



The Zoroastrian Co-operative Bank Ltd.

(Multi-State Scheduled Bank)

The Bank that is Big on Tradition & Trust



94th **Annual Report**
2020-21

Board of Directors



Mr. Yazdi Tantra
Chairman



Mr. Phillie D. Karkaria
Vice Chairman



Mr. Zubin F. Billimoria



Ms. Homai A. Daruwalla



Mr. Saroosh C. Dinshaw



Mr. Aspi A. Kathawalla



Mr. Manek J. Kalyaniwalla



Mrs. Shernaz D. Mehta



Mr. Viraf R. Mehta



Mr. Noshir G. Paghdwalla



Mr. Bakhtyar S. Saklatwala



Dr. Firdos T. Shroff



Mrs. Smita A. Tambe



Mr. Hormazdiyaar S. Vakil



Mr. Daljit Dogra
MD & CEO

CHAIRMAN'S MESSAGE

Dear Shareholders,

It is my privilege to write to you and present the Annual Report for FY 2020-21. This has been an unimaginable year and despite all the pain and suffering, the unbreakable human spirit shines through – in the large and small acts of kindness, empathy and compassion. In many ways, humanity has come together to fight this global pandemic. Global co-operation has never been more important than it is now. The vaccines for COVID-19 are one of the greatest examples of collaboration and pioneering science.

Many of us have lived through an economic crisis before. Without fail, the world has adapted and bounced back. Since March 2020, we have unlearned old habits, adopted technology rapidly and challenged ourselves to adapt to new ways of working – Work from Home.

Technology is often at the forefront of economic recovery, but especially so now, as the pandemic precipitated structural changes across industries and challenged established ways of working. So, whether it is digital commerce, online education, or telemedicine, technology-enabled business models have emerged across the board. I know that industry growth will largely be led by next-generation technologies and services and one can, therefore, expect to see huge incremental growth in areas such as Digital and Cybersecurity.

Central Banks have been at the front line of the economic policy response, leveraging the full scope of their tools and expertise. Working together with Governments, they have prevented the pandemic's dramatic financial and economic shock from spiralling into a worst-case scenario. Even though the global economy is not out of the woods yet, there are good reasons for optimism, largely because Central Banks and their determined efforts have laid the foundations for economic recovery. The output gap created by lockdowns was filled in by expansionary monetary and fiscal policies. Globally, Central Banks reduced interest rates led by US Federal Reserve and conducted asset purchase programmes to inject liquidity. Fiscal policy moved hand-in-hand in order to mitigate the economic impact left by the pandemic.

Our Country was no exception. The Reserve Bank of India (RBI) and the Government introduced a slew of measures to revive the economy. These measures bore fruit with the economy growing by 1.6 per cent in the fourth quarter of the year while it had contracted by 24.4 per cent at the

end of the first quarter. In the current financial year India is expected to be one of the fastest growing economies in the world. The second wave of the pandemic has dented the optimism a bit, but the peak of the pandemic clearly appears to be behind us. As the vaccine rollout gathers momentum, the economy is expected to be on a much stronger footing especially from the second quarter.

Contact intensive services suffered the most during these challenging times. Banking services have been operational throughout the pandemic and have played a key role in implementing various economic measures announced by Government of India and RBI. The need for digitally delivering banking services has never been felt as much as during these current times.

Despite all the challenges that the pandemic posed in general to our economy as well as the global economy and specifically to the banking system in India, our Annual Report reflects our resilience and our commitment to find solutions in the face of continued challenges. Moreover, it signifies the steps that the Bank collectively undertook to forge an ecosystem of trust and commitment amongst its shareholders.

The work environment went through a sea change during the pandemic amidst the travel restrictions and lockdowns instituted by various governments across geographies. Your Bank ensured safety and wellbeing of all its employees and facilitated a seamless transition for employees to Work from Home, supported with processes and tools for remote working, communication, and collaboration. I am proud of my colleagues and thank all of them - and their families too - for their performance and contribution despite the difficulties they had to face during the year. As an organisation we learnt and relearnt on the way, pivoted our way to a Work from Home culture and continued to serve our customers.

Looking ahead as the economic recovery was gaining ground, the world and India have been gripped by a second wave. A number of Indian states had to announce local containment measures to curtail the spread of the pandemic. RBI has already announced Resolution Framework 2.0 for MSMEs, small businesses and individuals impacted by the second wave. While the second wave will impact growth prospects in the short-term, India's long-term growth trajectory remains intact. Government has announced a series of reforms and economic measures such as privatization policy, thrust on digitisation and production linked incentives for a number of growth sectors. We at The Zoroastrian Co-operative Bank Ltd (ZCBL) are well placed to grow and participate in the initiatives announced by the Government. The ZCBL has extended Moratorium on Repayment of Term Loan Instalments, deferred recovery of interest on Cash Credit, Overdraft Facilities and also Restructured Loans in line with the regulatory guidelines so as to support our customers during these difficult times.



Your Bank has been focussing on recovery of Non-Performing Assets and have made significant progress on this front. The efforts are continuing to effect maximum recoveries and in certain cases the possibilities of One Time Settlement of dues are being explored. Your Bank has also considered prudential write off of certain loans which are considered irrecoverable in the near future. Efforts will continue to effect recoveries in such cases.

The impact of COVID-19 Pandemic has been severe and there have been enhanced defaults, delays in repayments by borrowers across the Banks. The Gross NPAs of your Bank have increased to Rs.5296.41 lakhs (previous year Rs.4174.33 lakhs) mainly due to slippage of one large account. Your Bank has done technical write off of NPAs which have been classified as Loss Assets and have been fully provided for, to the extent of Rs.600.93 lakhs.

Till March 2020, your Bank has been making additional provision towards NPAs out of Appropriations. However, from 2020-21, your Bank, in compliance with regulatory guidelines, has started making such provision towards NPAs from the Profit and Loss Account. Further, with a view to align with the Accounting Standards, your Bank has fully provided for Future Benefit Obligation on account of Sick Leave of the Employees on the basis of Actuarial Valuation. The additional provision made towards Sick Leave of the Employees is Rs.266.69 lakhs.

However, the overall financial position of the Bank continues to be strong as reflected in the Capital to Risk Assets Ratio of 23.88 % as against the minimum requirement of 9% as per the RBI guidelines. Detailed position of the financial is given in the attached accounts.

With a new leadership at the helm, we are building on our execution muscle by creating future growth engines focusing on increasing our customer base with digital technology being the driving force. People and Technology are two main drivers of the Business Growth. The Bank will lay special emphasis on Training, Up-skilling of the existing Employees and also recruit new talent to enhance productivity. Automation of Business Processes, strengthening Cyber Security and modernising Information Technology infrastructure are among the top priorities of the Bank. The Bank has chosen cost effective Software as a Service (SaaS) model for various IT solutions. The Bank is in the process of implementing best in class Centralised Banking Solution (CBS). The Bank shall shortly launch much awaited Corporate Internet Banking and Mobile Banking services for our Customers.

The unstinted support from all our Customers, Shareholders, Employees, Bankers, Auditors and Regulators has been remarkable, and I am grateful to all of them for their continued support. Team ZCBL would

continue to make efforts to sustain growth amidst the challenging environment during the current year FY 2021-22. I am confident that the continued rigour, focus and commitment shown in FY 2020-21 will stand the Bank in good stead even during FY 2021-22.

Change takes time, but I am pleased to share that we are now well settled into these new ways of working and remain resolutely focused on fulfilling our customers' needs. The Bank is committed to enhance the Banking experience for all our Customers.

I look forward to the continued patronage of all our Shareholders, Customers, Staff and all our other stakeholders.

I wish you all a safe, healthy and happy year ahead.

With Best Wishes,



Yazdi B. Tantra
Chairman



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninety Fourth Annual General Meeting of the members of the Bank will be held on 28th September, 2021, at 3.00 p.m. at Indian Merchant Chambers of Commerce & Industry, IMC Building, 4th Floor, IMC Marg, Churchgate, Mumbai 400 020 to transact the following business: -

- 1) To read and confirm the Minutes of the Annual General Meeting held on December 21, 2020.
- 2) To adopt the Annual Report placed by the Board of Directors for the Financial Year ended March 31, 2021, Balance Sheet and Profit and Loss Account and take note of Statutory Auditor's report.
- 3) To update on dividend and to allocate profit for the Financial Year 2020-21.
- 4) To appoint Statutory Auditors for the Financial Year 2021-22 and to authorize Board of Directors to fix their remuneration. The Board of Directors recommends appointment of M/s. CNK & Associates LLP Chartered Accountants, Registration No. 101961 W/W-100036 as the Bank's Statutory Auditors for the Financial Year 2021-22.
- 5) To take note of and approve the technical/prudential Write-Off of Non -Performing Assets as certified by the Auditors.
- 6) To approve Bye-Laws amendments 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.

By Order of the Board of Directors

Sd/-

Daljit Dogra

Managing Director & CEO

Mumbai, August 31, 2021

In the event, a quorum is not formed within half an hour of the appointed time for the meeting, the meeting shall stand adjourned. Thereafter, the adjourned meeting shall be re-convened and conducted on the same day and at the same place as specified in this Notice to transact the business on the agenda, irrespective of the required quorum in terms of Bye-law No.27.

NOTES

- 1) Members desiring any information relating to the accounts are requested to do so in writing to the Bank on or before 15th September, 2021, to enable the Management to make available the required information at the Annual General Meeting.
- 2) Members are requested to bring a copy of the Annual Report and the attendance slip sent herewith at the Annual General Meeting.
- 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, 2021 failing which, the dividend for the year ended March 31, 2018 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) Deposits up to Rs. 5.00 lakhs in the case of each individual depositor are 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.
- 6) The Bank has fixed 31st March 2021 as the 'Cut-off Date' to record the entitlement of the Members to cast their vote.
- 7) 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@zcbi.in
- 8) For updation of e-mail address and mobile number for 94th AGM, members are requested to send an e-mail to the shares@zcbi.in by 15th September, 2021.
- 9) 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@zcbi.in
- 10) Annual Report referred to in the accompanying Notice is available on the website of the Bank for inspection by the Members.
- 11) COVID-19 appropriate behaviour as per Government guidelines will be followed. Members who wish to attend the Annual General Meeting (AGM) are requested to register themselves by sending an email to shares@zcbi.in or by submitting a written communication at any of the Branches of the Bank, by September 21, 2021. Members are informed that entry to the meeting hall shall be restricted to the number of persons allowed to attend meetings as per Government guidelines as applicable on the day of the AGM. Members, who have registered themselves for attending the AGM, as mentioned above, would be allowed to attend the meeting on first come first serve basis.



