the crisis. The Government of India initiated a nation-wide lockdown from 25th March, 2020 for three weeks which was extended to 31st May, 2020 and Unlock was left to respective State Governments.

The global macroeconomic outlook is overcast with the COVID-19 pandemic, with massive dislocations in global production, supply chains, trade and tourism. Financial markets across the world are experiencing extreme volatility; global commodity prices, especially of crude oil, have declined. COVID-19 would impact economic activity in India directly due to lockdowns, and through second round effects operating through global trade and growth. The impact of COVID-19 on inflation is ambiguous, with a possible decline in food prices likely to be offset by potential cost-push increases in prices of non-food items due to supply disruptions.

The Reserve Bank of India (RBI) trimmed India's growth forecast for FY21 as the coronavirus pandemic has disrupted economic activities. The GDP growth in 2020-21 is expected to remain in the negative territory with some pick up in second half. Economic activity in India was severely impacted by the nationwide lockdowns in the months of March 2020 and April 2020. The biggest blow to the economy has come from the slump in private consumption. Consumer durables production has reduced 33% in the March. Electricity consumption has also plunged. Service sector has contracted — passenger and commercial vehicle sales, domestic air passenger traffic and foreign tourist arrivals have slumped in the months of March and April 2020. However, Agri sector remained the ray of hope. Coronavirus lockdown is likely to limit India's GDP growth to - 6% to 1% in the financial year 2020-21, Shri.N K Singh, Chairman of the 15th Finance Commission said.

It was a bit challenging for the Indian Economy to overcome all the hurdles and barriers. India saw a steep decline in its growth rate in the July-September quarter of 2019, when Gross Domestic Product (GDP) was at its lowest in 7 years at 4.5 percent. Several sectors such as real estate, aviation, automobile and construction sectors suffered a constant decline in demand. On the other hand, the Banking and Financial Services Sector witnessed serious crisis due to rising NPAs & bad loans and squeezing credit limits. The Union Finance Minister Smt. Nirmala Sitharaman announced the merger of 10 big Public Sector Banks (PSBs) into four. The merger of banks was announced under the Bank Consolidation plan among other major initiatives and steps to accelerate the economic growth of India.

Various developmental and regulatory policies directly addressed the stress in financial conditions of banks caused by COVID-19. They consisted of: (i) expanding liquidity in the system sizably to ensure that financial markets and institutions are able to function normally in the face of COVID-19 related dislocations; (ii) reinforcing monetary transmission so that bank credit flows on



easier terms are sustained to those who have been affected by the pandemic; (iii) easing financial stress caused by COVID-19 disruptions by relaxing repayment pressures and improving access to working capital; and (iv) improving the functioning of markets in view of the high volatility experienced with the onset and spread of the pandemic.

As per the Reserve Bank of India (RBI), India's banking sector is sufficiently capitalised and well regulated. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well. Indian banking industry has recently witnessed the roll out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry, broadening and deepening of financial markets; and improving payment and settlement systems. The digital payments system in India has evolved the most among 25 countries with India's Immediate Payment Service (IMPS) being the only system at level five in the Faster Payments Innovation Index (FPIL).

The Reserve Bank of India in 2019-20 had set out various developmental and regulatory policy measures for strengthening regulation and supervision for Primary Urban Co-operative Banks namely setting up exposure norms for single and group/ interconnected borrowers and promotion of financial inclusion. Keeping in view of the above, it was decided as under:

- As per Reserve Bank of India circular dated 13th March, 2020, the prudential exposure limits for UCBs for a single borrower/party and a group of connected borrowers/parties shall henceforth be 15 per cent and 25 per cent, respectively, of their Tier-I capital only. The revised exposure limits shall apply to all types of fresh exposures taken by UCBs.
- UCBs shall have at least 50 per cent of their aggregate loans and advances portfolio comprising loans of not more than Rs.25.00 lakhs or 0.2% of their Tier-I capital, whichever is higher, subject to a maximum of Rs.1.00 crore, per borrower/party. UCBs which do not, at present, comply with the prescribed threshold shall be in conformity with the above requirements by March 31, 2024.
- The overall **Priority Sector Lending** (PSL) target for UCBs stands increased from the present level of 40 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBSE), whichever is higher, to 75 per cent of ANBC or CEOBSE, whichever is higher. UCBs shall comply with the above target in a phased manner by March 31, 2024.
- With effect from March 31, 2021, all UCBs (excluding those under all-inclusive directions) will be required to contribute to **Rural Infrastructure Development Fund** (RIDF) established with NABARD and other Funds with NABARD / NHB / SIDBI / MUDRA Ltd., against their priority sector lending (PSL) shortfall vis-à-vis the prescribed target.
- The **Deposit Insurance and Credit Guarantee Corporation** (DICGC), a wholly owned subsidiary of the Reserve Bank of India, has raised the limit of insurance cover for depositors in insured banks from the present level of Rs.1.00 lakh to Rs.5.00 lakh per depositor with effect from February 4, 2020 with the approval of Government of India with a view to providing a greater measure of protection to depositors in banks.
- Reporting to Central Repository of Information on Large Credits (**CRILC**) in order to bring UCBs with assets of Rs.500 crores and above under the CRILC reporting framework.
- Comprehensive **Cyber Security Framework** to bolster cyber security preparedness and ensure that the UCBs offering a range of payment services and higher Information Technology penetration are brought at par with commercial banks in addressing cyber security threats and setting up of a Self-Regulatory Body (SRB) as a first step towards the development of the secondary market for corporate loans.

- Since UCBs are accepting public deposits, it is imperative that a separate mechanism be put in place to protect the interests of depositors. Accordingly, it was proposed to implement a **Board of Management** consisting of members with special knowledge and practical experience in banking to facilitate professional management and focused attention to banking related activities of UCBs.

Government's **NITI Aayog** (Hindi for Policy Commission) (abbreviation for **National Institution for Transforming India**) is a policy think tank of the Government of India, established with the aim to achieve sustainable development goals with cooperative federalism by fostering the involvement of State Governments of India in the economic policy-making process using a bottom-up approach. Suggestions include allowance of 'long term private capital' in the banking sector, besides provision of banking licenses to select industrial houses under strict qualifications. At present, large business houses can only infuse 10 percent in banks and do not qualify as 'eligible entities' under the Reserve Bank of India (RBI) Universal Banking License norms. India began nationalising banks in 1969, if this goes through it will be a sharp reversal from the legacy.

As part of enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms that is expected to provide further impetus to growth, a special economic and stimulus package of Rs.20 lakh crore as part of Government's **"Atma-Nirbhar Bharat Abhiyan"** or Self Reliant India Movement was announced in multiple tranches. All these factors suggest that India's banking sector is also poised for robust growth, as the rapidly growing business would turn to banks for their credit needs.

Excerpts taken from: 1) RBI Monetary Policy Report-April 2020 and various RBI Notifications and Press Releases for the year 2019-2020 2) Select articles from websites MoneyControl.com and Trading Economics.com

I. **Key Financial Highlights and Ratios:**

The following charts indicate the Key Financial performance indicators of your Bank for the current year vis-à-vis the previous year.

a) **Financial Indicators:**

(Rs. in lakhs)

	F.Y. 2019-20	F.Y. 2018-19
Total Business Mix	167857.33	177367.65
Deposits	114378.91	111401.33
Advances	53478.42	65966.32
Investments (incl. Call/ Term Money and TREPS)	51843.92	40970.48
Paid Up Capital	1333.36	1357.88
Reserves & Surplus	16172.95	15480.31
Total Income	10841.79	10942.70
Total Expenditure	9861.29	8983.90
Operating Profit	980.50	1958.80
Gross NPAs	4174.33	1747.35
% of NPAs to Loans & Advances	7.81	2.65
Net NPAs	774.87	Nil
% of Net NPAs to Net Loans & Advances	1.55	Nil
Non-Performing Inv.	500.00	200.00
No: of Branches	18	18



b) Ratios:

(Rs. in lakhs)

		F.Y. 2019-20	F.Y. 2018-19
1.	Capital to Risk Weighted Assets	20.62%	17.56%
2.	Cost of Deposits	6.37%	6.11%
3.	Yield on Advances	10.03%	10.53%
4.	Yield on Investments	6.65%	6.89%
5.	Net Interest Margin	1.81%	2.64%
6.	Return on Average Assets	0.51%	1.15%
7.	Staff Cost to Total Income	16.47%	14.28%
8.	Staff Cost to Total Expenditure	18.11%	17.40%

c) Appropriations:

The profit after tax of the Bank for fiscal 2019-20 is Rs.328.29 lakhs after provisions and contingencies of Rs.350.10 lakhs, provision for taxes of Rs.302.10 lakhs and all expenses.

The chart herein below depicts the appropriations made out of Net Profits of the Bank for the current Financial Year in comparison to the previous year. The Board of Directors recommends the following appropriations out of the current year's Net Profit for the approval of the members at the Annual General Meeting.

(Rs. in lakhs)

		F.Y. 2019-20	F.Y. 2018-19
1.	Statutory Reserves	82.07	293.13
2.	Reserve for Contingencies	32.83	117.27
3.	Education Fund	3.28	11.72
4.	Proposed Dividend	-	161.59
5.	Ex gratia to Staff	-	127.92
6.	General Reserve	-	200.00
7.	Building Fund	-	11.00
8.	Bad And Doubtful Debts Reserve	215.00	200.00
9.	Investment Fluctuation Reserve	-	50.00

II. Bank's Performance during the Financial Year 2019-20:

Despite challenging economic environment, your Bank's overall performance during the financial year 2019-20 has been fairly satisfactory. Total Business of your Bank stood at Rs.167857.33 lakhs as on March 2020 (previous year Rs.177367.65 lakhs).

With a view to have more dispersed credit risk; your Bank has decided to increase emphasis on retail/smaller ticket advances. Your Bank continues to follow prudent policy of building up adequate provisions for credit risk. The provision towards non-performing assets has been increased to Rs.3399.47 lakhs (previous year Rs.3100.52 lakhs). In addition, additional provision of Rs.251.64 lakhs (previous year NIL) has been made towards COVID-19 impact.

During the year, Interest expenses have increased to Rs.7061.40 lakhs (previous year Rs.6349.16 lakhs). Increase in interest cost, increase in employee cost, shrinking of credit portfolio, fall in yield on advances and investments due to market conditions and rise in Non-Performing Assets during the year have resulted in lower Operating Profit of Rs.980.50 lakhs (previous year Rs.1958.80 lakhs) and Net Profit of Rs.328.29 lakhs (previous year Rs.1172.48 lakhs)

Your Bank has made downward revision on the interest rate on deposits keeping in line with the market conditions. Also, monitoring of loans is being strengthened to improve asset quality of the Bank.

a). Deposits:

Total Deposits of your Bank from Rs.111401.33 lakhs in the previous year stands increased to Rs.114378.91 lakhs recording a growth of Rs.2977.58 lakhs giving an increase of 2.67%. Your Bank continues its focus on mobilising deposits by concentrating on retail segment and on low cost CASA Deposits thereby improving the overall profitability and Net Interest Margin of the Bank. CASA Deposits as at 31st March 2020 stood at Rs. 30420.16 lakhs and recorded 26.60% of the Total Deposits of your Bank.

b). Advances and Asset Quality:

Your Bank's Total Advances stood at Rs.53478.42 lakhs (previous year Rs.65966.32 lakhs). Your Bank has decided to have enhanced focus on Retail/smaller ticket advances to spread credit risk. Your Bank charges very competitive interest rates on Retail Segment, the benefit of which is availed by many customers. Your Bank has a well-defined credit rating model which plays an important role in ensuring that the credit proposals conform to the prescribed norms and guidelines and credit facilities are allowed only if the Bank is satisfied about the merits of the proposal.

