

The Zoroastrian Co-operative Bank Ltd.

(Multi-State Scheduled Bank)

The Bank that is Big on Tradition & Trust



2018-19
Annual Report

*Racing Towards Newer
Pinnacles of Excellence*

Strategic Ways to Bank With Us

For Online Banking

<https://www.zcbl.co.in/Zoroastrian/login.do>





The Zoroastrian Co-operative Bank Ltd.

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

BOARD OF DIRECTORS

Ms. Homai A. Daruwalla – Chairperson

Mr. Yazdi B. Tantra – Vice Chairman

Mrs. Shernaz D. Mehta

Mr. Homa D. Petit

Mrs. Dhanoo H. Khusrokhan

Mr. Jimmy N. Panthaky

Dr. Firdos T. Shroff

Mr. Saroosh C. Dinshaw

Mr. Phillie D. Karkaria

Mr. Mehrab N. Irani

Mr. Farhad S. Choksey

Mr. Manek J. Kalyaniwalla

Mr. Aspi A. Kathawalla

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

From the Chairperson's Desk



Dear Shareholders,

On behalf of the Board of Directors of the Bank, it gives me immense pleasure to invite you all to the 92nd Annual General Meeting of your Bank.

With its humble beginning on 17th June, 1927 as a Co-operative Credit Society and having received the Banking licence on 16th February 1994, your Bank has completed its Silver Jubilee in the Financial Year 2018-19.

The global economy is facing a confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer –term development prospects. These risks include an escalation of trade disputes, an abrupt tightening of global financial conditions, geo-political risks and intensifying climate risks. Global inflation remains moderate, but its on an upward trend in majority of countries. Rising oil prices contributed to additional inflationary pressures in oil – importing countries over the course of 2018, while currency depreciation against the US dollar put upward pressure on imported prices in many countries. Economic activity has slowed in many Emerging Market Economies (EMEs). Financial markets have been driven by uncertainties surrounding US-China trade negotiations and Brexit.

The Indian economy retained its tag of one of the fastest growing major economies in the world for a second year in row. Sharp improvement in Ease of Doing Business (India's rank in World Bank's Ease of Doing Business Survey has improved sharply from 142 in 2014 to 77 in 2018) has helped to significantly turnaround the investment sentiments in the country. Amid slowing economic growth and rising global uncertainty, the RBI had reduced the short-term lending rate (repo rate) by 35 basis points to 5.40% for the fourth time in a row and left the door open for more policy easing to shore up a sagging economy.

Catering to the needs of good Asset quality, Your Bank has laid good emphasis on sound Risk Management framework so that the risk assumed by your Bank are properly assessed and monitored on a continuous basis. Your Bank lays great emphasis on customer service and keeps pursuing towards deepening the customer relationship by offering a variety of products and need-based services of your customers as also handle and resolve customer grievances.

Innovative technology and excellence in operations has been the fundamental Bank's strategy in providing convenience to customers resulting in reduction in turnaround time and extended benefits to your Bank's customers. **Your Bank is now also LIVE with Internet Banking Transaction**



facility. Through this facility, your Bank now offers its constituents, facilities such as transfer of funds, generate OTP, balance enquiry, cheque book indent, statement of account, stop payment, utility bill payment, etc.

Towards providing significant emphasis on Digitalisation, **your Bank is soon going LIVE with Mobile Banking and IMPS (Immediate Payment Systems)** facilitating instant transfer of funds. Your Bank has already availed permission from RBI in the matter and the Bank will soon proceed with the launch of the same .

Looking to the performance of your Bank, a reading of the financial parameters from the Annual Report shows a satisfactory trajectory of Bank's growth. The Bank's Business has grown by 5.81% and the Bank's Net Profit shows a growth of 17.98% mainly on account of provision for Deferred Tax Assets. The Bank continues to report Net NPAs at Nil. The CRAR as of 31st March, 2019 was reflected at 17.56% as against the statutory requirement of 9%.

The Reserves and Surplus of the Bank has moved up from Rs.143.17 crores to Rs.154.80 crores due to plough back of profits. The Credit Deposit Ratio of your Bank is also reflected at a healthy level of 59.22%.

I take this opportunity to thank the Members of the Board of Directors and the members of the various Sub – Committees of the Board of Directors for their continued support with a cautious and judicious approach and their contributions in the progress of the Bank. I also thank the Executives, Officers and Staff of your Bank for their contributions to the growth of the Bank.