DIRECTORS' REPORT

Your Directors have great pleasure in presenting the 94th Annual Report of your Bank together with the Audited Accounts for the financial year ended 31st March 2021.

Indian Economy:

Since the start of FY 2020-21, the Indian economy has been going through a significant challenge in facing an unprecedented crisis caused by the spread of COVID-19. The nationwide lockdown announced by the Government of India to combat the spread of the virus in March 2020, brought the country to a standstill in which the small businesses and the unorganized sectors were affected the most. The nation quickly got on to its feet to manage the situation. Economic activity picked up pace in June-July as some states eased pandemic containment measures.

During the financial year, the Government of India announced three Aatma Nirbhar Bharat (ANB) packages - ANB 1.0, ANB 2.0 and ANB 3.0. The total financial impacts of all packages, including RBI measures, were estimated at Rs.27.1 lakh crore, or over 13% of the GDP. RBI acted swiftly by reducing the repo rate twice, in March and May 2020, and undertook several other measures to boost liquidity in the financial system. The Central Bank also allowed Banks and other lending Institutions to provide moratorium on loan repayment for six months between March 2020 and August 2020 to their borrowers facing financial stress, followed by loan restructuring under resolution framework for COVID-19.

The ***Pradhan Mantri Garib Kalyan Yojana (PMGKY)***, under which provision was made for additional employment to returnee migrant workers for 125 days, played a safety net role in managing the labour displacement, complemented by employment offered under the ***Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA)***. A direct boost to the agricultural sector was also provided through various initiatives under the AatmaNirbhar Bharat Abhiyan, viz., ***Agriculture Infrastructure Fund, Animal Husbandry Infrastructure Development Fund, Kisan Rail and the Pradhan Mantri Matsya Sampada Yojana (PMMSY)***.

The ***Union Budget 2021-22*** has emphasised on infrastructure development in rural areas and the agriculture sector, promotion of agricultural diversification along with enhancing credit flow to allied sectors and improvement in supply chains for perishables through extension of 'Operation Green' to 22 perishable commodities. Enhancement in the allocation to the ***Rural Infrastructure Development Fund (RIDF)*** from ₹30,000 crore in 2019-20 to ₹40,000 crore in 2021-22 along with doubling of micro-irrigation fund will have a favourable impact on the rural economy and farm infrastructure.

Domestic economic activity is starting to recover with the ebbing of the second wave. Looking ahead, agricultural production and rural demand are expected to remain resilient. Urban demand is likely to mend with a lag as manufacturing and non-contact intensive services resume on a stronger pace, and the release of pent-up demand acquires a durable character with an accelerated pace of vaccination. Buoyant exports, the expected pick-up in government expenditure, including capital expenditure, and the recent economic package announced by the Government will provide further impetus to aggregate demand. Although investment demand is still anaemic, improving capacity utilisation and congenial monetary and financial conditions are preparing the ground for a long-awaited revival. Firms polled in the Reserve Bank surveys expect expansion in production volumes and new orders in Q2:2021-22, which is likely to sustain through Q4. Elevated levels of global commodity prices and financial market volatility are, however, the main downside risks. Taking all these factors into consideration, projection for real GDP growth is retained at 9.5 per cent in 2021-22.

Indian Banking Industry:

The Indian banking industry comprises 12 Public Sector Banks, 21 Private Sector Banks and 11 Small Finance Banks, 44 foreign banks, 43 Regional Rural Banks, and 98,545 co-operatives. Bank deposit growth has been at a healthy 11.4% during FY 2020-21 as individuals are saving more during the pandemic. However, the bank credit growth, which had slowed down in FY 2019-20, witnessed another setback in FY 2020-21 due to the economic contraction and weakening consumer sentiment. According to RBI, in the FY 2019-20 credit growth stood at 6.1% against 5.6% in FY 2020-21, the slowest in over five decades.

The balance sheet growth of urban co-operative banks (UCBs) moderated in 2019-20 on the back of lower deposit accretion on the liabilities side, and muted growth in loans and advances on the assets side. While UCBs posted net losses due to heightened provisioning requirement, their asset quality deteriorated. Within the short-term rural co-operatives arena, the performance of state co-operative banks improved in terms of GNPA ratio and profitability, whereas performance of district central co-operative banks continued to deteriorate.

The Union **Budget 2021-22** announced Rs. 20,000 crore recapitalizations of Public Sector Banks during 2021-22, amendment of the **Deposit Insurance and Credit Guarantee Corporation (DICGC)** act to give depositors easy and time bound access to their deposits to the extent of insurance cover and also reduction of the minimum loan size eligible for debt recovery under the SARFAESI act, 2002 from Rs. 50 lakhs to Rs. 20 lakhs for NBFCS with asset size of Rs.100 crores.

The RBI's regulatory and supervisory powers were, however, limited in many ways, which affected its ability to take prompt corrective actions in case of irregularities. The unearthing of a fraud in a major UCB during 2019-20 affected its asset quality and profitability, with ripple effects on other related banks. Although the spill over was largely contained, this episode brought to the fore the systemic risks stemming from a low capital base, weak corporate governance, slower adoption of new technology and inadequate systems of checks and balances.

In this light, the government and the Reserve Bank have undertaken several measures to improve governance and oversight of co-operative banking system, including an amendment to the Banking Regulation Act, 1949 that empowered the RBI with greater regulatory control over UCBs, StCBs and DCCBs. The amendment to the BR Act, 1949 seeks to protect the interests of depositors and strengthen co-operative banks by improving governance and oversight by the Reserve Bank, while enabling better access to capital. The amendment, which was notified on September 29, 2020 came into force for UCBs with retrospective effect i.e. from June 29, 2020.

The amendment to Section 56 is the crux of this change; it narrows the regulatory arbitrage between commercial banks and co-operative banks by aligning many provisions applicable to them, with some modifications. These provisions include, inter alia, norms for qualification of board members, appointment and removal of Chairman/ Managing Director (MD)/ Chief Executive Officer (CEO) / additional directors, and supersession of the Board. Through the amendment, restrictions are also placed on loans or advances to directors, on whole-time directors having substantial interest or employment in other firms, prohibition on common directorship across banks, and approval of appointment or removal of statutory auditors. The time limit granted to UCBs for submission of their audited balance sheet and profit and loss statement to the Reserve Bank has been shortened from six months to three months, thus aligning it with commercial banks. In a major step towards granting more autonomy to these banks to raise capital, urban co-operative banks are allowed to issue debentures or bonds with maturity of not less than ten years, equity shares, preference shares, or special shares on face value or at a premium, with certain conditions.

These measures are intended to protect the interest of the depositors while ensuring proper management and without causing any disruption to the financial system and are likely to improve the management and financial performance of co-operative banks and to regulate them more effectively.



The RBI released the Financial Stability Report on July 1, 2021 which reflects the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on risks to financial stability and the resilience of the financial system in the context of contemporaneous issues relating to development and regulation of the financial sector. The main highlights of the same are as under:

- Sustained policy support, benign financial conditions and the gathering momentum of vaccination are nurturing an uneven global recovery.
- Policy support has helped in shoring up financial positions of banks, containing non-performing loans and maintaining solvency and liquidity globally.
- On the domestic front, the ferocity of the second wave of COVID-19 has dented economic activity, but monetary, regulatory and fiscal policy measures have helped curtail the solvency risk of financial entities, stabilise markets, and maintain financial stability.
- The capital to risk-weighted assets ratio (CRAR) of scheduled commercial banks (SCBs) increased to 16.03 per cent and the provisioning coverage ratio (PCR) stood at 68.86 per cent in March 2021.
- Macro stress tests indicate that the gross non-performing asset (GNPA) ratio of SCBs may increase from 7.48 per cent in March 2021 to 9.80 per cent by March 2022 under the baseline scenario; and to 11.22 per cent under a severe stress scenario, although SCBs have sufficient capital, both at the aggregate and individual level, even under stress.
- Going forward, as banks respond to credit demand in a recovering economy, they will need to reinforce their capital and liquidity positions to fortify themselves against potential balance sheet stress.

Excerpts taken from: 1) RBI Annual Report FY 2020- 2021 2) RBI Publications 3) RBI Monetary Policies 2020-2021

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. 2020-21	F.Y. 2019-20
Total Business Mix	159282.54	167857.33
Deposits	117758.83	114378.91
Advances	41523.71	53478.42
Investments (incl. Call/ Term Money and TREPS)	65133.99	51843.92
Paid Up Capital	1295.54	1333.36
Reserves & Surplus	16042.00	16172.95
Total Income	11262.38	10841.79
Total Expenditure	10069.52	9861.29
Operating Profit	1192.86	980.50
Gross NPAs	5296.41	4174.33
% of NPAs to Loans & Advances	12.76	7.81
Net NPAs	1897.87	774.87
% of Net NPAs to Net Loans & Advances	4.98	1.55
Non-Performing Inv.	500.00	500.00
No: of Branches	18	18

b) Ratios:

(Rs. in lakhs)

		F.Y. 2020-21	F.Y. 2019-20
1.	Capital to Risk Weighted Assets	23.88%	20.62%
2.	Cost of Deposits	5.62%	6.37%
3.	Yield on Advances	9.87%	10.03%
4.	Yield on Investments	5.88%	6.65%
5.	Net Interest Margin	1.68%	1.81%
6.	Return on Average Assets	0.33%	0.51%
7.	Staff Cost to Total Income	17.50%	16.47%
8.	Staff Cost to Total Expenditure	19.58%	18.11%

c) Appropriations:

The profit after tax of the Bank for fiscal 2020-21 is Rs.105.02 lakhs after provisions and contingencies of Rs.878.82 lakhs, provision for taxes of Rs. 209.02 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. 2020-21	F.Y. 2019-20
1.	Statutory Reserves	26.26	82.07
2.	Reserve for Contingencies	10.50	32.83
3.	Education Fund	1.05	3.28
4.	Proposed Dividend	-	-
5.	Ex gratia to Staff	-	-
6.	General Reserve	-	-
7.	Building Fund	-	-
8.	Bad And Doubtful Debts Reserve	-	215.00
9.	Investment Fluctuation Reserve	65.00	-

II. Bank's Performance during the Financial Year 2020-21:

In the backdrop of severe adverse impact of the COVID-19 Pandemic, the overall performance of your Bank during the year ended March 2021 has been fairly satisfactory. There has been degrowth in the Advances which is being addressed.