The Gross NPAs at the end of the Financial Year ended 31st March, 2020 stood at Rs.4174.33 lakhs (previous year Rs.1747.35 lakhs). The Net NPAs as of 31st March, 2020 stood at Rs.774.87 lakhs (previous year Nil).

Bank is taking effective steps to strengthen the monitoring of loans and advances and improve the asset quality. COVID-19 pandemic has posed a serious challenge for credit growth as well as asset quality as the cash flows/income of various businesses as well as individuals have been severely impacted.

c). Priority Sector Lending:

As per RBI guidelines, till March 2020, Urban Co-operative Banks have to achieve Priority Sector @ 40% of their Adjusted Net Bank Credit and 10% Advances to Weaker Sections of their Adjusted Net Bank Credit. Accordingly, your Bank's Advances under Priority Sector stood @ 42.51% and Weaker section @ 6.92% of the Adjusted Net Bank Credit. (Priority Sector Lending has to be increased to 75% by March 2024 in a graded manner.) Your Bank's branches predominantly operate in the Metropolitan areas and as such find it difficult to augment business under Priority Sector. Your Bank well understands its responsibility of augmenting growth under Priority Sector Lending by continuing in its efforts of garnering loan proposals under Micro, Small and Medium Enterprises, Housing and other segments that fall within the definition of Priority Sector.

d). Treasury Operations:

Your Bank's Treasury Department, besides undertaking the traditional role of maintenance of Cash Reserve Ratio (CRR) and Statutory Liquid Ratio (SLR) for the Bank, has also assumed the role of a Profit Centre. Your Bank's Treasury operations consist of SLR Bonds, Non-SLR Bonds, Fixed Deposits with other Banks and Call Money / Term Money



Placements. During the period ended 31st March, 2020, the Investment portfolio of your Bank stood at Rs.51843.92 lakhs as against the previous financial year figure of Rs.40970.48 lakhs.

Your Bank's Yield on Investments dropped from 6.89% as of March, 2019 to 6.65% as of March, 2020 mainly due to fall in interest rate on Treasury Bills, Call Money, Term Money and Non-SLR Bonds.

During the year, your Bank has made a gain on redemption of Investments to the tune of Rs.150.82 lakhs.

Further, looking at the market scenario and to safeguard its Investments, your Bank holds Investment Depreciation Reserve of Rs. 650.75 lakhs as against the depreciation in investments of Rs. 508.94 lakhs as at 31st March, 2020.

Your Bank has a well defined Investment Policy which is reviewed in accordance with the guidelines issued by RBI from time to time and the Treasury Department of your Bank functions within the framework of RBI Policy guidelines and the Treasury and Risk Policy framework of your Bank. Your Bank takes investments decisions looking at the market scenario and with a view to optimize the overall earnings on the investment portfolio. Your Bank has now started taking benefit of lending surplus funds in Reverse Repo with Reserve Bank of India.

III. Dividend :

The Reserve Bank of India, through its circular dated April 17, 2020, has decided that banks shall not make any further dividend pay-outs from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on August 31st, 2020 has not proposed any final dividend for the year ended March 31st, 2020.

IV. Share Capital, Net Worth and Capital Adequacy :

Your Bank's Authorised Share Capital is Rs 3000.00 lakhs and the Paid Up Capital stands at Rs 1333.36 lakhs. The Net Worth of your Bank has increased by Rs. 663.56 lakh to Rs.17507.34 lakhs as on 31st March, 2020 (Rs. 16843.78 lakhs previous year).

The Capital Adequacy Ratio of your Bank is reflected at a level of 20.62% compared to 17.56% in the previous year as against RBI's stipulation of 9%.

Tier I and Tier II Capital for the last two years are reflected as under:

Particulars	2019-20	2018-19
Tier I Capital	18.19%	15.04%
Tier II Capital	2.43%	2.52%

V. Risk Management:

The Banking Scenario has undergone a massive change over the years. Monitoring, Managing and Mitigating risks has become an integral and crucial part in the Banking industry and plays an important role in maintaining financial stability and success of the Bank.

Risk Management systems are well established in your Bank. Your Bank efficiently manages risks inclusive of Credit, Market and Operational Risks to its core. Your Bank's philosophy and strength involves in developing and maintaining a healthy Balance Sheet. The Risk Management framework includes risk identification, risk assessment, risk measurement

and risk mitigation and its main objective is to minimise negative impact on Profitability and Capital. Your Bank has laid down policies and procedures to measure, assess, monitor and manage risks systematically across all portfolios which are regularly overseen by the Board of Directors.

The Credit Committee of the Board of Directors regularly monitors the Slow Moving accounts at periodic intervals. Your Bank's branches and Centralised Documentation and Monitoring Department (CDMD) closely monitor the Loans and Advances accounts and identify delinquencies in the accounts with suitable remedial measures. Credit risk is further mitigated through proper delegation of authority to sanction credit limits, fixation of exposure limits, credit rating module, etc. Your Bank has in place a well defined Loan Policy with explicit rules and instructions relating to grant of credit which aims at adhering to sound lending practices.

Your Bank has a dedicated Know Your Customer (KYC) and Anti Money Laundering (AML) Department for effective transaction monitoring with a view to prevent misuse of Banking Channels. Your Bank has clearly defined KYC/AML Policy in line with RBI guidelines from time to time. Your Bank periodically monitors the risk categorisation for its clientele, ensures that correct risk categories are applied and submits periodical statements to the Board. Also, the amounts pertaining to higher value transactions are thoroughly monitored and reported to Financial Intelligence Unit (FIU) by submission of Cash Transaction Reports (CTR), Suspicious Transaction Reports (STR), Counterfeit Currency Reports (CCR) and Non-Profit Organisation Transaction Reports (NTR). All accounts are opened with thorough verification of KYC documents and your Bank adheres to all KYC / AML guidelines issued by Reserve Bank of India from time to time.

Your Bank ensures risk supervision at all branches through periodic inspection and audit.

VI. Asset and Liability Management:

Asset and Liability Management occupies specific focus in the overall management of Financial Institutions. ALM practices require specialised knowledge and skills to efficiently handle dynamic and evolving challenges in the financial sector.

Your Bank has an effective Asset Liability Committee (ALCO)) to review on a regular basis the assets and liabilities profile, liquidity management and interest rate sensitivity and due importance is given to Asset Liability Management reports and remedial action is initiated from time to time.

The Asset Liability Management Committee of your Bank oversees the Interest Rate and Liquidity Risks, reviews the components of Balance Sheets and sets up benchmarks for efficient management of these risks. The Committee reviews the pattern of growth of liability products vis-a-vis credit growth and liquidity management and approves appropriate pricing of Bank's products. Further, your Bank also prepares Statement of Dynamic Liquidity at regular intervals to monitor the outflows and inflows and suggests measures to follow prudent practices and procedures from time to time. The Committee also ensures that all Statutory returns are forwarded to the RBI and that there is no default in maintenance of Cash Reserve Ratio and Statutory Liquid Ratio.

Your Bank has an Investment Committee comprising of the Board of Directors. This Committee has an important governance responsibility in assuring successful management of funds. The Committee oversees proper implementation of your Bank's Investment Policy and provides necessary directions and strategies to mitigate risks and asset allocation thereby ensuring portfolio diversification and maximising returns.



VII. Foreign Exchange Authorised Dealer Category – II License :

Your Bank undertakes Foreign Exchange transactions as a money changer i.e. Sale and Purchase of Foreign Exchange, Remittances, etc. Your Bank has initiated tie-ups with renowned Private Sector and Nationalised Banks to simplify and expedite the remittances thereby helping existing clients and also enabling your Bank to widen its client base. Your Bank, in addition to the above facilities also has tie-up arrangements with Private and Nationalised Banks for issuance of Bank Guarantees and establishing Letters of Credit on behalf of your Bank's clientele engaged in imports and exports.

VIII. Audit and Inspection :

The Audit and Inspection Department of the Bank is instrumental in undertaking audit across branches and departments. The audit process is evaluated every year to ensure that all new RBI guidelines and statutory requirements as also technological enhancements taking place in the Banking industry are taken care of by incorporating the required changes in the audit and inspection process.

Your Bank also undertakes Information Systems (IS) Audit to mitigate Information Technology risks and to ensure that Information Systems in use are being managed prudently.

Your Bank has a sound system for Internal and Concurrent Audit. It provides the management with accurate information on the effectiveness of internal controls including regulatory compliance by the Bank. Your Bank has a dedicated Internal Audit Department with a team of competent and experienced individuals. The Internal Audit team undertakes a comprehensive audit of all operating units of your Bank in line with regulatory guidelines.

The Audit Committee of the Board oversees and provides directions to the internal audit/inspection machinery of the Bank. The Audit Committee of the Board of Directors also reviews the implementation of the guidelines issued by RBI and submits information to the Board of Directors at periodic intervals. Further, as per the requirements of RBI, the Investments portfolio of your Bank is audited by the Concurrent Auditor on an ongoing basis and a quarterly certificate of verification is forwarded to RBI.

IX. Reserve Bank of India Audit :

During the year, RBI carried out its customary on-site inspection of the Bank with respect to the financial position as on March 31, 2019. The report has expressed satisfactory comments on liquidity, capital adequacy, asset quality, management, efficiency, systems and controls.

X. Human Resource Management :

The HR Department plays a key role of nurturing and developing the Bank's employees, synergizing between individual aspirations of the employees and the Bank's business goals and thus ensuring effective utilization of the Bank's Human Resources. Recruiting the right talent for the right position, recognizing and rewarding performers, initiating corrective action against non-performers and maintaining harmonious industrial relations are some of the areas necessitating intervention of the HR Department.

Your Bank's Human Resource vision is built around the principles of inclusiveness, empowerment and development. Its people are its strength and accordingly your Bank constantly pursues effectively to ensure its key personnel are provided adequate encouragement and the required motivation in developing a second line of Management and succession planning. In line with its vision, your Bank repeatedly organises a calendar of training programmes for employees at all

levels covering training programmes on specialised banking fields. Your Bank also organises training programmes both in-house and by outsourcing, covering all facets of banking operations regularly, inclusive of workshops for development of soft skills.

XI. Information Technology and Digital Initiatives:

Your Bank has been offering innovative products to customers with the objective of enabling smooth banking transactions for its customers. Your Bank's technology strategies have evolved in line with the customer expectations from time to time. Your Bank provides robust and customer friendly Core Banking platform to its customers which is periodically upgraded in line with the evolving customer requirements.

Apart from offering Centralised Payment Systems, Real Time Payment Gateways (RTGS/NEFT), 24*7 NEFT transactions, E-COM, ATM/Debit cards, Point of Sale facility, E-Statement, Retail Internet Banking, your Bank, now offer its constituents, facilities such as transfer of funds, generate OTP, balance enquiry, cheque book indent, statement of account, stop payment, utility bill payment, etc. Introduction of Corporate Internet Banking and Mobile Banking facilities has been planned and the same would be launched shortly.