In addition, I would like to place on record our thanks to the Reserve Bank of India and other Regulatory Authorities, for the continuing support and guidance.

I would like to thank our shareholders for their support and patronage. I also thank all our esteemed customers for their continued co-operation and trust.

The Bank looks forward to the continued support of all Shareholders, Customers and Employees in its journey.

Yours sincerely,

HOMAI A. DARUWALLA
CHAIRPERSON

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninety Second Annual General Meeting of the members of the Bank will be held on 20th September, 2019, at 4.00 p.m at The Homi J. H. Taleyarkhan Memorial Hall, Indian Red Cross Society, Town Hall Compound, Opp. Horniman Circle, Fort, Mumbai – 400 001 to transact the following business: -

- (1) To read and confirm the Minutes of the Annual General Meeting held on September 14, 2018.
- (2) To adopt the Annual Report placed by the Board of Directors for the Financial Year ended March 31, 2019, Balance Sheet and Profit and Loss Account and take note of Statutory Auditors' report.
- (3) To declare dividend and allocation of profit for the financial year 2018-19.
- (4) To appoint Statutory Auditors for the Financial Year 2019-20 and to authorize Board of Directors to fix their remuneration. The Board of Directors recommends appointment of M/s. Kalyaniwalla & Mistry LLP – Chartered Accountants as the Bank's Statutory Auditors for the Financial Year 2019-20.
- (5) To grant Leave of Absence to members who have not attended this Annual General Meeting.
- (6) Any other business with the permission of the Chair.

By Order of the Board of Directors

Mumbai, July 30, 2019

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 6th September, 2019, to enable the Management to make available the required information at the Annual General Meeting.
2. Dividend for the year ended March 31, 2019, if declared at the Annual General Meeting, will be paid from 25th September, 2019 to those Shareholders whose names appear on the Register of Members as on March 31, 2019.
3. It is recommended that Shareholders avail of the facility of crediting dividend amount due to them to their respective Current/Savings accounts with the Bank's Branches, and for the purpose, they are requested to send their mandate in writing to the Bank.
4. Members are requested to bring a copy of the Annual Report and the attendance slip sent herewith at the Annual General Meeting.
5. 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, 2019 failing which, the dividend for the year ended March 31, 2016 will be forfeited and credited to the Reserve Fund Account.
6. 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.
7. Deposits upto Rs. 1.00 lakh in the case of each individual depositor is insured by the Bank with the Deposit Insurance Credit Guarantee Corporation and the Bank has effected up-to-date payment of the corresponding Insurance premium.

DIRECTORS REPORT

Your Directors have great pleasure in presenting the Ninety Second Annual Report of the Bank together with the Audited Accounts for the Financial year ended 31st March 2019.

An Overview of India's Economic Performance in Financial Year 2018-19:

India has emerged as the fastest growing major economy in the Financial Year 2018-19 and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships.

India's GDP is projected at 7.2 per cent in 2019-20 and 7 per cent in 2018-19 as per Central Statistics Office (CSO). India has retained its position as the third largest start-up base in the world with over 4,750 technology start-ups. With the improvement in the economic scenario, there have been investments in various sectors of the economy. During 2018-19 (up to February 2019), merchandise exports from India have increased 8.85 per cent year-on-year while services exports have grown 8.54 per cent year-on-year.

After two below average years, interjected by demonetisation and rollout of the Goods and Services Tax (GST), growth is seen recuperating. Net direct tax collection for 2018-19 had crossed Rs 10 lakh crores by March 16, 2019, while Goods and Services Tax (GST) collection grew to Rs.1,06,577 crores as of March' 2019. India's Foreign Direct Investment (FDI) equity inflows reached US\$ 409.15 billion between April 2000 and December 2018, with maximum contribution from services, computer software and hardware, telecommunications, construction, trading and automobiles. India's Index of Industrial Production (IIP) rose 4.4 per cent year-on-year in 2018-19 (up to January 2019). Consumer Price Index (CPI) inflation stood at 2.57 per cent in February 2019. Net employment generation in the country reached a 17-month high in January 2019.