Your Bank has, in line with the Industry trend, revised downwards the interest rates on deposits. With a view to stay competitive with the market, your Bank has also done downward revision of the interest rates on Advances on case to case basis.

The impact of the COVID-19 Pandemic has been severe and there have been enhanced defaults, delays in repayments by borrowers across the Banks. The Gross NPAs of your Bank have increased to Rs.5296.41 lakhs (previous year Rs. 4174.33 lakhs) mainly due to slippage of one large account. Your Bank has done technical / prudential write off of NPAs which have been classified as Loss Assets and have been fully provided for, to the extent of Rs.600.93 lakh.



Till March 2020, your Bank has been making additional provision towards NPAs out of Appropriations. However, from 2020-21, your Bank, in compliance with regulatory guidelines, has started making such provision towards NPAs directly from the Profit and Loss Account. During the year your Bank has made a total provision of Rs.600.00 lakhs (previous year Rs. 85.60 lakhs) directly from the Profit and Loss Account. Further, with a view to align with the Accounting Standards, the Bank has fully provided for Future Benefit Obligation on account of Sick Leave of the Employees on the basis of Actuarial Valuation. The additional provision made towards Sick Leave of the Employees is Rs.266.69 lakhs.

However, the overall financial position of your Bank continues to be strong as reflected in the Capital to Risk Assets Ratio of 23.88 % as against the minimum requirement of 9% as per the RBI guidelines.

a). Deposits:

The Deposits have increased to Rs.117758.83 lakhs from Rs.114378.91 lakhs previous year. The share of CASA Deposits is 28.25 % (previous year 26.60 %) of the Total Deposits of your Bank. In spite of reduction in the rate of interest on deposits, there is no adverse impact on the Deposits, which shows that your Bank enjoys a loyal Customer base.

b). Advances and Asset Quality:

Due to large scale disruptions caused by the COVID-19 pandemic, the economy of the Country has been adversely impacted. The probability of defaults continues to be high. The asset quality of your Bank has also come under stress. Gross Non-Performing Assets have increased to Rs. 5296.41 lakhs. As a measure of financial prudence, your Bank has done technical / prudential write off of NPAs which have been classified as Loss Assets and have been fully provided for, to the extent of Rs.600.93 lakhs.

Recovery of NPAs is one of the focus areas of your Bank and recovery pressure on the defaulting borrowers has been stepped up. Your Bank is hopeful of making significant recoveries in the NPAs and bring down overall Gross NPAs significantly by March 2022.

c). Priority Sector Lending:

In terms of the guidelines of the RBI, the Priority Sector Lending targets for the Primary (Urban) Cooperative Banks would increase, in a graded manner from 40% of Adjusted Net Bank Credit (ANBC) as on March 2020 to 45% by March 2021, 50% by March 2022, 60% by March 2023 and 75% by 2024. Within overall PSL targets, the targets for MSME are 10% and for Weaker section 10% March 2021, 11% March 2022, 11.50% March 2023 and 12% as on March 2024. Achievement of PSL targets is determined at the end of the financial year based on the average of priority sector target / sub-target achievement as at the end of each quarter of the year.

The RBI, on a review of the extant guidelines, has advised that 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 Ministry of MSME revised the definition of MSME and have included Retail Trade and Whole Trade under Priority Sector.

Your Bank has been finding it difficult to achieve PSL targets mainly because the branches of the Bank are situated in big cities where scope of PSL is limited. PSL achievement as on March 2021 was 46% and your Bank met the shortfall in the main PSL achievement by purchasing Priority Sector Lending Certificates. Your Bank shall endeavour to enhance PSL achievement in the future.

d). Treasury Operations:

Your Treasury team focuses primarily on the management of funds, maintenance of statutory reserves (cash reserve ratio and statutory liquidity ratio), asset liability gaps, interest rate risks, liquidity positions, investments. Your Bank is a member of Clearing Corporation of India Ltd reporting and settlement systems, such as, NDS-Call, NDS-OM and TREPS. In its role to manage liquidity, your treasury department ensures availability of adequate liquidity to meet the needs of asset growth, operational expenses and payment obligations. Further, in order to manage liquidity mismatches, your treasury department actively participates in money market operations i.e. call/notice/term money/ reverse repo operations, SLR and Non-SLR securities and Fixed Deposits with other Banks. Your Treasury department also has access to the priority sector lending certificate platform.

During the period ended 31st March, 2021, the Investment portfolio of your Bank stood at Rs. 65133.88 lakhs as against the previous financial year figure of Rs. 51843.92 lakhs.

Your Bank has made a gain on redemption / sale of Investments to the tune of Rs.248.69 lakhs during the FY 2021-21.

Your Bank has a Board-approved investment policy framed in accordance with RBI guidelines and a standard operating procedure for carrying out treasury transactions and governing investments in various instruments such as bonds, treasury bills, commercial papers, mutual funds and other products.

Further, looking at the market scenario and to safeguard its Investments, your Bank holds Investment Depreciation Reserve of Rs. 500.00 lakhs as against the depreciation in investments of Rs. 500.00 lakhs as at 31st March, 2021.

III. Dividend :

COVID-19 Pandemic continues to cause large scale disruptions across the globe. The impact on the Indian Economy too is significant. The probability of defaults by the borrowers continues to be high. Therefore, with a view to conserve capital in an environment of continued uncertainty caused by COVID-19 Pandemic, the Board of Directors of the Bank, at their meeting held on August 31, 2021 has not proposed any dividend for the year ended March 31, 2021.

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.1295.54 lakhs. The Net Worth of your Bank has decreased by Rs.166.09 lakhs to Rs.17341.25 lakhs as on 31st March, 2021 (Rs. 17507.34 lakhs previous year).

Your Bank has robust Capital Adequacy Ratio of 23.88% as against the minimum requirement of 9% as per RBI guidelines.

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

Particulars	2020-21	2019-20
Tier I Capital	21.40%	18.19%
Tier II Capital	2.48%	2.43%

V. Risk Management:

Your Bank has well defined Risk Evaluation and Management system in place. Adequate checks and balances exist in respect of Customer on boarding, monitoring of transactions, reporting of suspicious transactions. Periodical reviews of Risk Categorisation of Customers are undertaken and necessary steps are taken to ensure compliance with regulatory guidelines on ongoing basis.



Your Bank has well defined Delegation of Powers for sanctioning of Loans. Centralised Documentation and Monitoring Department (CDMD) is entrusted with the role of monitoring of Loans and Advances along with the Branches. Large Loan proposals are subjected to independent Risk Evaluation by Credit Risk Head. Your Bank has a system of preparing Watchlist of borrowal accounts, which show weaknesses, for special attention.

VI. Asset and Liability Management:

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:

Your Bank has in place a sound system for internal and concurrent audit. All branches are covered under concurrent audit as well as internal audit. The Audit Committee of the Board gives directions, oversees the total audit function of the Bank, follows-up on the statutory / concurrent audit of the Bank and the inspection carried out by regulators.

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 System (IS) Audit on an annual basis by qualified external agencies.

Further, as per the requirements of RBI, the Concurrent Auditor on an ongoing basis, audits the Investments portfolio of your Bank and a quarterly certificate of verification is forwarded to RBI.

IX. Reserve Bank of India Audit :

The RBI has conducted annual Inspection for the year ended March 31, 2020. Your Bank has submitted compliance of the same on time.

X. Human Resource Management:

People development is one of the thrust areas identified by your Bank. Continuous training, upskilling of the existing staff will go a long way in building a strong organisation. The trainings – both internal and external – have been significantly increased and your Bank will continue to focus on skill development of the staff and nurturing in-house Leadership for sustainable growth of the Bank.

XI. Information Technology and Digital Initiatives:

With a new leadership at the helm, your Bank is building on execution muscle by creating future growth engines focusing on increasing customer base with digital technology being the driving force. People and Technology are two main drivers of the Business Growth. Automation of Business Processes, strengthening Cyber Security and modernising Information Technology infrastructure are among the top priorities of the Bank. Your Bank has chosen cost effective Software as a Service (SaaS) model for various IT solutions. Your Bank is in the process of implementing best in class Centralised Banking Solution (CBS). Your Bank has successfully migrated its CBS application to a robust Data Centre on SaaS Model. Upgradation of Cyber Security Solutions like Firewalls across the Branches/Offices, endpoint Security Solutions and upgrading Email Services will further enhance the Cyber Security.

Your Bank shall shortly launch much awaited Corporate Internet Banking and Mobile Banking services for our Customers. With these additions, the Customer will have a wider range of digital Banking services.

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:

Your Bank seeks to treat its customers fairly and provide transparency in its product and service offerings. Your Bank makes continuous efforts to educate its customers to enable them to make informed choices regarding banking products and services. Your Bank also seeks to ensure that the products offered are based on an assessment of the customer's financial needs. Your Bank has a Senior Executive designated as "Nodal Officer for Customer Services and Grievances Redressal" along with a well-defined grievance redressal mechanism with clear turnaround time for providing resolution to customers. The name of the designated Nodal Officer is displayed on the Banks website as well as on the Notice Boards of your Banks respective branches.