With a view to enhancing Cyber Security measures, your Bank has planned to migrate its Core Banking Solution (CBS) to Software as a Service (SaaS) model.

Your Bank shall continue in its efforts to provide excellence in operations through effective I.T. products resulting in reduction in the turnaround time and extended benefits to your Bank's customers.

XII. E Tax Service:

Your Bank extends E Tax service free of charge to customers for payment of various taxes in collaboration with IDBI Bank. Through this service, the customers can pay various taxes like Income Tax, TDS etc. Large numbers of our Bank's customers are availing benefit of this facility.

XIII. Customer Relationship Management :

Customer Relationship Management has always been integral to your Bank. Your Bank has always been the frontrunner in catering to the needs of customers from time to time. Your Bank constantly ensures that the customer's demands are served with high quality service across all branches.

Your Bank has a Senior Executive designated as "Nodal Officer for Customer Services and Grievances Redressal" providing a better avenue for redressal of grievances to Customers. The name of the designate Nodal Officer for Customer Grievances has been displayed on the Bank's website as well as displayed on the Notice Boards of your Bank's respective branches for quick redressal of grievances of the customers in terms of the recommendations of Damodaran Committee on Customer Service. The average grievance redressal period is 14 days within which grievances, if any, are complied with to the complete satisfaction of the customers.

XIV. Other Services:

Apart from the aforementioned services, your Bank also offers free SMS facility, free ATM facility as well as extend Locker facilities at its selected outlets.



XV. Ethics and Business Conduct:

Your Bank has been showing its commitments with the highest professional and ethical standards regardless of its growth and reach. The idea is to anchor, promote, nurture and institutionalize the Bank's positive ethical culture of being "The Bank that is Big on Tradition and Trust."

XVI. Auditors:

Your Board of Directors is thankful to:

1. M/s. Kalyaniwalla & Mistry, LLP – Chartered Accountants appointed as Statutory Auditors,
2. Prakash Desai and Co – Chartered Accountants
3. Vasan & Co – Chartered Accountants
4. Pipalia Singhal & Associates – Chartered Accountants
5. Madhav & Associates- Chartered Accountants,
6. Kenish M. Mehta & Co. - Chartered Accountants, (all 2-6) appointed as Concurrent Auditors and
7. Mr. Homiyar Madan of H.F.K. Madan & Co. - Chartered Accountants appointed as Internal Auditors for their support and suggestions made during the course of the audit of the Bank.

Acknowledgements:

1. Your Board of Directors records its appreciation for the unstinted co-operation extended by:
2. The Officers of the Reserve Bank of India, especially the Department for Co-operative Bank Supervision and Department for Co-operative Bank Regulation,
3. The Central Registrar of Co-operative Societies, New Delhi,
4. The Commissioners for Co-operation and Registrar of Co-operative Societies for the State of Maharashtra and Gujarat and
5. National Federation of Urban Co-operative Banks for their contribution from time to time.
6. Your Board of Directors appreciates the deep involvement of its shareholders and clientele and for their on-going support and loyalty and their active participation and contribution.
7. Your Board of Directors is thankful to the Management and the Staff at all levels for their dedication and devotion to duty with sincerity.

For and on behalf of the Board of Director

H. A. DARUWALLA
CHAIRPERSON

CORPORATE GOVERNANCE REPORT

I. Bank's Philosophy on Corporate Governance:

The Bank's philosophy on corporate governance is aimed at efficient conduct of business operations and meeting its obligations towards the stakeholders. The Bank is committed to be transparent and merit-based organization and ensures fairness, transparency and responsiveness in all dealings. The Bank understands its responsibility towards all the stakeholders and strives hard to meet their expectations.

The Bank considers itself as trustee of its shareholders and acknowledges its responsibility towards them for creation and safeguarding their wealth. During the year under review, the Bank continued its pursuit of achieving these objectives through adoption of corporate strategies, prudent business plans, monitoring of major risks and pursuing policies and procedures to satisfy its legal and ethical responsibilities.

Your Bank seeks assistance from a few Directors / their relatives in the nature of Computer Systems (Hardware, Software, etc.) and also occupies premises for its back office operations which belongs to a Trust wherein a Director is a Trustee. All these are with the approval of the Board of Directors.

II. Board of Directors:

Your Bank has a broad based Board of Directors, constituted in compliance with the Multi State Co-operative Societies Act, 2002. The Board consists of eminent persons with considerable professional expertise and experience in Banking, Finance, Law, Information Technology and other fields. Your Board of Directors is committed to adopt good Corporate Governance practices in letter and spirit.

Your Bank is committed to ensuring that the Bank's Board of Directors meets regularly, provides effective leadership and insight in business and functional matters and monitors the Bank's performance.

Your Board of Directors is collectively responsible for the growth of your bank and confirms as under:

1. that in the preparation of the annual accounts, the applicable accounting standards and policies have been followed along with proper explanation; so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit of the Bank for that period.
2. that proper care for the maintenance of adequate accounting records, in accordance with the provisions of the Banking Regulation Act, 1949 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
3. that annual accounts are prepared on a going concern basis;
4. that laid down internal financial controls are effectively followed by the Bank, and
5. that proper systems to ensure compliance with the provisions of all applicable laws were adequate and operating effectively.

III. Composition of Committees of Directors:

Your Board has constituted various Committees of Directors to take decisions in the best interests of your Bank. These Committees monitor the activities falling within their terms of reference.

The Board has constituted the following Committees of Directors for effective control and supervision of operations of your Bank.



1. **The Credit Committee of the Board of Directors.**
2. **The Audit Committee of the Board of Directors.**
3. **The Information Technology Committee of the Board of Directors.**
4. **The Investment Committee of the Board of Directors**
5. **The Board Governance and Human Resources Committee of the Board of Directors.**
6. **The Shareholders Relationship Committee of the Board of Directors.**
7. **Special Committee of Board for Monitoring High Value Frauds**
8. **Internal Complaints Committee**

The Board of Directors meetings as well as meetings of the various Committees of the Board of Directors as mentioned above are as under:

Meetings	No. of Meetings in the F.Y. 2019-20
Board of Directors	12
The Credit Committee of the Board of Directors.	8
The Audit Committee of the Board of Directors.	5
The Information Technology Committee of the Board of Directors.	3
The Investment Committee of the Board of Directors	2
The Board Governance and Human Resources Committee of the Board of Directors	1
The Shareholders Relationship Committee of the Board of Directors	9
Special Committee of Board for Monitoring High Value Frauds	Nil (No frauds of Rs. 1crore & above took place)
Internal Complaints Committee	Nil (No such cases were reported)

IV. Shareholders Information:

Your Bank is a Multi-State Scheduled Urban Co-operative Bank with its Corporate Office at Mumbai and its area of operation is Greater Mumbai, Municipal limits of Pune City, Thane District, and Municipal areas of Navi Mumbai in the State of Maharashtra and the whole of Surat District including the Municipal Corporation areas of Surat, Bharuch, Baroda, Anand, Nadiad, Ahmedabad, Navsari and Valsad in the State of Gujarat. As on March 31, 2020, your Bank has 10023 numbers of Regular Members and 3095 Nominal Members.

V. Means of Communication:

Your Bank strongly believes that all stakeholders should have access to complete information on the Bank's activity, performance and product initiatives. Annual results of the Bank are published in English and Regional newspapers as well as also displayed on the Bank's Website (www.zoroastrianbank.com). Each year, the Annual Report is sent to all Shareholders. The Bank's Website displays, inter alia, official news releases of the Bank, Financial highlights and details of various product offerings.

For and on behalf of the Board of Directors

H. A. DARUWALLA
CHAIRPERSON

THE ZOROASTRIAN CO-OPERATIVE BANK LIMITED

Audited Balance Sheet as at 31st March 2020

(In Rupees)

Capital & Liabilities	Schedules	As at 31st March, 2020	As at 31st March, 2019
Capital :			
(i) Authorised Capital 1,20,00,000 shares of Rs. 25/- each		30,00,00,000.00	30,00,00,000.00
(ii) Subscribed & Paid up Capital 53,33,428 shares of Rs.25/- each (PY. 54,31,525 shares of Rs.25/- each)	1	13,33,35,700.00	13,57,88,125.00
Reserve Fund & Other Reserves	2	1,61,72,95,022.93	1,54,80,30,839.28
Deposits	3	11,43,78,90,881.21	11,14,01,32,782.67
Bills for Collection Being Bills Receivables (as per contra)	4	-	19,602.26
Branch Adjustments		-	-
Interest Payable	-	2,49,56,294.64	2,00,79,332.26
Overdue Interest Reserve (as per contra)	5	7,59,73,479.29	3,61,18,131.27
Other Liabilities	6	27,69,28,267.35	27,14,41,370.44
Profit & Loss Account		1,03,436.50	5,58,922.11
		13,56,64,83,081.92	13,15,21,69,105.29

CONTINGENT LIABILITIES

1) Outstanding Liabilities for Guarantees issued	8,30,73,974.46	13,77,97,842.46
2) Outstanding Liabilities for Letter of Credit issued.	-	93,03,671.00
3) Unclaimed Liabilities under Depositor Education and Awareness Fund (DEAF) Scheme	3,24,46,581.88	2,96,70,461.74
	11,55,20,556.34	17,67,71,975.20



Audited Balance Sheet as at 31st March, 2020

(In Rupees)

Property & Assets	Schedules	As at 31st March, 2020	As at 31st March, 2019
Cash	7	43,81,08,187.40	53,42,48,435.27
Balances with Banks	8	2,08,74,83,798.86	1,49,81,01,928.07
Money at Call and Short Notice / Term Money Placements / TREPS		1,24,48,31,224.93	39,99,73,613.94
Investments	9	3,93,95,61,204.61	3,69,70,74,402.35
Advances	10	5,34,78,42,246.15	6,59,66,32,057.27
Interest Receivable of which Overdue Interest Reserve (as per contra) Rs. 7,59,73,479.29 (P.Y. Rs.3,61,18,131.27)	11	25,49,68,100.66	17,98,02,328.34
Bills for Collection Being Bills Receivables (as per contra)		-	19,602.26
Branch Adjustments		-	-
Fixed Assets	12	4,13,88,910.52	5,24,94,646.53
Other Assets	13	21,22,99,408.79	19,38,22,091.26
		13,56,64,83,081.92	13,15,21,69,105.29

As per our report of even date

FOR KALYANIWALLA & MISTRY, LLP

Chartered Accountants

Reg No :104607W/W100166

Daljit Dogra

Managing Director & CEO

Y. B. Tantra

Vice Chairman

H. A. Daruwalla

Chairperson

Directors

Roshni R.Marfatia

Partner

ICAI M No.:106548

Mumbai: 31st August, 2020

Statutory Auditor

Dr. F. T. Shroff

S. C. Dinshaw

P. D. Karkaria

H. D. Petit

J. N. Panthaky

F. S. Choksey

M. J. Kalyaniwalla

S. D. Mehta

D. H. Khusrokhan

M. N. Irani

A. A. Kathawalla

Audited Profit and Loss Account for the Year Ended 31st March, 2020

(In Rupees)