The Interim Union Budget for 2019-20 announced on February 01, 2019 focused on supporting the needy farmers, economically less privileged, workers in the unorganized sector and salaried employees, while continuing the Government of India's push towards better physical and social infrastructure. The asset quality issues plaguing the Public Sector Banks have reached such enormous proportions – with Gross Non-Performing Assets (GNPAs) touching 10.5% - that no sustainable economic recovery is plausible without, at least, beginning of a resolution process. The transparent and time-bound process driven by National Company Law Tribunal (NCLT) offers hope. At the beginning of the F.Y. 2018-19, there were 11 public sector banks under Prompt Corrective Action (PCA), as declared by the Reserve Bank of India. During the year, the RBI removed 5 banks out of these 11 banks in two phases and hence, there are now 6 PSU Banks prevailing under PCA category. Total expenditure for 2019-20 is budgeted at Rs 2,784,200 crore (US\$ 391.53 billion), an increase of 13.30 per cent from 2018-19 (revised estimates).

Through various government initiatives like Make in India and Digital India launched to boost the manufacturing sector of the Indian economy and increase the purchasing power of the average Indian consumer, which would boost further demand, numerous foreign companies have set up their facilities in India resulting in development, in addition to benefiting investors. The Government of India, under the Make in India initiative, is trying to give boost to the contributions made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

On the monetary front, a down trending interest rate scenario is foreseen which will largely depend upon the liquidity in the banking system, keeping in mind the downward CPI inflation number and RBI inflation targets along with expected rate cuts in calendar year 2019.

The big picture shows improving growth dynamics and domestic consumption, infrastructure spending doing the heavy lifting and supportive tailwinds from global growth and exports. The key risks however stems from inability to resolve GST-related issues quickly and fiscal stress leading to a cut in capital expenditure by the Government. On the global side, economic activity is witnessing a synchronized deceleration due to trade concerns, geopolitical events impacting crude oil prices, though easy policy stances by the fiscal and monetary authorities in several economies are expected to cushion the pace of the slowdown.

(Excerpts from article on Indian Economy Development and Growth for Financial Year 2018-19 and RBI Monetary Policy April, 2019).



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. 2018-19	F.Y. 2017-18
Total Business Mix	177367.65	168632.10
Deposits	111401.33	106288.83
Advances	65966.32	62343.27
Investments (incl. Call Money and CBLO / TREPS)	40970.48	39786.05
Paid Up Capital	1357.88	1381.16
Reserves & Surplus	15480.31	14316.71
Total Income	10942.70	11024.87
Total Expenditure	8983.90	9152.21
Operating Profit	1958.80	1872.66
Gross NPAs	1747.35	1054.63
% of NPAs to Loans & Advances	2.65	1.69
Non-Performing Inv.	200.00	200.00
Net NPAs	Nil	Nil
No: of Branches	18	18

b) Ratios:

(Rs. in lakhs)

		F.Y. 2018-19	F.Y. 2017-18
1.	Capital to Risk Weighted Assets	17.56%	18.12%
2.	Cost of Deposits	6.11%	6.17%
3.	Yield on Advances	10.53%	11.28%
4.	Yield on Investments	6.89%	6.73%
5.	Net Interest Margin	2.64%	2.66%
6.	Return on Average Assets	1.15%	1.03%
7.	Staff Cost to Total Income	14.28%	14.09%
8.	Staff Cost to Total Expenditure	17.40%	16.98%

c) Appropriations:

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. 2018-19	F.Y. 2017-18
1.	Statutory Reserves	293.13	248.45
2.	Reserve for Contingencies	117.27	99.38
3.	Education Fund	11.72	9.94
4.	Proposed Dividend	161.59	160.97

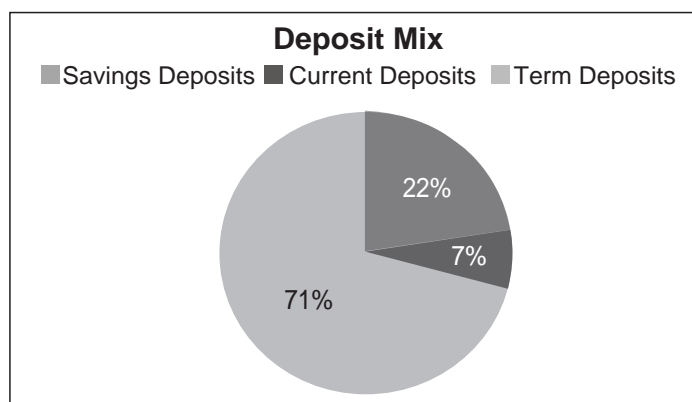
5.	Ex gratia to Staff	127.92	121.28
6.	General Reserve	200.00	210.00
7.	Building Fund	11.00	18.00
8.	Bad And Doubtful Debts	200.00	100.00
9.	Investment Fluctuation Reserve	50.00	-
10.	Jubilee Celebration Fund	-	25.00