XIV. Other Services:

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



XV. Ethics and Business Conduct:

Your Bank is committed towards conducting the business and dealing with all its shareholders, with highest ethical standards and in compliance with all the applicable laws and regulations. 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. M/s. Prakash Desai and Co – Chartered Accountants
3. M/s. Vasan & Co – Chartered Accountants
4. M/s. Pipalia Singhal & Associates – Chartered Accountants
5. M/s. Kenish M. Mehta & Co. - Chartered Accountants
6. M/s. H.F.K. Madan & Co. - Chartered Accountants

Acknowledgements:

Your Board of Directors records its appreciation for the unstinted co-operation extended by:

1. The Officers of the Reserve Bank of India, especially the Department for Co-operative Bank Supervision and Department for Co-operative Bank Regulation,
2. The Central Registrar of Co-operative Societies, New Delhi,
3. National Federation of Urban Co-operative Banks for their contribution from time to time.

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.

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 Directors

Yazdi B. Tantra
CHAIRMAN

CORPORATE GOVERNANCE REPORT

I. Bank's Philosophy on Corporate Governance:

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

Your 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, your 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. The Board of your Bank was reconstituted on March 30, 2021. The Bank has 14 Directors who were elected unopposed.

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 during the year under review.

- 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. 2020-21
Board of Directors	9
The Credit Committee of the Board of Directors.	6
The Audit Committee of the Board of Directors.	4
The Information Technology Committee of the Board of Directors.	3
The Investment Committee of the Board of Directors	1
The Board Governance and Human Resources Committee of the Board of Directors	Nil
The Shareholders Relationship Committee of the Board of Directors	4
Special Committee of Board for Monitoring High Value Frauds	Nil (No frauds of Rs. 1crore & above took place)
Internal Complaints Committee	1

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, 2021, your Bank has 9857 numbers of Regular Members and 3227 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

Yazdi B. Tantra
Chairman

THE ZOROASTRIAN CO-OPERATIVE BANK LIMITED

Audited Balance Sheet as at 31st March 2021

(In Rupees)

Capital & Liabilities	Schedules	As at 31st March, 2021	As at 31st March, 2020
Capital	1	12,95,54,025.00	13,33,35,700.00
Reserve Fund & Other Reserves	2	1,60,41,99,703.25	1,61,72,95,022.93
Deposits	3	11,77,58,82,569.33	11,43,78,90,881.21
Bills for Collection Being Bills Receivables (as per contra)	4	-	-
Securities Receivable (as per contra) - Reverse Repo under LAF	-	10,00,08,417.60	-
Branch Adjustments	-	-	-
Interest Payable	-	2,23,05,670.14	2,49,56,294.64
Overdue Interest Reserve (as per contra)	5	7,52,87,533.15	7,59,73,479.29
Other Liabilities	6	29,30,58,709.81	27,69,28,267.35
Profit & Loss Account		3,71,066.09	1,03,436.51
		14,00,06,67,694.37	13,56,64,83,081.92

CONTINGENT LIABILITIES

1) Outstanding Liabilities for Guarantees issued	4,85,56,536.00	8,30,73,974.46
2) Outstanding Liabilities for Letter of Credit issued.	-	-
3) Unclaimed Liabilities under Depositor Education and Awareness Fund (DEAF) Scheme"	4,19,01,458.43	3,24,46,581.88
	9,04,57,994.43	11,55,20,556.34



Audited Balance Sheet as at 31st March, 2021

(In Rupees)

Property & Assets	Schedules	As at 31st March, 2021	As at 31st March, 2020
Cash	7	47,91,77,256.70	43,81,08,187.40
Balances with Banks	8	2,20,01,14,590.14	2,08,74,83,798.86
Money at Call and Short Notice / Term Money Placements / TREPS / LAF		1,79,97,98,993.03	1,24,48,31,224.93
Investments	9	4,71,35,99,646.85	3,93,95,61,204.61
Advances	10	4,15,23,70,521.89	5,34,78,42,246.15
Interest Receivable "of which Overdue Interest Reserve (as per contra) Rs.7,52,87,533.15 (P.Y. Rs.7,59,73,479.29)"	11	29,15,54,399.28	25,49,68,100.66
Bills for Collection Being Bills Receivable (as per contra)		-	-
Securities Receivable (as per contra) - Reverse Repo under LAF	-	10,00,08,417.60	-
Branch Adjustments		-	-
Fixed Assets	12	3,05,88,020.03	4,13,88,910.52
Other Assets	13	23,34,55,848.85	21,22,99,408.79
		14,00,06,67,694.37	13,56,64,83,081.92

As per our report of even date

FOR KALYANIWALLA & MISTRY, LLP

Chartered Accountants

Reg No :104607W/W100166

Daljit Dogra
Managing Director & CEO

Yazdi B. Tantra
Chairman

Phillie D.Karkaria
Vice-Chairman

Directors

Roshni R.Marfatia
Partner

Zubin F.Billimoria

Homai A.Daruwalla

Saroosh C.Dinshaw

Membership No. : 106548

Aspi A.Kathawalla

Manek J. Kalyaniwalla

Shernaz D.Mehta

Mumbai, Dated: August 31, 2021

Viraf R.Mehta

Noshir G.Paghdwalla

Bakhtyar S.Saklatwala

Firdos T.Shroff

Smita A. Tambe

Hormazdiyaar S.Vakil

Audited Profit and Loss Account for the Year Ended 31st March, 2021

(In Rupees)

Expenditure	Schedules	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Interest on Deposits, Borrowings, etc.	14	65,13,84,211.01	70,61,40,101.62
Salaries and Allowances, Provident Fund, Provisions, etc.		19,71,44,053.22	17,86,15,453.53
Directors' & local committee members' fees and allowances		19,39,000.00	25,33,000.00
Rent, Taxes, Insurance, Lighting, etc.		3,47,41,645.55	3,43,31,552.56
Law Charges		2,55,950.00	45,626.00
Professional Fees		80,80,574.50	56,38,061.70
Postages, Telegrams & Telephone Charges		58,72,543.61	67,85,801.87
Auditor's fees		39,32,890.80	53,35,590.00
Depreciation, Repairs & Maintenance			
Depreciation		1,17,83,061.31	1,38,53,783.08
Repairs & Maintenance		79,05,625.32	61,92,165.10
Profession Tax		16,500.00	16,198.00
Stationery, Printing, Advertisement, etc			
(i) Printing & Stationery		24,27,744.30	24,34,908.13
(ii) Advertisement		12,17,313.80	21,94,759.70
(iii) Subscription		4,90,097.33	500,065.67
Amortisation of Premium On HTM Securities		17,37,747.76	20,07,497.74
General Charges		1,78,93,524.33	1,93,38,166.76
Bad debts written off		6,00,92,699.76	1,65,407.00
Loss on Sale of Assets		36,542.72	750.40
Total Expenditure		1,00,69,51,725.32	98,61,28,888.86
Provisions			
Bad & Doubtful Debts Provisions under section 36(1) (vii) (a)		80,32,000.00	85,60,000.00
Provision for Bad & Doubtful Debts		5,19,68,000.00	-
Special Reserve under Section 36 (1) (viii)		2,00,000.00	2,86,000.00
Provision for COVID 19 Regulatory Package		-	2,51,64,172.00
Provision for Standard Assets		-	10,00,000.00
Provision for Restructured Asset		2,76,81,702.00	-
Total Provisions		8,78,81,702.00	3,50,10,172.00
Profit Before Tax		3,14,04,496.70	6,30,39,768.87
Tax Expense			
(a) Income Tax - Current Year		2,17,60,000.00	3,21,96,000.00
(b) Deferred Tax		(8,57,538.58)	(19,85,644.24)
Net Profit for the Year		1,05,02,035.28	3,28,29,413.10
		1,12,62,37,924.02	1,08,41,78,829.73



Audited Profit and Loss Account for the Year Ended 31st March, 2021

Income	Schedules	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Interest and Discount	15	96,65,89,578.33	1,04,12,20,605.13
Other Income			
Commission, Exchange & Brokerage		12,02,190.19	23,46,171.71
Income from Non-Banking Assets & Profit from Sale of or Dealing with such Assets		19,017.00	40,496.76
Gain on Sale / Redemption of Investments		2,49,68,740.00	1,50,82,500.00
Transfer Fees		5,118.00	7,700.00
Miscellaneous Income		2,06,21,198.98	2,53,15,949.13
Bad & Doubtful Debt Reserve Under Section 36(1) (vii)(a) written back		6,00,92,699.76	1,65,407.00
Provision for COVID 19 Regulatory Package written back (net)		2,51,64,172.00	-
Excess Provision for Standard Assets written back		1,25,00,000.00	-
Excess Provision for Investment Depreciation Reserve written back		1,50,75,209.76	-
		1,12,62,37,924.02	1,08,41,78,829.73

As per our report of even date

FOR KALYANIWALLA & MISTRY, LLP

Chartered Accountants

Reg No :104607W/W100166

Daljit Dogra
Managing Director & CEO

Yazdi B. Tantra
Chairman

Phillie D.Karkaria
Vice-Chairman

Directors

Roshni R.Marfatia

Partner

Membership No. : 106548

Mumbai, Dated: August 31, 2021

Zubin F.Billimoria

Aspi A.Kathawalla

Viraf R.Mehta

Firdos T.Shroff

Homai A.Daruwalla

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Shernaz D.Mehta

Bakhtyar S.Saklatwala

Hormazdiyaar S.Vakil

Profit and Loss Appropriation Account for the Year Ended 31st March, 2021

(In Rupees)

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
Profit of last year brought forward	1,03,436.51	5,58,922.11
Net Profit for the year	1,05,02,035.28	3,28,29,413.10
Excess Appropriation of previous year of Ex-Gratia written back	46,327.00	33,690.00
	1,06,51,798.79	3,34,22,025.21
Appropriations subject to AGM approval		
Statutory Reserve Fund - 25%	26,25,508.82	82,07,353.27
Reserve for Contingency - 10%	10,50,203.53	32,82,941.30
Education Fund - 1%	1,05,020.35	3,28,294.13
Bad & Doubtful Debts Reserve	-	2,15,00,000.00
Investment Fluctuation Reserve	65,00,000.00	-
Net Profit Carried to Balance Sheet	3,71,066.09	1,03,436.51
TOTAL	1,06,51,798.79	3,34,22,025.21