Expenditure	Schedules	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Interest on Deposits, Borrowings, etc.	14	70,61,40,101.62	63,49,16,059.63
Salaries and Allowances, Provident Fund, Provisions, etc		17,86,15,453.53	15,62,77,011.84
Directors' & local committee members' fees and allowances		25,33,000.00	23,87,500.00
Rent, Taxes, Insurance, Lighting, etc.		3,43,31,552.56	3,28,61,509.66
Law Charges		45,626.00	24,363.00
Professional Fees		56,38,061.70	24,56,040.10
Postages, Telegrams & Telephone Charges		67,85,801.87	67,49,799.65
Auditor's fees		53,35,590.00	45,17,285.00
<u>Depreciation, Repairs & Maintenance</u>			
Depreciation		1,38,53,783.08	1,50,27,676.03
Repairs & Maintenance		61,92,165.10	67,05,870.81
Profession Tax		16,198.00	18,900.00
<u>Stationery, Printing, Advertisement, etc</u>			
(i) Printing & Stationery		24,34,908.13	26,95,384.80
(ii) Advertisement		21,94,759.70	39,37,763.60
(iii) Subscription		5,00,065.67	4,36,962.33
Amortisation of Premium on Htm Securities		20,07,497.74	19,94,669.40
Amortisation of Goodwill		-	88,70,456.19
General Charges		1,93,38,166.76	1,85,12,829.28
Bad debts written off		1,65,407.00	-
Loss on Sale of Assets		750.40	4.00
<u>Operating Profit Before Provisions</u>		9,80,49,940.86	19,58,80,335.15
<u>Provisions</u>			
Bad & Doubtful Debts Provisions under section 36(1) (vii) (a)		85,60,000.00	1,58,93,000.00
Special Reserve under Section 36 (1) (viii)		2,86,000.00	5,43,000.00
Provision for COVID 19 Regulatory Package		2,51,64,172.00	-
Provision for Standard Assets		10,00,000.00	45,00,000.00
Contingent Provision for Investment			
Depreciation Reserve		-	68,00,000.00
<u>Profit Before Tax</u>		6,30,39,768.86	16,81,44,335.15
<u>Tax Expense</u>			
(a) Income Tax - Current Year		3,21,96,000.00	5,97,80,000.00
(b) Income Tax - Earlier Years		-	-
(c) Deferred Tax Liability/ (Asset) Net		(19,85,644.24)	(88,83,514.23)
<u>Net Profit for the Year</u>		3,28,29,413.10	11,72,47,849.38
		1,08,41,78,829.72	1,09,42,70,420.47



Audited Profit and Loss Account for the Year Ended 31st March, 2020

(In Rupees)

Income	Schedules	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Interest and Discount	15	1,04,12,20,605.13	1,04,69,34,554.06
<u>Other Income</u>			
Commission, Exchange & Brokerage		23,46,171.71	31,26,790.72
Income from Non-Banking Assets & Profit from Sale of or Dealing with such Assets		40,496.75	1,20,033.89
Gain on Redemption of Investments		1,50,82,500.00	1,19,70,000.00
Transfer Fees		7,700.00	6,900.00
Miscellaneous Income		2,53,15,949.13	3,21,12,141.80
Amount withdrawn from provision for Bad & Doubtful Debt Reserve Under Section 36 (1) (vii) (a)		1,65,407.00	-
		1,08,41,78,829.72	1,09,42,70,420.47

As per our report of even date

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Daljit Dogra

Managing Director & CEO

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Vice Chairman

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Directors

Roshni R.Marfatia

Partner

ICAI M No.:106548

Mumbai: 31st August, 2020

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Profit and Loss Appropriation Account for the Year Ended 31st March, 2020

(In Rupees)

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Appropriations subject to AGM approval		
Statutory Reserve Fund - 25%	82,07,353.27	2,93,12,914.96
Reserve for Contingency - 10%	32,82,941.31	1,17,27,000.00
Education Fund - 1%	3,28,294.13	11,72,478.49
Proposed Dividend @	-	1,61,58,729.00
Ex - gratia to Staff	-	1,27,91,973.00
General Reserve	-	2,00,00,000.00
Building Fund	-	11,00,000.00
Bad & Doubtful Debts Reserve	2,15,00,000.00	2,00,00,000.00
Investment Fluctuation Reserve	-	50,00,000.00
Net Profit Carried to Balance Sheet	1,03,436.50	5,58,922.11
TOTAL	3,34,22,025.21	11,78,22,017.56

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
Profit of last year brought forward	5,58,922.11	5,74,168.18
Net Profit for the year	3,28,29,413.10	11,72,47,849.38
Excess Appropriation of previous year of Ex Gratia W/ back	33,690.00	-
TOTAL	3,34,22,025.21	11,78,22,017.56

As per our report of even date

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Schedules forming Part of Balance Sheet

		(In Rupees)	
		31st March, 2020	31st March, 2019
Schedule 1	Paid-up Capital		
	Individuals and Proprietors	10,95,95,100.00	11,13,85,400.00
	Firms, Companies (incl others)	2,37,40,600.00	2,44,02,725.00
		13,33,35,700.00	13,57,88,125.00
Schedule 2	Reserve Fund and Other Reserves		
	i. Statutory Reserve	46,86,98,977.34	45,90,30,000.00
	ii. Building Fund Reserve	27,09,00,000.00	27,09,00,000.00
	iii. Bad & Doubtful Debts Reserve under Sec. 36 (1) (vii) (a)	10,78,96,500.29	9,95,01,907.29
	iv. Bad & Doubtful Debts Reserve	23,20,50,000.00	21,05,50,000.00
	v. Provision for COVID 19 Regulatory Package	2,51,64,172.00	-
	vi. Investment Depreciation Reserve	6,50,75,209.76	6,50,75,209.76
	vii. Special Reserve under Sec 36 (1) (viii)	1,58,29,597.09	1,55,43,597.09
	viii. Reserve for Contingencies	8,51,27,941.31	8,18,45,000.00
	ix. General Reserve	20,52,30,000.00	20,52,30,000.00
	x. Staff Benefit Fund	22,75,000.00	23,05,000.00
	xi. Reserve for Standard Assets	3,22,00,125.14	3,12,00,125.14
	xii. Investment Fluctuation Reserve	9,86,70,000.00	9,86,70,000.00
	xiii. Shareholders Benefit Fund	6,77,500.00	6,80,000.00
	xiv. Jubilee Celebration Fund	75,00,000.00	75,00,000.00
		1,61,72,95,022.93	1,54,80,30,839.28
Schedule 3	Deposit & Other Accounts		
	i. Fixed deposits		
	a. Individuals and other entities	7,80,96,72,937.64	7,42,57,34,542.69
	b. Central Co-operative Banks	-	-
	c. Co-operative Institutions	58,62,01,872.55	52,83,99,378.20
		8,39,58,74,810.19	7,95,41,33,920.89
	ii. Savings Deposits		
	a. Individuals and other entities	2,45,14,27,430.53	2,33,28,53,029.99
	b. Central Co-operative Banks	-	-
	c. Co-operative Institutions	8,14,61,641.72	8,79,60,787.30
		2,53,28,89,072.25	2,42,08,13,817.29
	iii. Current Deposits		
	a. Individuals and other entities	50,12,21,204.89	75,98,86,308.11
	b. Central Co-operative Banks	-	-
	c. Co-operative Institutions	79,05,793.88	52,98,736.38
		50,91,26,998.77	76,51,85,044.49
		11,43,78,90,881.21	11,14,01,32,782.67

		(In Rupees)	
		31st March, 2020	31st March, 2019
Schedule 4	Bills for Collection		
	Liability for Outward Cheques for Collection (Inland)	-	12,500.00
	Liability for Outward Chqs for Collection (Foreign)	-	7,102.26
		-	9,602.26
Schedule 5	Overdue Interest Reserve (as per contra)		
	On Advances	6,88,46,085.29	3,11,57,820.17
	On Investments	71,27,394.00	49,60,311.10
		7,59,73,479.29	3,61,18,131.27
Schedule 6	Other Liabilities		
	(i) Bills Payable	2,98,46,728.09	3,19,14,805.83
	(ii) Unclaimed Dividends	43,14,709.40	47,45,598.13
	(iii) Proposed Dividend	-	1,61,58,729.00
	(iv) Other items	5,80,03,764.18	6,34,73,191.67
	(v) Provision for Tax		
	(a) Income Tax	15,28,87,000.00	12,06,91,000.00
	(vi) Provisions	3,13,52,863.00	2,64,75,785.00
	(vii) Income received in Advance	5,23,202.68	79,82,260.81
		27,69,28,267.35	27,14,41,370.44
Schedule 7	Cash		
	i. Cash In hand	2,92,12,017.00	1,75,89,937.00
	ii. Balances in current account with Reserve Bank	40,88,96,170.40	51,66,58,498.27
		43,81,08,187.40	53,42,48,435.27
Schedule 8	Balances with other banks		
	i. Current Accounts	1,25,79,255.86	89,84,206.07
	ii. Fixed Deposits with		
	[a] State & Central District Co-op. Bank	10,04,00,000.00	10,04,00,000.00
	(including Rs.10,04,00,000.00		
	(previous year Rs.10,04,00,000.00)		
	earmarked against Statutory Reserve Fund)		
	[b] Other Banks	1,97,45,04,543.00	1,38,87,17,722.00
	(including Rs.2,53,04,543.00		
	(previous year Rs.3,49,17,722.00)		
	lien for LC/BG facilities)		
		2,08,74,83,798.86	1,49,81,01,928.07
Schedule 9	INVESTMENTS		
	i. Government Securities	3,06,03,23,204.61	2,67,01,19,402.35
	Face Value Rs.311,30,00,000		
	(previous year Rs.272,30,00,000)		
	Market Value Rs.319,59,35,350		
	(previous year Rs.271,02,48,750)		
	ii. Other approved securities	-	-



The Zoroastrian Co-operative Bank Ltd.

		(In Rupees)
	31st March, 2020	31st March, 2019
iii. Shares - (Co-op. Institutions)	80,000.00	80,000.00
iv. Bonds of PSU	20,01,55,000.00	15,01,55,000.00
v. Others		
- Bonds of Private Sector & Other Institutions	67,90,03,000.00	57,90,03,000.00
- Commercial Papers	-	9,77,17,000.00
- Mutual Funds	-	20,00,00,000.00
	3,93,95,61,204.61	3,69,70,74,402.35

- a. Government Securities includes the pledged securities of Rs.5,05,51,272.73 (previous year Rs.5,06,89,090.92) against borrowing facilities.
- b. Government Securities includes the earmarked securities of Rs.37,72,91,543.43 (previous year Rs.36,65,12,641.08) for Statutory Reserve Fund.
- c. Bonds of Private Sector & Other Institutions includes Rs. 5,00,00,000.00 of 8.60% Infrastructure Leasing & Financial Services Bonds considered as a Non-Performing Investment and fully provided for under Investment Depreciation Reserve in the current year.