II. Bank's Performance during the Financial Year 2018-19:

During the Financial Year 2018-19, your Bank's performance in the area of Deposits, Advances and Profitability was fairly satisfactory. Despite the challenging economic environment, as on 31st March 2019 the Total Business of your Bank stood at Rs.177,367.65 lakhs. Your Bank has been prudent in making appropriate provisions considering market risks and risk towards impaired assets and has posted a Net Profit of Rs.1172.48 lakhs from the previous year's position of Rs.993.80 lakhs. The Bank has posted Operating Profit of Rs.1958.80 lakhs in the current year as against Rs.1872.66 lakhs for previous year.

a) Deposits:

Total Deposits of your Bank from Rs.106288.83 lakhs in the previous year stands increased to Rs.111401.33 lakhs recording a growth of Rs.5112.50 lakhs giving an increase of 4.81%. Your Bank continues its focus on mobilising deposits by concentrating on retail segment and on low cost CASA Deposits thereby improving the overall profitability and Net Interest Margin of the Bank. CASA Deposits as at 31st March 2019 stood at Rs. 31859.99 lakhs and recorded 28.60% of the Total Deposits of your Bank.



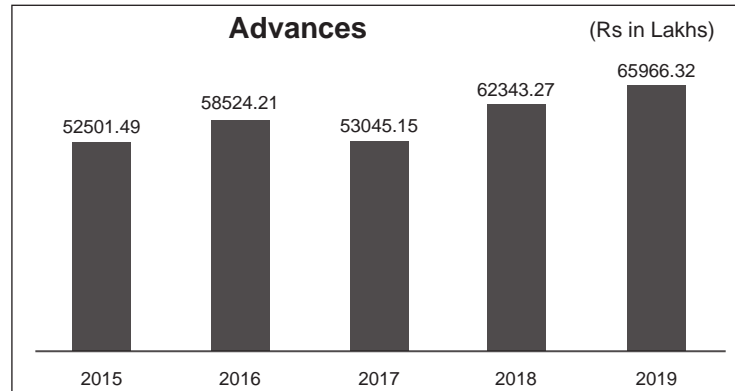
b) Advances and Asset Quality :

Your Bank's Total Advances stood at Rs.65966.32 lakhs as compared to previous year's figure of Rs.62343.27 lakhs recording a growth of Rs.3623.05 lakhs giving an increase of 5.81%. Further, your Bank has performed well under Retail Loan Segment thereby diversifying its loan portfolio. Your Bank charges very competitive interest rates on Retail Segment, the benefit of which is availed by many customers. Your Bank has a well defined credit rating model which plays an important role in the process of grant of Advances, ensuring careful scrutiny of credit proposals. Your Bank makes continuous efforts in maintaining good quality of Advances without sacrificing Net Interest Margin.

The Bank's Gross NPAs at the end of the current Financial Year ended 31st March,2019 stood at Rs.1747.35 lakhs compared to the previous year figure of Rs.1054.63 lakhs. While no accounts under NPA category were closed,12 new accounts under NPA were added during the period under review. The Net NPAs as of 31st March, 2019 continues to remain at zero level.



Despite the slowdown in the economy and inability of borrowers to service debts affecting the asset quality of various Banks, your Bank takes a number of steps to strengthen its asset quality through robust monitoring and recovery mechanism.



c) Priority Sector Lending:

As per RBI guidelines, Urban Co-operative Banks have to achieve Priority Sector @ 40% of their Adjusted Net Bank Credit and 10% Advances to Weaker Sections of their Adjusted Net Bank Credit. Accordingly, your Bank's Advances under Priority Sector stands @ 40.85% and Weaker section @ 8.07% of the Adjusted Net Bank Credit. Your Bank's branches predominantly operate in the Metropolitan areas and as such find it difficult to augment business under Priority Sector. Your Bank well understands its responsibility of augmenting growth under Priority Sector Lending by continuing in its efforts of garnering loan proposals under Small-Scale Industries, Small Road and Water Transport Operators, Retail Trade, Professional and Self-Employed Persons, Education and Housing.

d) Treasury Operations:

Your Bank's Treasury Department, besides undertaking the traditional role of maintenance of Cash Reserve Ratio(CRR) and Statutory Liquid Ratio(SLR) for the Bank, has also assumed the role of a Profit Centre. Your Bank's Treasury operations consist of SLR Bonds, Non-SLR Bonds, Fixed Deposits with Banks and Call Money Placements. During the period ended 31st March, 2019, the Investment portfolio of your Bank stood at Rs.40970.48 lakhs as against the previous financial year figure of Rs.39786.05 lakhs.