As per our report of even date

FOR KALYANIWALLA & MISTRY, LLP

Chartered Accountants

Reg No :104607W/W100166

Daljit Dogra
Managing Director & CEOYazdi B. Tantra
ChairmanPhillie D.Karkaria
Vice-Chairman**Directors****Roshni R.Marfatia**
Partner

Zubin F.Billimoria

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Hormazdiyaar S.Vakil



Schedules forming Part of Balance Sheet

(In Rupees)

31st March, 2021

31st March, 2020

Schedule 1

Capital

Authorised Capital

1,20,00,000 shares of Rs. 25/- each

30,00,00,000.00

30,00,00,000.00

Capital

Issued, Subscribed & Paid up Capital

51,82,161 shares of Rs.25/- each

(PY. 53,33,428 shares of Rs.25/- each)

12,95,54,025.00

13,33,35,700.00

Of the above, held by :

Individuals and Proprietors

10,62,70,925.00

10,95,95,100.00

Firms, Companies (including others)

2,32,83,100.00

2,37,40,600.00

12,95,54,025.00

13,33,35,700.00

Schedule 2

Reserve Fund and Other Reserves

(i) Statutory Reserve

47,30,03,833.66

46,86,98,977.34

(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)

5,58,35,800.53

10,78,96,500.29

(iv) Bad & Doubtful Debts Reserve

28,40,18,000.00

23,20,50,000.00

(v) Provision for COVID 19 Regulatory Package

-

2,51,64,172.00

(vi) Investment Depreciation Reserve

5,00,00,000.00

6,50,75,209.76

(vii) Special Reserve under Sec 36 (1) (viii)

1,60,29,597.09

1,58,29,597.09

(viii) Reserve for Contingencies

8,61,78,144.84

8,51,27,941.31

(ix) General Reserve

20,52,30,000.00

20,52,30,000.00

(x) Staff Benefit Fund

22,75,000.00

22,75,000.00

(xi) Reserve for Standard Assets

1,97,00,125.14

3,22,00,125.14

(xii) Investment Fluctuation Reserve

10,51,70,000.00

9,86,70,000.00

(xii) Shareholders Benefit Fund

6,77,500.00

6,77,500.00

(xiii) Jubilee Celebration Fund

75,00,000.00

75,00,000.00

(xiv) Provision for Restructured Accounts

2,76,81,702.00

-

1,60,41,99,703.25

1,61,72,95,022.93

Schedule 3

Deposit & Other Accounts

(i) Fixed deposits

(a) Individuals and other entities

7,49,54,43,053.21

7,80,96,72,937.64

(b) Central Co-operative Banks

-

-

		(In Rupees)	
		31st March, 2021	31st March, 2020
	(c) Co-operative Institutions	95,42,43,093.65	58,62,01,872.55
		8,44,96,86,146.86	8,39,58,74,810.19
(ii)	Savings Deposits		
	(a) Individuals and other entities	2,67,41,78,498.42	2,45,14,27,430.53
	(b) Central Co-operative Banks	-	-
	(c) Co-operative Institutions	9,08,26,500.93	8,14,61,641.72
		2,76,50,04,999.35	2,53,28,89,072.25
(iii)	Current Deposits		
	(a) Individuals and other entities	55,23,34,187.60	50,12,21,204.89
	(b) Central Co-operative Banks	-	-
	(c) Co-operative Institutions	88,57,235.52	79,05,793.88
		56,11,91,423.12	50,91,26,998.77
		11,77,58,82,569.33	11,43,78,90,881.21
Schedule 4	Bills for Collection		
	Liability for Outward Cheques for Collection (Inland)	-	-
	Liability for Outward Chqs for Collection (Foreign)	-	-
		-	-
Schedule 5	Overdue Interest Reserve (as per contra)		
	On Advances	6,38,60,139.15	6,88,46,085.29
	On Investments	1,14,27,394.00	71,27,394.00
		7,52,87,533.15	7,59,73,479.29
Schedule 6	Other Liabilities		
	(i) Bills Payable	2,09,64,287.08	2,98,46,728.09
	(ii) Unclaimed Dividends	20,24,607.79	43,14,709.40
	(iii) Proposed Dividend	-	-
	(iv) Other items	3,78,30,478.41	5,80,03,764.18
	(v) Provision for Tax - Income Tax	17,46,47,000.00	15,28,87,000.00
	(vi) Provisions	5,71,03,751.00	3,13,52,863.00
	(vii) Income received in Advance	4,88,585.53	5,23,202.68
		29,30,58,709.81	27,69,28,267.35
Schedule 7	Cash		
	(i) Cash In hand	2,26,53,180.00	2,92,12,017.00
	(ii) Balances in current account with Reserve Bank	45,65,24,076.70	40,88,96,170.40
		47,91,77,256.70	43,81,08,187.40



The Zoroastrian Co-operative Bank Ltd.

		(In Rupees)	
		31st March, 2021	31st March, 2020
Schedule 8	Balances with other banks		
	(i) Current Accounts	93,09,798.14	1,25,79,255.86
	(ii) Fixed Deposits with		
	[a] State & Central District Co-op. Bank	4,00,000.00	10,04,00,000.00
	(including Rs.4,00,000 (previous year Rs. 10,04,00,000)		
	earmarked against Statutory Reserve Fund)		
	[b] Other Banks	2,19,04,04,792.00	1,97,45,04,543.00
	(including Rs.1,06,04,792.00		
	(Previous year Rs.2,53,04,543) lien for LC/BG facilities)		
		2,20,01,14,590.14	2,08,74,83,798.86
Schedule 9	Investments		
	(i) Government Securities	3,65,96,63,846.85	3,06,03,23,204.61
	"Face Value - 371,10,00,000		
	(Previous year Rs. 311,30,00,000)"		
	"Market Value - 378,47,29,500		
	(Previous year Rs. 3,19,59,35,350)"		
	(ii) Other approved securities	-	-
	(iii) Shares - (Co-operative Institutions)	80,000.00	80,000.00
	(iv) Bonds of Public Sector Undertaking	30,42,85,800.00	20,01,55,000.00
	(v) Others		
	- Bonds of Private Sector & Other Institutions	74,95,70,000.00	67,90,03,000.00
		4,71,35,99,646.85	3,93,95,61,204.61
	a. Government Securities includes the pledged securities of Rs.5,04,13,454.55 (previous year Rs.5,05,51,272.73) against borrowing facilities.		
	b. Government Securities includes the earmarked securities of Rs.52,46,34,435.81 (previous year Rs.37,72,91,543.43) 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	5,23,509.90	5,73,097.04
	[b] Other tangible securities	1,61,64,63,646.36	2,28,70,15,582.69

	(In Rupees)	
	31st March, 2021	31st March, 2020
[c] Personal sureties	5,73,43,262.19	6,21,10,077.98
	1,67,43,30,418.45	2,34,96,98,757.71
of the advances, amount due from individuals	53,38,37,019.03	62,36,00,522.73
of the advances, amount overdue**	15,515.00	49,190.00
Considered Bad & Doubtful of Recovery (fully provided for as per RBI norms)	41,33,60,820.46	34,09,54,613.32
(ii) Medium Term Advances of which		
of which, secured against :		
[a] Government & other securities	11,68,447.03	8,93,716.00
[b] Other tangible securities	73,18,02,426.24	1,09,21,49,854.57
[c] Personal sureties	6,58,14,542.80	8,52,09,954.21
	79,87,85,416.07	1,17,82,53,524.78
of the advances, amount due from individuals	38,40,30,543.16	47,35,67,921.00
of the advances, amount overdue **	22,95,328.67	1,30,92,406.15
Considered Bad & Doubtful of Recovery (fully provided for as per RBI norms)	8,92,67,562.74	4,25,72,535.72
(iii) Long Term Advances secured against :		
of which, secured against :		
[a] Government & other securities	-	-
[b] Other tangible securities	1,66,95,64,559.74	1,81,06,07,472.09
[c] Personal sureties	96,90,127.63	92,82,491.57
	1,67,92,54,687.37	1,81,98,89,963.66
of the advances, amount due from individuals	75,94,88,198.17	82,75,49,049.63
of the advances, amount overdue**	28,41,223.21	1,10,90,600.74
Considered Bad & Doubtful of Recovery (fully provided for as per RBI norms)	2,70,12,785.21	3,39,06,119.97
	4,15,23,70,521.89	5,34,78,42,246.15

**Overdue advances have been disclosed based on the overdue report as on March 27, 2020

Schedule 11

Interest Receivable

On Non performing Investments	1,14,27,394.00	71,27,394.00
On Non Performing Advances	6,38,60,139.15	6,88,46,085.29
Sub Total (as per contra)	7,52,87,533.15	7,59,73,479.29
On Investments	20,11,73,880.13	16,66,90,750.37
On Staff Housing Loans	1,50,92,986.00	1,23,03,871.00
	29,15,54,399.28	25,49,68,100.66



The Zoroastrian Co-operative Bank Ltd.