Schedule 10 **Advances**

i. **Short-term Loans, Cash-credits, Overdrafts & Bills Discounted, of which, secured against :**

[a] Government & other securities	5,73,097.04	13,02,289.35
[b] Other tangible securities	2,28,70,15,582.69	3,03,96,56,723.75
[c] Personal sureties	6,21,10,077.98	4,50,90,201.58
	2,34,96,98,757.71	3,08,60,49,214.68

of the advances, amount due from individuals	62,36,00,522.73	63,90,92,899.33
of the advances, amount overdue**	49,190.00	88,827.00
Considered Bad & Doubtful of Recovery (fully provided for)	34,09,54,613.32	15,42,35,073.14

ii. **Medium Term Advances of which Secured against :**

[a] Government & other securities	8,93,716.00	1,21,333.00
[b] Other tangible securities	1,09,21,49,854.57	1,39,91,66,158.79
[c] Personal sureties	8,52,09,954.21	9,37,47,710.73
	1,17,82,53,524.78	1,49,30,35,202.52

of the advances, amount due from individuals	47,35,67,921.00	55,55,07,927.48
of the advances, amount overdue **	1,30,92,406.15	11,99,122.56

		(In Rupees)	
		31st March, 2020	31st March, 2019
	Considered Bad & Doubtful of Recovery (fully provided for)	4,25,72,535.72	1,63,81,982.93
iii.	Long Term Advances secured against :		
	[a] Government & other securities	-	-
	[a] Government & other securities	1,81,06,07,472.09	2,00,54,92,465.57
	[c] Personal sureties	92,82,491.57	1,20,55,174.50
		1,81,98,89,963.66	2,01,75,47,640.07
	of the advances, amount due from individuals	82,75,49,049.63	7,14,919.43
	of the advances, amount overdue**	1,10,90,600.74	-
	Considered Bad & Doubtful of Recovery (fully provided for)	3,39,06,119.97	41,18,248.00
	TOTAL ADVANCES	5,34,78,42,246.15	6,59,66,32,057.27
**Overdue advances have been disclosed based on the overdue report as on March 27, 2020			
Schedule 11	Interest Receivable		
	On Non performing Investments	71,27,394.00	49,60,311.10
	On Non Performing Advances	6,88,46,085.29	3,11,57,820.17
	Sub Total (As per Contra)	7,59,73,479.29	3,61,18,131.27
	On Investments	16,66,90,750.37	13,46,46,899.07
	On Staff Housing Loans	1,23,03,871.00	90,37,298.00
		25,49,68,100.66	17,98,02,328.34
Schedule 12	Fixed Assets		
	PREMISES:		
	Bal. as per last Balance Sheet	3,13,96,685.04	3,71,97,307.04
	Add : additions during the year	-	-
		3,13,96,685.04	3,71,97,307.04
	Less : Depreciation for the year	54,85,312.00	58,00,622.00
		2,59,11,373.04	3,13,96,685.04
	FURNITURES, FIXTURES & OFFICE EQUIPMENTS:		
	Bal. as per last Balance Sheet	1,97,88,657.13	2,21,48,968.11
	Add : additions during the year	27,48,800.72	64,54,252.40
		2,25,37,457.85	2,86,03,220.51
	Less : Disposed off during the year	753.65	10,515.35
	Less : Depreciation for the year	79,15,192.08	88,04,048.03
		1,46,21,512.12	1,97,88,657.13
	VEHICLES:		
	Bal. as per last Balance Sheet	13,09,304.36	9,26,832.12
	Add : additions during the year	-	8,05,483.00
		13,09,304.36	17,32,315.12



The Zoroastrian Co-operative Bank Ltd.

		(In Rupees)	
		31st March, 2020	31st March, 2019
	Less : Disposed off during the year	-	4.76
	Less : Depreciation for the year	4,53,279.00	4,23,006.00
		8,56,025.36	13,09,304.36
	TOTAL FIXED ASSETS	4,13,88,910.52	5,24,94,646.53
Schedule 13	Other Assets		
	[i] Utility Deposits & Other advances	2,75,77,590.00	2,60,27,590.00
	[ii] Advance Tax Payments	15,53,78,109.77	11,82,67,339.77
	[iii] Tax deducted at source	71,48,503.47	68,77,516.91
	[iv] Deferred Tax Asset	1,49,46,105.63	1,29,60,461.39
	[v] Others	37,85,573.66	2,68,42,580.32
	[vi] Capital work in progress	2,81,500.00	2,50,000.00
	[vii] Prepaid expenses	31,82,026.26	25,96,602.87
		21,22,99,408.79	19,38,22,091.26
Schedule 14	Interest on Deposits, Borrowings, etc.		
	Interest on Fixed Deposits A/cs	30,45,36,009.84	28,14,18,060.00
	Interest on Savings Bank A/cs	9,42,64,283.61	9,66,80,361.89
	Interest on Current A/cs	-	-
	Interest on Deposits Reinvestment Certificate A/c	28,48,84,958.63	24,34,41,452.48
	Interest on Recurring Deposits	34,42,228.00	30,16,153.00
	Interest on Sweep Deposits & Unit Withdrawal Scheme	1,89,32,075.00	1,02,73,897.00
	Interest paid on Deposits matured	80,546.54	86,135.26
	Interest on Overdraft with other Banks	-	-
		70,61,40,101.62	63,49,16,059.63
Schedule 15	Interest & Discounts		
	Interest on Loan A/cs	33,01,90,075.07	33,15,67,922.42
	Interest on Overdraft A/cs	9,49,61,685.65	10,40,62,816.65
	Interest on Cash Credit A/cs	13,61,21,271.26	15,60,27,030.83
	Interest on Usance Bills Discounted	1,46,44,788.85	5,32,04,297.77
	Income on Banks Fixed Deposits, Short Term Deposits etc	14,02,69,361.17	8,29,81,366.31
	Income on Govt. Securities	16,51,25,098.10	15,85,19,329.55
	Income on Call Money	2,77,78,629.00	2,28,81,415.86
	Income on CBLO/ TREPS Lending	1,32,13,920.32	93,23,938.58
	Income on PSU Bonds	6,07,88,667.39	5,81,67,399.48
	Discount Received on Treasury / Cash Management Bill	3,25,05,032.00	3,52,34,134.00
	Discount Received on Commercial Paper	9,25,327.00	68,73,573.00
	Income on Mutual Funds	30,67,881.32	1,50,48,659.61
	Income on Term Money	2,10,59,042.00	1,23,79,591.00
	Dividend Income	8,250.00	15,750.00
	Interest on Deposit with CCIL	5,61,576.00	6,47,329.00
		1,04,12,20,605.13	1,04,69,34,554.06

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

	Year ended 31.03.2020	Year ended 31.03.2019
Cash Flow from Operating Activities		
Net Profit after tax (before appropriation)	3,28,29,413.10	11,72,47,849.38
Adjustments for:		
Add:		
Bad & Doubtful Debts Provision Under Section 36(1) (vii) (a)	85,60,000.00	1,58,93,000.00
Special Reserve Under Section 36 (1) (viii)	2,86,000.00	5,43,000.00
Provision For Covid 19 Regulatory Package	2,51,64,172.00	-
Provision For Standard Assets	10,00,000.00	45,00,000.00
Contingent Provision For Investment Depreciation Reserve	-	68,00,000.00
Income tax provision	3,21,96,000.00	5,97,80,000.00
Deferred Tax Liability/ (Asset) Net	(19,85,644.24)	(88,83,514.23)
Bad debts written off	1,65,407.00	-
Depreciation on Fixed Assets	1,38,53,783.08	1,50,27,676.03
Amortisation of Goodwill	-	88,70,456.19
Less:		
Ex-gratia paid to staff	(1,22,99,974.00)	(1,19,34,460.00)
Education fund Paid	(11,72,478.49)	(9,93,796.96)
Profit on sale of fixed assets (net)	(39,746.35)	(1,20,029.89)
Bad debts written back	(1,65,407.00)	-
	9,83,91,525.10	20,67,30,180.52
Adjustments for working capital changes :-		
(Increase)/ Decrease in Investments	(27,45,30,653.56)	(50,41,23,470.19)
(Increase)/ Decrease in Net Advances	1,24,53,57,831.12	(36,52,79,817.22)
(Increase)/ Decrease in Other Assets	2,08,90,083.27	(2,44,83,169.28)
Increase/ (Decrease) in Deposits	30,26,35,060.92	51,26,32,361.81
Increase/ (Decrease) in Other liabilities and provisions	30,58,363.00	1,63,09,283.14
Increase / (Decrease) in Reserve Funds	69,100.00	1,33,483.75
Net Cash generated from / (used in) Operating Activities before Tax	1,39,58,71,309.85	(15,80,81,147.47)
Direct taxes paid(Net)	(3,73,81,756.56)	(6,02,24,210.04)
Net Cash flow from / (used in) Operating Activities	1,35,84,89,553.29	(21,83,05,357.51)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(27,48,800.72)	(72,59,735.40)
Proceeds from Sale of Fixed Assets	40,500.00	1,30,550.00
Net Cash used in Investing Activities	(27,08,300.72)	(71,29,185.40)



	Year ended 31.03.2020	Year ended 31.03.2019
Cash Flow from Financing Activities		
Proceeds from Issue/(Repayment) of Share Capital	(24,52,425.00)	(23,27,425.00)
Dividend Paid	(1,52,29,593.66)	(1,51,83,193.90)
Net Cash used in financing Activities	(1,76,82,018.66)	(1,75,10,618.90)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,33,80,99,233.91	(24,29,45,161.81)
Cash and Cash Equivalents at the beginning of year	2,43,23,23,977.28	2,67,52,69,139.09
Cash and Cash Equivalents at the end of year	3,77,04,23,211.19	2,43,23,23,977.28
Net Increase / (Decrease) in Cash and Cash Equivalents	1,33,80,99,233.91	(24,29,45,161.81)
Note:		
Cash & Cash Equivalents		
Cash	43,81,08,187.40	53,42,48,435.27
Balance with other banks	2,08,74,83,798.86	1,49,81,01,928.07
Money at Call & Short Notice/ TREPS/ Term Money Placements	1,24,48,31,224.93	39,99,73,613.94
	3,77,04,23,211.19	2,43,23,23,977.28

1. Cash and cash equivalents comprise of cash on hand (including foreign currency notes), Balances with Reserve Bank of India, Balance with Banks and money at call and short notice , Term Money Placements and TREPS.
2. The above statement Cashflow has been prepared under the "Indirect Method" as set out in AS - 3 "Cash Flow Statements".
3. Previous year's figures have been re-grouped wherever necessary to confirm current year's classification.

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

1. ACCOUNTING POLICIES

1.1 Accounting Convention:

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

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 amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the 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 revision to the accounting estimates is recognised prospectively in the current and future periods.

1.2 Investments:

1.2.1 Investment portfolio of the Bank is categorised in accordance with the guidelines issued by RBI as under:-

- a) 'Held to Maturity' comprising investments acquired with the intention to hold them till maturity.
- b) 'Held for Trading' comprising investments acquired with the intention to trade within 90 days.
- c) 'Available for Sale' comprising investments not covered under (a) and (b) above i.e. those which are acquired neither for trading purposes nor for being held till maturity.

For presentation in the Balance Sheet, Investments are classified under Government Securities, Other Approved Securities, Shares, Bonds of PSU and Other Investments (Bonds of Private sector and other All India Financial Institutions, Commercial Papers and Mutual Funds).

1.2.2 Valuation of Investments is as per directives issued by RBI from time to time.

1.2.3 Investments in 'Available for Sale' & 'Held for Trading' categories are valued scrip-wise at lower of cost or market value. Appreciation / Depreciation are aggregated for each class of securities and net depreciation, in aggregate for each category, is provided under Investment Depreciation Reserve, while net appreciation, if any, is ignored.