(In Rupees)

31st March, 2021

31st March, 2020

Schedule 12 Fixed Assets

Premises:

Balance as per last Balance Sheet	2,59,11,373.04	3,13,96,685.04
Add : Additions during the year	-	-
	<u>2,59,11,373.04</u>	<u>3,13,96,685.04</u>
		-
Less : Depreciation for the year	45,22,450.00	54,85,312.00
	<u>2,13,88,923.04</u>	<u>2,59,11,373.04</u>

Furnitures Fixtures & Office Equipments:

Balance as per last Balance Sheet	1,46,21,512.12	1,97,88,657.13
Add : Additions during the year	10,22,953.82	27,48,800.72
	<u>1,56,44,465.94</u>	<u>2,25,37,457.85</u>
Less : Disposed off during the year	40,783.00	753.65
Less : Depreciation for the year	68,07,333.31	79,15,192.08
	<u>87,96,349.63</u>	<u>1,46,21,512.12</u>

Vehicles:

Balance as per last Balance Sheet	8,56,025.36	13,09,304.36
Add : Additions during the year	-	-
	<u>8,56,025.36</u>	<u>13,09,304.36</u>
Less : Disposed off during the year	-	-
Less : Depreciation for the year	4,53,278.00	4,53,279.00
	<u>4,02,747.36</u>	<u>8,56,025.36</u>
	<u>3,05,88,020.03</u>	<u>4,13,88,910.52</u>

Schedule 13 Other Assets

[i] Utility Deposits & Other advances	2,85,77,590.00	2,75,77,590.00
[ii] Advance Tax Payments	17,16,78,109.77	15,53,78,109.77
[iii] Tax deducted at source	74,27,185.41	71,48,503.47
[iv] Deferred Tax Asset	1,58,03,644.21	1,49,46,105.63
[v] Others	78,98,308.14	37,85,573.66
[vi] Capital work in progress	2,50,000.00	2,81,500.00
[vii] Prepaid expenses	18,21,011.32	31,82,026.26
	<u>23,34,55,848.85</u>	<u>21,22,99,408.79</u>

		(In Rupees)	
		31st March, 2021	31st March, 2020
Schedule 14	Interest on Deposits, Borrowings, etc.		
	Interest on Fixed Deposits A/cs	28,06,28,470.36	30,45,36,009.84
	Interest on Savings Bank A/cs	8,06,71,577.75	9,42,64,283.61
	Interest on Current A/cs	-	-
	Interest on Deposits Reinvestment Certificate A/c	26,34,27,239.00	28,48,84,958.63
	Interest on Recurring Deposits	33,20,409.00	34,42,228.00
	Interest on Sweep Deposits & Unit Withdrawal Scheme	2,33,24,086.00	1,89,32,075.00
	Interest paid on Deposits matured	12,428.90	80,546.54
	Interest on Overdraft with other Banks	-	-
		65,13,84,211.01	70,61,40,101.62
Schedule 15	Interest & Discounts		
	Interest on Loan A/cs	26,76,30,171.65	33,01,90,075.07
	Interest on Overdraft A/cs	10,58,83,414.53	9,49,61,685.65
	Interest on Cash Credit A/cs	8,89,88,285.54	13,61,21,271.26
	Interest on Usance Bills Discounted	23,24,384.50	1,46,44,788.85
	Income on Banks Fixed Deposits, Short Term Deposits etc	15,03,86,605.00	14,02,69,361.17
	Income on Government Securities	17,65,96,388.89	16,51,25,098.10
	Income on Call Money	1,88,38,884.00	2,77,78,629.00
	Income on CBLO/ TREPS Lending	47,27,337.10	1,32,13,920.32
	Income on PSU Bonds	7,86,06,872.12	6,07,88,667.39
	Discount Received on Treasury / Cash Management Bill	3,26,31,549.00	3,25,05,032.00
	Discount Received on Commercial Paper	-	9,25,327.00
	Income on Mutual Funds	-	30,67,881.32
	Income on Term Money	1,99,22,740.00	2,10,59,042.00
	Dividend Income	-	8,250.00
	Interest on Deposit with CCIL	3,05,505.00	5,61,576.00
	Interest on Reverse Repo	1,97,47,441.00	
		96,65,89,578.33	1,04,12,20,605.13



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2021

	Year ended 31.03.2021	Year ended 31.03.2020
Cash Flow from Operating Activities		
Net Profit after tax (before appropriation)	1,05,02,035.28	3,28,29,413.10
Adjustments for:		
Add:		
Bad & Doubtful Debts Provision Under Section 36(1) (vii) (a)	80,32,000.00	85,60,000.00
Provision for Bad & Doubtful Debts	5,19,68,000.00	-
Special Reserve Under Section 36 (1) (viii)	2,00,000.00	2,86,000.00
Provision For Covid 19 Regulatory Package	-	2,51,64,172.00
Provision For Standard Assets	-	10,00,000.00
Contingent Provision For Investment Depreciation Reserve	2,76,81,702.00	-
Income tax provision	2,17,60,000.00	3,21,96,000.00
Deferred Tax Liability/ (Asset) Net	(8,57,538.58)	(19,85,644.24)
Bad debts written off	6,00,92,699.76	1,65,407.00
Depreciation on Fixed Assets	1,17,83,061.31	1,38,53,783.08
Less:		
Ex-gratia paid to staff	6,85,588.00	1,22,99,974.00
Education fund Paid	3,28,294.13	11,72,478.49
(Loss) / Profit on sale of fixed assets (net)	(17,525.72)	39,746.36
Bad debts written back	6,00,92,699.76	1,65,407.00
Provision for COVID 19 Regulatory Package written back	2,51,64,172.00	-
Excess Provision for Standard Assets written back	1,25,00,000.00	-
Excess Provision for Investment Depreciation Reserve written back	1,50,75,209.76	-
	7,73,33,521.84	9,83,91,525.10
Adjustments for working capital changes:-		
(Increase) in Investments	(80,85,21,572.00)	(27,45,30,653.56)
Decrease in Net Advances	1,13,25,89,909.50	1,24,53,57,831.12
(Increase)/ Decrease in Other Assets	(37,20,219.54)	2,08,90,083.27
Increase in Deposits	33,53,41,063.62	30,26,35,060.92
(Decrease)/ Increase in Other liabilities and provisions	(23,84,267.15)	30,58,363.00
Increase in Reserve Funds	53,200.00	69,100.00
Net Cash generated from Operating Activities before Tax	73,06,91,636.27	1,39,58,71,309.85
Direct taxes paid(Net)	(1,65,78,681.95)	(3,73,81,756.56)
Net Cash flow from Operating Activities	71,41,12,954.32	1,35,84,89,553.29
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(10,22,953.82)	(27,48,800.72)

	Year ended 31.03.2021	Year ended 31.03.2020
Proceeds from Sale of Fixed Assets	23,257.28	40,500.01
Net Cash used in Investing Activities	(9,99,696.54)	(27,08,300.71)
Cash Flow from Financing Activities		
Proceeds from Issue/(Repayment) of Share Capital	(37,81,675.00)	(24,52,425.00)
Dividend Paid	(6,63,954.11)	(1,52,29,593.66)
Net Cash used in financing Activities	(44,45,629.11)	(1,76,82,018.66)
Net Increase in Cash and Cash Equivalents	70,86,67,628.67	1,33,80,99,233.92
Cash and Cash Equivalents at the beginning of year	3,77,04,23,211.19	2,43,23,23,977.28
Cash and Cash Equivalents at the end of year	4,47,90,90,839.87	3,77,04,23,211.19
Net Increase in Cash and Cash Equivalents	70,86,67,628.68	1,33,80,99,233.91
Note:		
Cash & Cash Equivalents		
Cash	47,91,77,256.70	43,81,08,187.40
Balance with other banks	2,20,01,14,590.14	2,08,74,83,798.86
Money at Call & Short Notice/ TREPS/ Term Money Placements/LAF	1,79,97,98,993.03	1,24,48,31,224.93
	4,47,90,90,839.87	3,77,04,23,211.19

1. Cash and cash equivalents comprise of cash on hand , Balances with Reserve Bank of India, Balance with Banks and money at call and short notice, Term Money Placements, TREPS and LAF.
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 MARCH 31, 2021

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.
- 1.2.10 Accounting for Reverse Repo transactions (including transactions under the liquidity Adjustment Facility (LAF) with the RBI) - The securities purchased under Reverse Repo are accounted as Collateralised Lending transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Reverse Repo accounts and contra entries. The above entries are reversed on the date of maturity. Revenue is accounted as interest income. Balance in Reverse Repo account is classified under Money at Call & Short Notice.

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 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, subject to availability of net profit.

(Rs. in lakhs)

Particulars	March 31, 2021	March 31, 2020
Investment in Available for sale category	25,151.58	17,631.64
Investment Fluctuation Reserve at 5% of above	1,257.58	881.58
Investment Fluctuation Reserve held by Bank	1,051.70	986.70

- 2.2 There is an appreciation in Government Securities under Held to Maturity (HTM) category as on March 31, 2021 amounting to Rs. 1,139.74 lakhs (previous year Rs. 1,365.06 lakhs) and an appreciation in Government Securities under Available for Sale (AFS) category amounting to Rs. 110.91 lakhs (previous year depreciation Rs.8.94 lakhs). Further there is appreciation in PSU and other Bonds and others as on March 31, 2021 amounting to Rs. 602.42 lakhs (previous year Rs. 329.28 lakhs).

During the previous 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	March 31, 2021	March 31, 2020
Provision for Investment in 8.60% Infrastructure Leasing & Financial Services	500.00	500.00
Depreciation on Government Securities under available for sale category	-	8.94
Total Investment Depreciation Reserve Required	500.00	508.94
Investment Depreciation Reserve held by Bank	500.00	650.75

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

(Rs in lakhs)

	March 31, 2021			March 31, 2020		
	Provision required	Provision Held	Excess Provision	Provision required	Provision Held	Excess Provision
Standard Assets	158.82	197.00	38.18	222.77	322.00	99.23
Non-Performing Assets	1828.88	3,398.54	1,569.66	1,506.24	3,399.47	1,893.23

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

2.5 Accounting Standard 15 (Revised) - Employee Benefits*Defined Contribution Plan*

- Bank's Contribution to Provident Fund Rs. 154.43 lakhs (Previous year Rs. 138.31 lakhs)

Defined Benefit Plan

- Gratuity (funded with LIC)

The following table gives disclosures 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)	
		March 31, 2021	March 31, 2020
1	Discount Rate	6.80%	6.84%
2	Salary Escalation rate	4.00%	4.00%
3	Attrition rate	2.00%	2.00%

II) Changes in present value of obligations (Rs. in lakhs)

Sr. No	Particulars	Gratuity (Funded)	
		March 31, 2021	March 31, 2020
1	Liability at the beginning of the current period	698.14	539.60
2	Interest cost	47.75	42.03
3	Current service cost	38.58	29.85
4	Past service cost	-	-
5	Benefits paid	(8.55)	(37.84)
6	Actuarial (gain) / loss on obligations	25.48	124.49
7	Liability at the end of the current period	801.40	698.14

III) Changes in fair value of Plan Assets (Rs. in lakhs)

Sr. No.	Particulars	Gratuity (Funded)	
		March 31, 2021	March 31, 2020
1	Fair value of plan assets at the beginning of the year	680.82	584.79
2	Expected return on plan assets	46.57	45.56
3	Contributions	80.45	92.09
4	Benefits paid	(8.55)	(37.84)
5	Actuarial gain / (loss) on plan assets	(1.17)	(3.78)
6	Fair value of plan assets at the end of the year	798.12	680.82



IV) Amount recognized in Balance Sheet (Rs. in lakhs)

Sr. No.	Particulars	Gratuity (Funded)	
		March 31, 2021	March 31, 2020
1	Fair value of plan assets at the end of the period.	798.12	680.82
2	Liability at the end of the period	(801.40)	(698.14)
3	Amount recognized in the Balance Sheet	(3.28)	(17.32)

V) Expenses recognized in income statement (Rs. in lakhs)

Sr. No.	Particulars	Gratuity (Funded)	
		March 31, 2021	March 31, 2020
1	Current service cost	38.58	29.85
2	Interest cost	1.18	(3.52)
3	Expected return on plan assets	-	-
4	Net actuarial gain / (loss)	26.65	128.27
5	Past service cost	-	-
6	Expenses recognised in Profit and Loss account.	66.41	154.60

• Compensated absences (Unfunded)

The actuarial liability of compensated absences of accumulated privileged and sick leaves of the employees of the Bank is given below

Particulars	March 31, 2021	March 31, 2020
Privileged leave	285.07	280.21
Sick leave	266.69	-
Total Actuarial Liability	551.76	280.21
<u>Assumptions</u>		
<i>Discount rate</i>		
Privileged leave / Sick leave	6.80%	7.79%
<i>Salary escalation rate</i>		
Privileged leave / Sick leave	4.00%	4.00%

2.6 Accounting Standard 17 - Segment Reporting as at March 31, 2021

(Rs.in lakhs)

<i>Business Segments</i>	Treasury	Other Banking Operations	Total
Revenue	5,418.07 4,803.85	5,844.26 6,037.86	11,262.33 10,841.71
Expenses	4,260.01 3,802.77	6,688.33 6,408.62	10,948.33 10,211.39
Result	1,158.06 1,001.08	(844.07) (370.76)	313.99 630.32
Unallocated income			0.05 0.08
Operating profit			314.04 630.40
Income Tax			(209.01) (302.11)
Net Profit			105.03 328.29
<i>Other Information</i>			
Segment assets	94,899.42 78,576.02	43,158.17 55,314.08	1,38,057.59 1,33,890.10
Unallocated assets			1,949.09 1,774.73
Total assets			1,40,006.68 1,35,664.83
Segment liabilities	77,493.88 61,104.64	43,404.83 55,480.83	1,20,898.71 1,16,585.47
Unallocated liabilities			1,766.71 1,572.02
Share Capital & Reserves			17,341.26 17,507.34
Total Liabilities			1,40,006.68 1,35,664.83

- 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.



- d) Segment Asset and Segment Liability under Treasury includes Securities receivable (as per contra) – Reverse Repo under LAF.
- e) Figures in italics represent previous year's figures.

2.7 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. 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.

2.8 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	March 31, 2021	March 31, 2020
-Not later than one year	159.72	163.78
-Later than one year and not later than five years	171.14	325.83
-Later than five years	27.15	40.73
Total of minimum lease payments realization in the Profit and Loss account for the year.	148.66	146.01

2.9 Accounting Standard 20 - Earnings Per Share (EPS)

Particulars	March 31, 2021	March 31, 2020
Net Profit after taxation - Rs. in lakhs	105.02	328.29
Weighted average No. of Shares - in lakhs	52.99	53.81
Earnings Per Share (EPS) – in Rs.	1.98	6.10

2.10 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, 2021.

(Rs in lakhs)

Particulars	March 31, 2021	March 31, 2020
Deferred Tax Asset		
Provision for Leave Encashment	138.87	97.92
Provision for Gratuity	0.83	6.05
Depreciation	58.69	100.81
<i>Total</i>	<i>198.38</i>	<i>204.78</i>
Deferred Tax Liability		
Special Reserve under Section 36(1)(viii)	40.34	55.32
<i>Total</i>	<i>40.34</i>	<i>55.32</i>
Net Deferred Tax Assets as at the year end	158.04	149.46

2.11 Accounting Standard 26 - Details of Computer Software - other than internally generated

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

(Rs. in lakhs)

Particulars	March 31, 2021	March 31, 2020
Opening Balance	28.62	37.70
Additions during the year	3.56	15.95
Sub total	32.18	53.65
Amortization during the year	21.14	25.03
Net Carrying balance	11.04	28.62

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

2.13 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.

2.14 In terms of RBI circular FIDD. CO.Plan.BC.23/04.09.01/2015-16 dated 7th April, 2016, detail of Priority Sector Lending Certificates (PSLC) purchased by the Bank

(Rs. in lakhs)

Particulars	March 31, 2021	March 31, 2020
PSLC – General	13,000	10,000
PSLC – Micro Enterprises	-	3,000
Total	13,000	13,000

2.15 In accordance with the "The Depositor Education and Awareness Fund Scheme, 2014" formulated by RBI, during financial year ended March 31, 2021, the movement in DEAF account is as under:



(Rs. in lakhs)

Particulars	March 31, 2021	March 31, 2020
Opening balance of amounts transferred to DEAF	324.46	296.70
Add: Amounts transferred to DEAF during the year	106.09	34.42
Less: Amounts reimbursed by DEAF towards claims	11.54	6.66
Closing balance of amounts transferred to DEAF	419.01	324.46

2.16

Disclosures in terms of RBI guideline are as under:

(Rs. in lakhs)

		March 31, 2021	March 31, 2020
1.	Movement of CRAR		
	Tier I Capital (note a)	11,654.63	11,642.80
	Tier II Capital	1,353.23	1,555.04
	Total of Tier I & Tier II Capital	13,007.86	13,197.84
	Total Risk Weighted Assets	54,461.00	63,992.38
	Capital to Risk Assets Ratio	23.88%	20.62%
	Tier I Capital	21.40%	18.19%
	Tier II Capital	2.48%	2.43%
2.	Investments		
	Book Value	47,136.00	39,395.61
	Face Value	47,610.80	39,930.80
	Market Value	48,489.07	40,581.01
3.	Advances against:		
	a) Real Estate and Construction Business	1,728.77	2,830.98
	b) Housing	7,382.59	7,962.45
	Total	9,111.36	10,793.43
4.	Advances against Shares & Debentures	34.30	52.18
5.	Advances to Directors, their Relatives, Companies / Firms in which they are interested		
	a) Advances outstanding	Nil	Nil
	b) Over dues	Nil	Nil

		March 31, 2021	March 31, 2020
6.	Working Funds	1,38,253.72	1,34,901.92
7.	Average Daily Cost of Deposits	5.62%	6.37%
8.	Profitability Ratios		
	a) Interest Income as % of Working Funds	6.99%	7.72%
	b) Non-Interest Income as % Working Funds (note b)	0.34%	0.32%
	c) Operating Profit as % of Working Funds	0.48%	0.73%
	d) Return on Assets (Average Working Funds)	0.33%	0.51%
	e) Business (Deposits + Advances) per Employee	751.33	784.38
	f) Operating Profit per Employee	3.14	4.58
9.	NPAs & Movement of NPAs		
	Gross NPAs as on 1 st April	4,174.33	1,747.35
	Additions during the year	2,235.84	2557.51
	Reductions during the year	512.83	130.53
	Technical write off during the year	600.93	-
	Gross NPAs as on 31 st March	5,296.41	4,174.33
10.	Net NPAs as on 1 st April	774.87	Nil
	Additions during the year	1,123.00	774.87
	Reductions during the year	-	-
	Net NPAs as on 31 st March	1897.87	774.87
11.	Provisions made towards NPAs		
	Provision towards NPAs as on 1 st April	3,399.47	3,100.52
	Additions during the year	600.00	300.60
	Write back / Recoveries during the year	(600.93)	(1.65)
	Provisions as on 31 st March	3,398.54	3,399.47
12.	Movement in Provisions on Standard Assets		
	Opening Balance as on 1 st April	322.00	312.00
	Additions during the year	-	10.00
	Reversals during the year	(125.00)	-
	Closing Balance as on 31 st March	197.00	322.00



		March 31, 2021	March 31, 2020
13.	Movement in Provision on Investment Depreciation Reserve		
	Opening Balance as on 1 st April	650.75	650.75
	Additions during the year	-	-
	Reversals during the year	(150.75)	-
	Closing Balance as on 31 st March	500.00	650.75
14.	Movement in Provision on Investment Fluctuation Reserve		
	Opening Balance as on 1 st April	986.70	986.70
	Additions during the year	65.00	-
	Reversals during the year	-	-
	Closing Balance as on 31 st March	1,051.70	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	1,000.00	Nil
17.	DICGC Insurance Premium paid	139.33	112.15
18.	Penalty imposed by Reserve Bank of India	Nil	Nil
19.	Restructured Accounts	Refer note c below	Nil
20.	Non-Performing - Non SLR Investments		
	Opening Balance as on 1 st April (note d)	500.00	200.00
	Additions during the year	-	500.00
	Reduction during the year	-	(200.00)
	Closing Balance as on 31 st March	500.00	500.00
	Total Provisions held	500.00	641.81

		March 31, 2021	March 31, 2020
21.	Break-up of Investments		
	Held for Trading	Nil	Nil
	Available for Sale	25,151.58	17,631.64
	Held to Maturity	21,984.41	21,763.97

Note

- Tier I Capital includes amount of Rs.160.30 lakhs (previous year Rs. 158.30 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.
- Non-interest income excludes excess provision written back during the year.
- The bank has implemented one time restructuring scheme under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 6, 2020. Disclosure required as per the said circular is given in the note no. 2.21
- The Investment in Punjab State Industrial Development Bonds amounting to Rs.200.00 lakhs were reclassified as Matured Investments under the head "Other Assets" in the financial year ended March 31, 2019. As the said bonds had 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.