Investments in 'Held to Maturity' category are valued at cost and the premium paid in individual security is amortized over the life of that security.

1.2.4 Market value is taken on the basis of the Yield to Maturity as indicated by Financial Benchmark India Private Ltd (FBIL) and Fixed Income Money Market and Derivatives Association of India (FIMMDA).

1.2.5 Broken period interest accrued at the time of acquisition of securities is recognised as expenses.



- 1.2.6 Income from Government Securities/ Bonds of Public Sector Undertakings and All India Financial Institutions, where interest rates on the instruments are predetermined, income is booked on accrual basis, provided interest is serviced regularly and is not in arrears.
- 1.2.7 Income on units of Mutual Funds is booked on cash basis and not on accrual basis.
- 1.2.8 Investments where principal / interest remain overdue for more than 90 days are classified as Non-Performing and provision is made in line with the guidelines of RBI.
- 1.2.9 Interest on Investments of all earmarked funds are credited to the Profit and Loss Account.

1.3 Statutory Reserve Fund

The Reserve Fund is separately invested in Government securities and/ or in fixed deposits with the District Central Co-operative Bank or the State Co-operative Bank or with any other Bank and as permitted by the Reserve Bank of India. Interest accruing thereon shall form part of the general revenue.

1.4 Advances:

- 1.4.1 In terms of guidelines issued by RBI, advances to borrowers are classified into "Performing" or Non-performing" assets based on recovery of Principal / Interest. Non-Performing Assets (NPA) are further classified as sub-standard, doubtful and loss assets and provisions thereon are made in accordance with the prudential norms prescribed by the RBI.
- 1.4.2 Specific provisions in respect of NPAs are made subject to the minimum provisioning norms prescribed by the RBI. The Bank also makes additional provisioning over and above the specific minimum provisioning as per RBI norms as a matter of prudence. Provision on Standard Advances is made at a rate ranging between 0.25% and 1.00% as prescribed by RBI.
- 1.4.3 Overdue Interest Reserve represents unrecovered interest on all NPA Advances & Investments, which is correspondingly shown under Interest Receivable.
- 1.4.4 For the purpose of presentation, Advances are classified as Short Term Advances up to 1 year, Medium Term Advances above 1 year to 5 years and Long Term Advances above 5 years.

1.5 Fixed Assets & Depreciation:

- 1.5.1 Premises and other Fixed Assets are stated at historical cost, net of accumulated depreciation, thereon. Cost includes cost of purchase and all expenditure like freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset.
- 1.5.2 Capital work-in-progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.
- 1.5.3 Bank has not re-valued any of its Fixed Assets during the year.

1.5.4 Depreciation

Assets purchased and put to use are depreciated on the basis of Straight Line Method as under:

a) Furniture & Fixtures	15%
b) Electrical Equipments	15%
c) Vehicles	20%
d) Premises	5%
e) Computer Hardware	33.33%
f) Computer Software	33.33%

Depreciation on additions to assets is provided for the full year if the assets are purchased on or before 30th September and for the half year, if the assets are purchased after 30th September. No depreciation is provided on assets sold/disposed off during each of the half year.

1.6 Revenue Recognition (AS -9):

Items of Income and Expenditure are accounted for on accrual basis except for certain items of Income mentioned below, which are accounted for on cash basis:

- a) Interest on Non-Performing Assets in accordance with RBI guidelines
- b) Rent on Safe Deposit Lockers
- c) Commission on Insurance Business on referral basis.
- d) Interest on Refund of Income Tax.
- e) Dividend on shares of Co-operative Banks.

1.7 Employees Benefits (AS -15):

- 1.7.1 Provident Fund is Defined Contribution Plan and contributions made to the Commissioner of Provident Fund at rates prescribed in the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 are accounted for on accrual basis and deposited within the stipulated time.
- 1.7.2 The Bank operates defined benefit plan for its employees, viz. gratuity liability. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. The Bank is maintaining fund under Trust Deed with Life Insurance Corporation of India (LIC) for gratuity payments to employees and annual premium is paid based on the demand from LIC.
- 1.7.3 Provision for Leave Encashment is made on an actuarial basis.
- 1.7.4 Ex-Gratia is appropriated out of net profits in accordance with the Multi-State Co-operative Societies Act, 2002.

1.8 Segment Reporting (AS - 17):

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

- (a) Treasury includes all Investment portfolio, profit / loss on sale of investments (Bonds and Government Securities). The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as 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.

1.9 Related Party Disclosure (AS-18):

There are no related parties which require a disclosure under AS 18 other than the Key Management Personnel. The Managing Director 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.

1.10 Lease Payment (AS - 19):

Operating lease payments are recognized as an expense in the Profit and Loss account during the year as per lease agreement.

1.11 Earnings Per Share (AS - 20):

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Bank's earnings per share is the net profit for the year before appropriation of net profit. The weighted average number of equity shares outstanding during the year is calculated on a monthly basis.

1.12 Taxes on Income (AS -22):

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-Tax Act, 1961. A Deferred Tax Asset / Liability resulting from timing differences between taxable and accounting income is accounted for, using the tax rates and laws that are enacted or substantially enacted as on the Balance Sheet date. A deferred tax asset/ liability is recognised and carried forward only to the extent that there is a reasonable certainty or a virtual certainty as the case maybe that the asset will be realized in future.

1.13 Intangible Assets (AS -26):

Intangible assets consist of acquired Computer Software. The same is amortised equally over the period of three years as per RBI guidelines.

1.14 Impairment of Assets (AS 28):

The carrying amounts of the Bank's tangible & intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss, if any, is recognized in the Statement of Profit and Loss in the period in which impairment takes place.

1.15 Provisions & Contingencies (AS -29):

In conformity with AS- 29 relating to "Provisions, Contingent Liabilities and Contingent Assets", the Bank recognizes by way of provision only when it has a present obligation as a result of past event. It is probable that an outflow of resources embodying economic benefits may be required to settle the obligations as and when a reliable estimate of the amount of the obligation can be made.

Acceptance, endorsements and other obligations including guarantees are disclosed as Contingent Liabilities at the face value of the commitments undertaken.

2. NOTES TO ACCOUNTS:

- 2.1 The Bank has a Borrowing Arrangement of Funds under 'Collateralised Borrowing and Lending Obligations' (CBLO) which has been subsequently changed to 'Tri-party Repo System' (TREPS).
- 2.2 In accordance with master circular on investment issued by RBI, Investment Fluctuation Reserve has to be built at 5% of the investment in Available for Sale (AFS) category.

(Rs. in lakhs)

Particulars	31.03.2020	31.03.2019
Investment in Available for sale category	17,631.64	17,207.72
Investment Fluctuation Reserve at 5% of above	881.58	860.39
Investment Fluctuation Reserve held by Bank	986.70	986.70

Bank has retained the excess balance in Investment Fluctuation Reserve on conservative basis.

- 2.3 There is an appreciation in Government Securities under Held to Maturity (HTM) category as on March 31, 2020 amounting to Rs.1365.06 lakhs (previous year Rs.499.08 lakhs) and a depreciation in Government Securities under Available for Sale (AFS) category amounting to Rs. 8.94 lakhs (previous year Rs.97.79 lakhs). Further there is appreciation in PSU and other Bonds and others as on March 31, 2020 amounting to Rs. 329.28 lakhs (previous year Rs. 122.21 lakhs).

During the year, Bank has classified the investment in 8.60% non-convertible debenture of Infrastructure Leasing & Financial Services amounting to Rs. 500.00 lakhs as Non Performing Investment. Non-Performing Investment has been fully provided for under the head Investment Depreciation Reserve.

Investment Depreciation Reserve

(Rs. in lakhs)

Particulars	31.03.2020	31.03.2019
Provision for Investment in 8.60% Infrastructure Leasing & Financial Services	500.00	50.00
Provision for Investment in Punjab State Industrial Development bonds (Matured Investment)	-	200.00
Depreciation on Government Securities under available for sale category	8.94	97.79
Total Investment Depreciation Reserve Required	508.94	347.79
Investment Depreciation Reserve held by Bank	650.75	650.75

Bank has retained the excess balance in Investment Depreciation Reserve on conservative basis.

- 2.4 The requirement of provision against Standard & Non-Performing Advances in terms of RBI guidelines are as follows:

(Rs in lakhs)

	31.03.2020			31.03.2019		
	Provision required	Provision Held	Excess Provision	Provision required	Provision Held	Excess Provision
Standard Assets	222.77	322.00	99.23	301.22	312.00	10.78
Non-Performing Assets	1,506.24	3,399.47	1,893.23	821.72	3,100.52	2,278.80



2.5 Claims against Bank not acknowledged as debt is: Rs. 28.25 lakhs (previous year - Rs Nil) in respect of disputed demand of income tax against which the bank has preferred an appeal.

2.6 Employee Benefits- Accounting Standard 15 (Revised)

Defined Contribution Plan

- Bank's Contribution to Provident Fund Rs. 138.31 lakhs (Previous year Rs. 129.01 lakhs)

Defined Benefit Plan

- Gratuity (funded with LIC) & Leave Encashment (unfunded).
- The following table gives disclosures for the current year as required under Accounting Standard 15 as furnished by Actuaries Messrs K .A. Pandit & Associates and is in accordance with the financial statements.

I) Table showing discounting rates / expected return / salary escalation rate

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.20	31.03.19	31.03.20	31.03.19
1	Discount rate	6.84%	7.79%	6.84%	7.79%
2	Salary Escalation rate	4.00%	4.00%	4.00%	4.00%
3	Attrition rate	2.00%	1.00%	2.00%	1.00%

II) Changes in present value of obligations

(Rs. in lakhs)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.20	31.03.19	31.03.20	31.03.19
1	Liability at the beginning of the current period	539.60	473.69	248.76	221.76
2	Interest cost	42.03	37.18	19.38	17.41
3	Current service cost	29.85	28.08	21.05	18.26
4	Past service cost	-	-	-	-
5	Benefits paid	(37.84)	(25.27)	(56.88)	(47.66)
6	Actuarial (gain)/loss on obligations	124.49	25.92	47.90	38.99
7	Liability at the end of the current period	698.14	539.60	280.21	248.76

III) Changes in fair value of Plan Assets

(Rs. in lakhs)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.20	31.03.19	31.03.20	31.03.19
1	Fair value of plan assets at the beginning of the year	584.79	470.63	-	-
2	Expected return on plan assets	45.56	36.94	-	-
3	Contributions	92.09	104.78	-	-

4	Benefits paid	(37.84)	(25.27)	-	-
5	Actuarial gain/(loss) on plan assets	(3.78)	(2.29)	-	-
6	Fair value of plan assets at the end of the year	680.82	584.79	-	-

IV) Amount recognized in Balance Sheet

(Rs. in lakhs)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.20	31.03.19	31.03.20	31.03.19
1	Fair value of plan assets at the end of the period.	680.82	584.79	-	-
2	Liability at the end of the period	(698.14)	(539.60)	(280.21)	(248.76)
3	Amount recognized in the Balance Sheet	17.32	(45.19)	280.21	248.76

V) Expenses recognized in income statement

(Rs. in lakhs)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.20	31.03.19	31.03.20	31.03.19
1	Current service cost	29.85	28.08	21.05	18.26
2	Interest cost	(3.52)	0.24	19.38	17.40
3	Expected return on plan assets	-	-	-	-
4	Net actuarial gain/ (loss)	128.27	28.21	47.90	38.99
5	Past service cost	-	-	-	-
6	Expenses recognised in P&L account.	154.60	56.52	88.33	74.67

2.7 Accounting Standard 17 Segment Reporting as at March 31, 2020:

(Rs.in lakhs)

Business Segments	Treasury	Other Banking Operations	Total
Revenue	4,803.85 4,140.42	6,037.86 6,802.21	10,841.71 10,942.63
Expenses	3,802.77 2,702.69	6,408.62 6,469.86	10,211.39 9,172.55
Result	1,001.08 1,437.73	(370.76) 332.35	630.32 1,770.08
Unallocated income			0.08
Unallocated expenses			88.63
Operating profit			630.40 1,681.45
Income Tax			302.11 508.97
Net Profit			328.29 1,172.48



Other Information	Treasury	Other Banking Operations	Total
Segment assets	78,576.02 <i>62,564.84</i>	55,314.08 <i>67,575.80</i>	1,33,890.10 <i>1,30,140.64</i>
Unallocated assets			1,774.73 <i>1,381.05</i>
Total assets			1,35,664.83 <i>1,31,521.69</i>
Segment liabilities	61,104.64 <i>45,566.50</i>	55,480.83 <i>67,904.50</i>	1,16,585.47 <i>113,471.00</i>
Unallocated liabilities			1,572.02 <i>1,212.50</i>
Share Capital & Reserves			17,507.34 <i>16,838.19</i>
Total Liabilities			1,35,664.83 <i>1,31,521.69</i>

- These segments have been reported considering the nature of products or services, different risks and returns attributable to them, organization structure and internal management information system.
- Segment assets have not been adjusted for Bad and doubtful debts reserve, investment depreciation reserve, reserve for standard and provision for Covid 19 regulatory package, lying under Reserve Fund and other Reserves.
- Secondary Segment information: Bank caters mainly to the needs of Indian customers; hence separate information regarding secondary segment i.e. Geographical Segment is not given.
- Figures in italics represent previous year's figures.

2.8 Accounting Standard 18 Related Party Transactions

The Bank is a Co-operative Society under the Multi State Co-operative Societies Act, 2002 and there are no Related Parties requiring a disclosure under Accounting Standard 18 issued by the Institute of Chartered Accountants of India read with Master Circular on Disclosure in Financial Statements – Notes to Accounts dated July 1, 2014 issued by RBI, other than one Key Management Personnel viz. Mr. J. S. Iyer (former Managing Director & CEO) up to September 30, 2019 and Mr. Daljit Dogra the Managing Director & CEO of the Bank with effect from October 1, 2019. However, in terms of RBI circular dated March 29, 2003, the Managing Director being single party under the category Key Management Personnel, no further details need to be disclosed.

2.9 Accounting Standard 19 Leases

Operating lease comprises non-cancellable leasing of office premises.

(Rs. in lakhs)

Future lease rental payable as at the end of the year:	31.03.2020	31.03.2019
- Not later than one year	163.78	143.23
- Later than one year and not later than five years	325.83	433.64
- Later than five years	40.73	53.07
Total of minimum lease payments realization in the Profit and Loss account for the year.	146.01	155.72

2.10 Earnings Per Share (EPS)

Particulars	31.03.2020	31.03.2019
Net Profit after taxation - Rs. in lakhs	328.29	1,172.48
Weighted average No. of Shares - in lakhs	53.81	54.81
Earnings Per Share (EPS) – in Rs.	6.10	21.39

2.11 Accounting Standard 22 Taxes on Income

During the year the Bank has determined the deferred tax (asset) /liabilities on the basis of the transactions resulting from timing differences between taxable and accounting income. Accordingly, the following Deferred Tax Asset has been determined and accounted as on March 31, 2020.

(Rs in lakhs)

	31.03.2020		31.03.2019	
	Amount	Tax effect	Amount	Tax effect
<u>Deferred Tax Liability</u>				
Special Reserve under Section 36(1)(viii)	158.30	55.32	155.44	54.32
Total	158.30	55.32	155.44	54.32
<u>Deferred Tax Asset</u>				
Provision for Leave Encashment	280.21	97.92	248.76	86.93
Provision for Gratuity	17.32	6.05	-	-
Depreciation	288.48	100.81	277.57	96.99
Total	586.01	204.78	526.33	183.92
Net Deferred Tax (Assets)/ Liability as at the year end	(427.71)	(149.46)	(370.89)	(129.60)
Net (DTA) / DTL as at the beginning of the year		(129.60)		(40.77)
Net impact recognized in Profit & Loss A/c		(19.86)		(88.83)

The Bank on a prudent basis has decided not to recognise a deferred tax asset on the carried forward losses under the income tax act of the erstwhile City Co-operative Bank Ltd which is merged into the Bank with effect from January 01, 2014. This would be recognised in the year in which such loss will be permitted to be set-off against the taxable income of the Bank.

2.12 Details of Computer Software – other than internally generated (AS 26)

Amortisation rates used is 33.33% p.a. on straight-line method.

(Rs. in lakhs)

Particulars	31.03.2020	31.03.2019
Opening Balance	37.70	17.34
Additions during the year	15.95	40.97
Sub total	53.65	58.31
Amortization during the year	25.03	20.61
Net Carrying balance	28.62	37.70

2.13 In the opinion of the management, there is no impairment to assets in respect of which Accounting standard -28 on "Impairment to Assets" applies.



- 2.14 The City Co-operative Bank Ltd., Surat (CCBL) merged with the Bank with effect from January 01, 2014. The merger has been accounted for in accordance with the RBI approved scheme of amalgamation and Accounting Standard -14 "Accounting for Amalgamations". The Assets and Liabilities of the erstwhile CCBL have been recognised in the books of the Bank at their relative audited values as at December 31, 2013. Since the value of Liabilities taken over is more than the value of Assets, Goodwill on Amalgamation of Rs.591.37 lakhs had been recognised as Intangible Asset. This Goodwill was amortised over a period of five years commencing from financial year 2013-14 in accordance with the RBI approved scheme of amalgamation. The amortization for 5 years has been charged to Profit & Loss account of the Bank from January 2014 to December, 2018.
- 2.15 **Appropriations of Profit**
- The Bank presents appropriation of current year profit in the current year's Profit & Loss Account. These appropriations will be effective once they are approved in the ensuing Annual General Meeting.
- 2.16 In terms of RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated 7th April, 2016, during the year the Bank has purchased Priority Sector Lending Certificate (PSLC- General and Micro) amounting to Rs. 13,000.00 lakhs (previous year Rs.9700.00 lakhs). The said sum is eligible for inclusion in priority sector lending target of the Bank for year 2019-20. These PSLCs are valid till 31st March, 2020.
- 2.17 In accordance with the "The Depositor Education and Awareness Fund Scheme, 2014" formulated by RBI, during financial year ended March 31, 2020, the movement in DEAF account is as under:

(Rs. in lakhs)

Particulars	F.Y.2019-20	F.Y.2018-19
Opening balance of amounts transferred to DEAF	296.70	257.82
Add: Amounts transferred to DEAF during the year	34.42	44.50
Less: Amounts reimbursed by DEAF towards claims	6.66	5.62
Closing balance of amounts transferred to DEAF	324.46	296.70

2.18 Disclosure of Information as on 31st March, 2020

In terms of RBI Circular No. UBD.CO.DP.PCB 20/16.45.00/2002-03 dated 30th October, 2002

(Rs. in lakhs)

		2020	2019
1.	Movement of CRAR		
	Tier I Capital (note a)	11,642.80	11,688.96
	Tier II Capital	1,555.04	1,958.38
	Total of Tier I & Tier II Capital	13,197.84	13,647.34
	Total Risk Weighted Assets	63,992.38	77,734.51
	Capital to Risk Assets Ratio	20.62%	17.56%
	Tier I Capital	18.19%	15.04%
	Tier II Capital	2.43%	2.52%
2.	Investments		
	Book Value	39,395.61	36,970.74
	Face Value	39,930.80	37,530.80
	Market Value	40,581.01	37,494.25
3.	Advances against:		
	a) Real Estate and Construction Business	2,830.98	6,686.52
	b) Housing	7,962.45	7,494.56
	Total	10,793.43	14,181.08
4.	Advances against Shares & Debentures	52.18	40.36
5.	Advances to Directors, their Relatives, Companies / Firms in which they are interested		
	a) Advances outstanding	Nil	Nil
	b) Overdues	Nil	Nil
6.	Working Capital	1,34,901.92	1,31,160.31



		2020	2019
7.	Average Daily Cost of Deposits	6.37%	6.11%
8.	Profitability Ratios		
	a) Interest Income as % of Working Funds	7.72%	7.98%
	b) Non-Interest Income as % Working Funds	0.32%	0.36%
	c) Operating Profit as % of Working Funds	0.73%	1.49%
	d) Return on Assets (Average Working Funds)	0.51%	1.15%
	e) Business (Deposits + Advances) per Employee	784.38	809.90
	f) Operating Profit per Employee	4.58	8.94
9.	NPAs & Movement of NPAs		
	Gross NPAs as on 1 st April	1,747.35	1,054.63
	Additions during the year	2,557.51	726.45
	Reductions during the year	130.53	33.73
	Gross NPAs as on 31 st March	4,174.33	1,747.35
10.	Net NPAs as on 1 st April	Nil	Nil
	Additions during the year	774.87	Nil
	Reductions during the year	Nil	Nil
	Net NPAs as on 31 st March	774.87	Nil
11.	Provisions made towards NPAs		
	Provision towards NPAs as on 1 st April	3,100.52	2,741.59
	Additions during the year	300.60	358.93
	Recoveries / Write backs during the year	(1.65)	-
	Provisions as on 31 st March	3,399.47	3,100.52

		2020	2019
12.	Movement in Provisions on Standard Assets		
	Opening Balance as on 1 st April	312.00	267.00
	Additions during the year	10.00	45.00
	Reversals during the year	-	-
	Closing Balance as on 31 st March	322.00	312.00
13.	Movement in Provision on Investment Depreciation Reserve		
	Opening Balance as on 1 st April	650.75	582.75
	Additions during the year	-	68.00
	Reversals during the year	-	-
	Closing Balance as on 31 st March	650.75	650.75
14.	Movement in Provision on Investment Fluctuation Reserve		
	Opening Balance as on 1 st April	986.70	936.70
	Additions during the year	-	50.00
	Reversals during the year	-	-
	Closing Balance as on 31 st March	986.70	986.70
15.	Foreign Currency Assets and Liabilities & Foreign Currencies held		
	a) Foreign Currencies on hand	Nil	Nil
	b) Travellers' Cheques on hand	Nil	Nil
16.	Repo / Reverse Repo Transactions	Nil	Nil
17.	DICGC Insurance Premium paid	112.15	106.33
18.	Penalty imposed by Reserve Bank of India	Nil	Nil
19.	Restructured Accounts	Nil	Nil



		2020	2019
20.	Non-Performing - Non SLR Investments		
	Opening Balance as on 1 st April (note b)	200.00	200.00
	Additions during the year	500.00	0.00
	Reduction during the year	200.00	0.00
	Closing Balance as on 31 st March	500.00	200.00
	Total Provisions held	641.81	502.96
21.	Break-up of Investments		
	Held for Trading	Nil	Nil
	Available for Sale	17,631.64	17,207.02
	Held to Maturity	21,763.97	19,763.72

Note

- Tier I Capital includes amount of Rs.158.30 lakhs (previous year Rs. 155.44 lakhs) in Special Reserve created under Section 36 (1) (viii) of the Income Tax Act, 1961 as the Bank has created Deferred Tax Asset (DTA) on this reserve as per RBI circular No.67 dated May 30, 2014. Tier I Capital also includes Reserve for contingencies.
- The Investment in Punjab State Industrial Development Bonds amounting to Rs.200.00 lakhs have been reclassified as Matured Investments under the head "Other Assets" in the financial year ended March 31, 2019. The said bonds matured in 2016. During the financial year ended March 31, 2020, the Bank exercised the option of one-time settlement and has received principal amount of Rs.200.00 lakhs from Punjab State Industrial Development Corporation and waived off overdue interest of Rs.54.20 lakhs.