2.17 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	3,042.86 <i>2,001.55</i>	-	-	-
2	FIs	3,002.40 <i>1000.00</i>	-	-	-
3	Public Sector Banks	0.00 <i>0.00</i>	-	-	-
4	Mutual Funds	0.00 <i>0.00</i>	-	-	-
5	Others	4,493.30 <i>5,790.03</i>	-	-	-
6	Provision Held towards Investment Depreciation Reserve	500.00 <i>650.75</i>	-	-	-

Figures in italics represent previous year's figures.



- 2.18 COVID-19 pandemic has impacted the economy across the world including India. Consequently, the Government of India announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The extent to which the COVID-19 pandemic, including the second wave witnessed in the country, will impact the Bank's operations and asset quality will depend on the future developments, which are highly uncertain.

In accordance with the RBI guidelines on 'COVID-19 Regulatory Package' issued on March 27, 2020, April 17, 2020 and May 23, 2020, the Bank granted a moratorium on the repayment of all instalments and/or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers. For all such accounts that were granted moratorium, the asset classification remained 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)

Hon'ble Supreme court, vide order dated 23.03.2021, directed that there shall not be any charge of interest on interest/ compound interest/ penal interest for the period during the moratorium from 01.03.2020 to 31.08.2020 and such interest shall be refunded to the concerned borrowers. Accordingly, the Bank has created an estimated liability of Rs. 40.72 lakhs towards the same and has reduced the same from interest income for the year ended March 31, 2021.

- 2.19 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

In accordance with the said RBI circular, in respect of accounts in default but standard as on February 29, 2020, where moratorium was granted and asset classification benefit was extended, lending institutions were required to make a general provisions of not less than 10 per cent of the total outstanding of such accounts, to be phased over two quarters as under: (i) Quarter ended March 31, 2020 – not less than 5 per cent (ii) Quarter ending June 30, 2020 – not less than 5 per cent

The impact of above circular is detailed as under

(Rs in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the circular – (a)	5,032.83	5,032.83
Respective amount where asset classification benefits is		
extended – (b)	5,032.83	5,032.83
Provisions made in terms of paragraph 5 of the circular:		
- During Q4 19-20	251.64	251.64
- During Q1 20-21	251.64	-
Provisions adjusted during the respective accounting periods against slippages	-	-
Provision written back as per paragraph 6 of the circular. (c)	(503.28)	-
Residual provision held as on March 31, 2021	-	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 as on May 31, 2020. Of the same, accounts where asset classification benefit was extended as on March 31, 2020 amounted to Rs.123.47 lakhs.
- (c) In terms of para 6 of the said RBI circular, the above provisions may be adjusted against the actual provisioning requirements for slippages from the accounts reckoned for such provisions. The residual provisions at the end of the financial year can be written back or adjusted against the provisions required for all other accounts.

2.20 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 31, 2020, has not proposed any final dividend for the year ended March 31, 2020. Accordingly, the bank did not declare final dividend for the financial year ended March 31, 2020.

The 'second wave' of the COVID-19 pandemic and related uncertainty that it has created, the Board of Directors of the Bank, at its meeting held on August 31, 2021, has considered it prudent to currently not propose any dividend for the financial year ended March 31, 2021. The Board shall reassess the position based on any further guidelines from the RBI in this regard.

2.21 Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 6, 2020 are given below:

(Rs. in lakhs except number of accounts)

Type of borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
	A	B	C	D	E
Personal Loans	1	43.73	-	-	4.34
Corporate persons	4	1,145.70	-	-	115.53
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	5	1,189.43	-	-	119.87

Details of resolution plan implemented for MSME under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 6, 2020 read with circulars dated February 11, 2020 and January 1, 2019 are given below:

(Rs. in lakhs except number of accounts)

Particulars	March 31, 2021	March 31, 2020
No. of Accounts	37	-
Amount outstanding as on March 31	1,046.31	-
Increase in provisions on account of the implementation of the resolution plan	156.95	-



2.22 In connection with Repo/Reverse Repo transactions: (Rs. in lakhs)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on March 31, 2021
Securities sold under repo				
(i) Government Securities	-	-	-	-
(ii) Corporate debt Securities	-	-	-	-
Securities purchased under reverse repo				
(iii) Government Securities	100.00	14,600.00	8,305.79	1,000.00
(iv) Corporate debt securities	-	-	-	-

2.23 Movement in technical/prudential written off accounts is as under: (Rs. in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Opening balance of Technical / Prudential written – off accounts as at April 1	-	-
Add : Technical / Prudential write – offs during the year	600.93	-
Sub-total (A)	-	-
Less : Recoveries made from previously technical / prudential written – off accounts during the year (B)	-	-
Closing balance as at March 31 (A-B)	600.93	-

The Bank has done technical write off of certain loss assets aggregating to Rs.600.93 lakhs, which were fully provided for as on March 31, 2021, as the same have been considered irrecoverable in the near future. The Bank will continue to make the necessary efforts to recover the same.

2.24 Bank is in the process of obtaining information from suppliers/service providers covered under Micro, Small, Medium Enterprises Development Act, 2006, regarding filing of necessary memorandum with the appropriate authority. Therefore, information relating to cases of delays, if any, in payments to such enterprises or of interest payments due to delays in such payments, could not be given.

2.25 The Reserve Bank of India has issued Master Direction No. RBI/DOR/2021-22/83DOR.ACC.REC. No.45/21.04.018/2021-22 dated August 30, 2021 incorporating, updating and where required, harmonizing across the banking sector the extant guidelines/instructions directives on Financial Statements – Presentation and Disclosures. The said directions were brought to the attention of the Board on the day of the Board meeting for adoption of the accounts, after the financial statements for the year 2020-21 had been finalised. The Board has taken note of the same for the financial year 2021-22.

2.26 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, 2021, 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, and the 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, 2021, 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 2.18 of the Notes to Accounts to the Financial Statements, which describe that the extent to which the COVID -19 Pandemic will impact the Bank's operations will depend on future developments, which are highly uncertain.
- 5) We draw attention to note 2.25 of the Notes to Account to the Financial Statements, regarding The Reserve Bank of India Master Direction No. RBI/DOR/2021-22/83DOR.ACC. REC. No.45/21.04.018/2021-22 dated August 30, 2021, on Financial Statements - Presentation and Disclosures which was brought to the attention of the Board on the day of the Board meeting for adoption of the accounts. The Board has taken note of the same for financial year 2021-22.

Our opinion is not modified in respect of the above matters.



Key Audit Matters

- 6) 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.</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. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.</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>Verifying 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 the 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

- 7) 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.

- 8) Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- 9) 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.
- 10) 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

- 11) 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.
- 12) 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

- 13) 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.
- 14) 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.

- Obtain an understanding of internal control relevant to the audit in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's 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

- 15) 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.
- 16) 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:
 - a. 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
 - b. 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.

- c. The transaction of the Bank which came to our notice have been within the powers of the Bank.
 - d. 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.
 - e. Since the Bank has not appointed any branch auditors the requirement of considering their report does not apply.
 - f. 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.
 - g. 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.
- 17) 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:
- a. 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.
 - b. 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
 - c. Monies belonging to bank which appears to be bad or doubtful of recovery are as detailed below.

(Rs. in lakhs)

Category	Principal Outstanding March 31, 2021	Provision required as per IRAC norms	Provision Held
Sub -standard	2206.18	220.62	3,398.54
Doubtful Assets	2,940.85	1,458.88	
Loss Assets	149.38	149.38	

- d. The Bank has not given loans to the members of the Board of Directors.
- e. 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.
- f. To the best of our knowledge, the Central Registrar of Co-operative Societies (CRCS) in this regard has not specified any matter to the Bank other than a notice dated 28th May 2021 regarding two contracts awarded by the Bank to related parties of two Directors. The Bank has submitted their response to the CRCS vide letter dated 8th June 2021 on the said matter.

For KALYANIWALLA & MISTRY LLP
Chartered Accountants
Firm Reg. No. 104607W/W100166

Roshni R. Marfatia
PARTNER
M. No.:106548
UDIN:21106548AAAAES7999
Place: Mumbai
Date: August 31, 2021

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

MSME

The Growth engine of new India



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

The Zoroastrian Co-operative Bank Limited

Agenda Item No.6 - To approve Bye-Laws amendments as proposed.

Sr. No.	Bye law No.	Existing Bye law	Proposed Bye Law	Remarks
1	Bye Law No 5 (ix)	To purchase and to sell bonds, scripts or other forms of securities on behalf of constituents,	To be deleted	To ensure compliance with RBI circular as contained in para 3.1 of Master Circular RBI/2015-16/43 DCBR. BPD (PCB).MC.No. 4/16.20.000/2015-16 dated July 1, 2015 on Master Circular on Investments by Primary (Urban) Co-operative Banks.
2	Bye Law No 5 (xv)	To effect, to insure, to guarantee, to underwrite, to participate in managing and carrying out any Issue, public or private, of State, Municipal or other loans or of shares, stocks, debentures of any company, co-operative society, corporation or association and to lend money for the purpose of any such issue.	To be deleted	To ensure compliance with RBI circular as contained in para 5.4 of RBI Master Circular RBI/2015-16/45 DCBR.CO.BPD. (PCB) MC No.13/13.05.000/2015-16 dated July 1, 2015 on Exposure Norms and Statutory / Other Restrictions – UCBs.
3	Bye Law No 8(ii)	No member other than the authorities referred to in clauses (c) to (g) of sub-section (1) of Section 25 of the Multi State Cooperative Societies Act 2002 shall hold more than one fifth of the total paid up share capital of the Bank.	No member other than the authorities referred to in clauses (c) to (g) of sub-section (1) of Section 25 of the Multi State Cooperative Societies Act 2002 shall hold more than 5% of the total paid up share capital of the Bank.	To ensure compliance with para 3 of RBI circular No RBI/2015-16/9 DCBR.BPD.(PCB).MC.No.10/09.18.201/2015-16 dated July 1, 2015 on Master Circular- Prudential Norms on Capital Adequacy - UCBs.