2.19 Issuer Composition of Non SLR Investments

(Rs. in lakhs)

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	1,000.00 (1,000.00)	-	-	-
2	FIs	2,001.55 (1,501.55)	-	-	-
3	Public Sector Banks	0.00 (0.00)	-	-	-
4	Mutual Funds	0.00 (2000.00)	-	-	-
5	Others	5,790.03 (5,768.00)	-	-	-
6	Provision Held towards Investment Depreciation Reserve	650.75 (650.75)	-	-	-

- 2.20 COVID19 pandemic has impacted the economy across the world including India. Consequently, there has been a significant decline in the economic activities leading to adverse impact on the cash flows of the businesses. On March 24, 2020, Government of India declared a strict lockdown which was further extended. From May 30, 2020 onwards, Government of India has been issuing guidelines for phased re-opening of certain activities.

The exact impact of COVID19 pandemic on the asset quality and provisioning requirement of the Bank would depend on the future developments the extent and scale of which is still not fully known. In accordance with the RBI guidelines relating to COVID-19 Regulatory Package guidelines dated March 27, 2020 and April 17, 2020 the Bank has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In line with the additional Regulatory Package guidelines dated May 23, 2020, the Bank granted a further three-month moratorium on installments and /or interest, as applicable, due between June 1, 2020 and August 31, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain standstill during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of determining whether an asset is non-performing).

- 2.21 RBI vide circular no. DOR.No. BP. BC.63/21.04 .048/2019-20 dated 17.04.2020 has announced measures to mitigate the burden of debt servicing brought out by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable business.

The impact of above circular is detailed as under

Particulars	Rs. in lakhs
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended – (a)	5,032.83
Respective amount where asset classification benefits is Extended – (b)	5,032.83
Provisions made during the Q4, FY2019-20	251.64
Provisions adjusted during the respective accounting periods against slippages	-
Residual provisions as on March 31, 2020.	251.64

(a) Outstanding amount in SMA/ Overdue categories as on March 31, 2020.

(b) Represents amounts in SMA / overdue categories where the asset classification benefit is extended till May 31, 2020, consequent to the RBI circular dated April 17, 2020 and clarification dated May 15, 2020. Out of this, accounts where asset classification benefit was extended as on March 31, 2020 amount to Rs.123.47 lakhs.

- 2.22 The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any further dividend pay outs from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on August 31st 2020, has not proposed any final dividend for the year ended March 31, 2020.

- 2.23 Figures for the previous year are regrouped to make them comparable with the figures for the current year.



INDEPENDENT AUDITOR'S REPORT

To,

The Members,

The Zoroastrian Co-operative Bank Ltd

Report on the Financial Statements

1. We have audited the accompanying Financial Statement of The Zoroastrian Co-operative Bank Limited. ('the Bank'), which comprises the Balance Sheet as at March 31, 2020, the Profit and Loss Account, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements"). The Bank has not received any guidelines from the Central Registrar of Co-operative Societies with respect to selection of branches to be covered under audit. Accordingly, the Bank has not appointed any statutory branch auditors and our audit is carried out centrally at the Head Office and Central Processing Units, based on the necessary records and data required for the purposes of the audit, which was made available to us.
2. 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, give the information required by the Banking Regulation Act, 1949 as well as Multi-State Co-operative Societies Act, 2002 and rules made thereunder, in the manner so required, for the Urban Co-operative Banks, guidelines issued by Reserve Bank of India and the Central Registrar of Co-operative Societies in the manner so required for bank and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at March 31, 2020, the profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

4. We draw attention to note 2.20 in the notes to accounts to the financial statements, which describes that the extent to which the COVID -19 pandemic will impact the Bank's financial statement will depend on future development, which are highly uncertain. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Identification and provisioning for non-performing assets (NPAs')

Key Audit Matter	How our audit addressed the key audit matter
<p>Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank's advances constitute 39.42% of the total assets as at March 31, 2020.</p> <p>The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of NPAs and the minimum provision required for such assets. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors.</p> <p>The provisioning for identified NPAs is estimated based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI.</p> <p>The Bank has detailed its accounting policy in this regard in Significant accounting policies disclosed in the financial statements.</p> <p>Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit, we have ascertained identification and provisioning for NPAs as a key audit matter.</p>	<p>The audit procedures performed, among others, included:</p> <p>Verify the compliance of IRAC norms and procedures and the policies adopted by the bank.</p> <p>Understanding the IT system and controls put in place and logic and validations built in the system by the bank for identification classification and provisioning in case of advances.</p> <p>Performing other procedures including substantive audit procedures covering the identification of NPAs by the Bank. These procedures included:</p> <ul style="list-style-type: none"> - Reviewing borrower accounts and other related information on a sample basis selected based on quantitative and qualitative risk factors. - Review of the security pledged to the bank by verifying the valuation reports etc. for the collateral <p>With respect to provisioning of advances, we performed the following procedures:</p> <ul style="list-style-type: none"> - Gained an understanding of the Bank's process for provisioning of advances - Tested on a sample basis the calculation performed by the management for compliance with RBI regulations and internally laid down policies for provisioning.



Information Other than the Financial Statements and Auditor's Report Thereon

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.
7. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
9. When we read the other information as specified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

10. The Board of Directors of the Bank is responsible with respect to the preparation of these financial statements that give true and fair view of the financial position and financial performance and cash flow of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') and guidelines issued by Central Registrar of Co-operative Societies, The Multi State Co-operative Societies Act, 2002, The Multi State Co-operative Societies Rules, 2002 from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimate that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

12. 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 Standards on Auditing (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.

13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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. However, future events or conditions may cause the Bank to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. The Balance Sheet and the Profit and Loss Account has been drawn up in Forms 'A' and 'B' respectively of the Third Schedule to the Banking Regulation Act, 1949, the Multi State Co-operative Societies Act, 2002 including rules made thereunder.



15. As required by Section 73 (4) of the Multi-state Co-operative Societies Act, 2002, the Rules framed there under and the Banking Regulation Act, 1949, 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 found to be satisfactory.
 - In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.
 - The transaction of the Bank which came to our notice have been within the powers of the Bank.
 - The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report, are in agreement with the books of account.
 - Since the Bank has not appointed any branch auditors the requirement of considering their report does not apply.
 - 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 Urban Co-operative 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.
16. As per the information and explanations given to us and based on our examination of the books of account and other records, we report as under on the matters specified in clause (a) to (f) of Rule 27 (3) of the Multi State Cooperative Societies Rules, 2002:
- We have not come across any transactions which appear to be contrary to the provisions of the Multi-State Co-operative Societies Act, 2002, the rules or the bye-laws of the Bank.
 - We have not come across any material or significant transactions which appears to be contrary to the guidelines issued by the Reserve Bank of India and National Bank of Agriculture and Rural Development
 - Monies belonging to bank which appears to be bad or doubtful of recovery as detailed below.

(Rs. in lakhs)

Category	Principal Outstanding March 31, 2020	Provision required as per IRAC norms	Provision Held
Sub - standard	1,144.41	114.44	3,399.47
Doubtful Assets	2,710.77	1,072.65	
Loss Assets	319.15	319.15	

- a. The Bank has not given loans to the members of the Board of Directors.
- b. We have not observed any violation of guidelines, conditions etc. issued by the Reserve Bank of India or National Bank for Agriculture and Rural Development.
- c. To the best of our knowledge, the Central Registrar of Co-operative Societies in this regard has not specified any matter to the Bank.

For KALYANIWALLA & MISTRY LLP

Chartered Accountants

Firm Reg. No. 104607W//W100166

Roshni R. Marfatia

PARTNER

M. No.:106548

UDIN: 20106548AAAAEA1020

Place: Mumbai

Date: August 31, 2020

Corporate Office

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MUMBAI BRANCHES

FORT BRANCH		TARDEO BRANCH		BANDRA BRANCH	
Mr. Aspi Kerawalla Yusuf Building, Veer Nariman Road, Fort, Mumbai - 400 001 Tel: 022-6172 6401 Fax: 022-22876737 Email: akerawalla@zcbl.in		Mrs. Rukshana Panthaky Gamadia Colony, Tardeo, Mumbai-400 007 Tel: 022 2353 1963 Fax:022-2353 8490 Email: rpanthaky@zcbl.in		Mr. Percy Tangri 9/Darvesh Royale, Master Vinayak Road, Bandra (W), Mumbai-400 050. Tel: 022-66962131/Fax: 022-26433375 Email: ptangri@zcbl.in	
ANDHERI BRANCH		DADAR BRANCH		LOKHANDWALA BRANCH	
Mrs. Isha Sawant Shop no. 2 & 3, Parsian Co-op. Hsg. Soc., V. P. Road, (Off S. V. Road), Opp. Fidai Baug, Andheri (W), Mumbai-400 058 Tel: 73045 74580 / Fax: 022- 2623 6674 Email: isawant@zcbl.in		Mr. Ruzbeh Boyce 658 Khorshed Abad, Katrak Road, Dadar Parsee Colony, Dadar (E), Mumbai-400 014 Tel: 022-2418 2645 / Fax: 022-2418 4773 Email:rboyce@zcbl.in		Mrs. Preeti Vyas S/41 RNA Shopping Arcade, Swami Samarth Nagar, Lokhandwala Complex, Andheri (W), Mumbai – 400 053 Tel: 022-6110 9300/ Fax: 022-2639 6176 Email: pvyas@zcbl.in	
MAHIM BRANCH		BORIVLI BRANCH		THANE BRANCH	
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DAHISAR BRANCH			GOREGAON BRANCH		
Ms. Varsha Landge Rustomjee International School, Rustomjee Acres, Dahisar (W), Mumbai – 400 068 Tel: 73045 74581 / Fax: 022-2895 0209 Email: vlandge@zcbl.in			Mr. Burjis Aibara 6, Onkar Bldg, Opp. Oberoi Mall, Dindoshi (Film City Road), Goregaon (E), Mumbai-400 098 Tel: 022-2849 4716 / Fax: 2849 3075 Email: baibara@zcbl.in		

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- ❖ Car Loan
- ❖ Professional Loan
- ❖ Home Loan
- ❖ Corporate Loan
- ❖ Education Loan
- ❖ SME Loan
- ❖ Current Account
- ❖ Saving Account

- ❖ Fixed Deposit
- ❖ Recurring Deposit
- ❖ NRE Deposit
- ❖ Gen Y
- ❖ Little Wonders
- ❖ Internet Banking
- ❖ Mobile Banking