Your Bank's Yield on Investments grew from 6.73% as of March, 2018 to 6.89% as of March, 2019.

During the year, your Bank has made a gain on redemption of Investments to the tune of Rs.1,19,70,000/-.

Further, looking at the market scenario and to safeguard its Investments, your Bank holds Investment Depreciation Reserve of Rs. 650.75 lakhs as against the depreciation in securities of Rs. 97.79 lakhs as at 31st March 2019.

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

III. Dividend :

Your Directors are pleased to recommend maximum permissible dividend @12% (i.e @ Rs 3.00 per share of Rs 25 each) involving a total outlay of Rs. 1,61,58,729.00 for the year under review.

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 1357.88 lakhs. The Net Worth of your Bank has improved to Rs.16843.78 lakhs in the current year as against Rs.15703.60 lakhs in the previous year which works out to an increase of Rs.1140.18 lakhs and 7.26% increase over the previous year.

The Capital Adequacy ratio of your Bank is reflected at a level of 17.56% compared to 18.12% in the previous year as against RBI's stipulation of 9%.

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

Particulars	2018-19	2017-18
Tier I Capital	15.04%	15.55%
Tier II Capital	2.52%	2.57%

V. Risk Management :

The Banking Scenario has undergone a massive change over the years. Monitoring, Managing and Mitigating Risks have become very crucial and play a very important role in maintaining financial stability and success of the Bank.

Risk Management systems are well established in your Bank. Your Bank efficiently manages risks inclusive of Credit, Market and Operational Risks to its core. Your Bank's philosophy and strength involves in developing and maintaining a healthy Balance Sheet. The Risk Management at your Bank includes risk identification, risk assessment, risk measurement and risk mitigation and its main objective is to minimise negative impact on Profitability and Capital. Your Bank has laid down policies and procedures to measure, assess, monitor and manage risks systematically across all portfolios which are regularly overseen by the Board of Directors.

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

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

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

VI. Asset and Liability Management:

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

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

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



Your Bank has an Investment Committee 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 AD – II License :

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

VIII. Audit and Inspection :

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

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

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

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

IX. Reserve Bank of India Audit :

During the year, RBI carried out its customary on-site inspection of the Bank with respect to the financial position as on March 31, 2018. The report has expressed satisfactory comments on liquidity, capital adequacy, asset quality, management, efficiency, systems and controls.

X. Human Resource Management :

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

Your Bank's H.R. vision is built around the principles of inclusiveness, empowerment and development. Its people are its strength and accordingly your Bank constantly pursues effectively to ensure its key personnel are provided adequate encouragement and the required motivation in developing a second line of Management and succession planning. In line with its Vision, your Bank repeatedly organises a calendar of training programmes for employees at all levels covering training programmes on specialised banking fields. Your Bank also organises training programmes both in-house and by outsourcing, covering all facets of banking operations regularly, inclusive of workshops for development of soft skills.

XI. Information Technology and Digital Initiatives:

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

Apart from offering Centralised Payment Systems, Real Time Payment gateways (RTGS/NEFT), E COM, ATM/Debit cards, Point of Sale facility, E-Statement, Internet Banking Viewing facility, your Bank is now also LIVE with Internet Banking Transaction facility. Your Bank, through this facility now offer its constituents, facilities such as transfer of funds, generate OTP, balance enquiry, cheque book indent, statement of account, stop payment, utility bill payment, etc.

Towards providing significant emphasis on Digitalisation, your Bank is soon going LIVE with Mobile Banking and IMPS (Immediate Payment Systems) facilitating instant transfer of funds. Your Bank has already availed permission from RBI in the matter and the Bank will soon proceed with the launch of the same .

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

XII. E Tax Service:

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

XIII. Customer Relationship Management :

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

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

XIV. Other Services:

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

XV. Ethics and Business Conduct :

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

XVI. Silver Jubilee Year of achieving Banking Licence:

You are aware that your Bank has completed 92 Glorious Years of its existence and will be marching towards the Centenary Year. With its humble beginnings on 17th June, 1927 as a Co-operative Credit Society, your Bank has come a long way since, to emerge as one of the leading Co-operative Bank amongst the peers in the industry.

Having received the Banking licence on 16th February 1994, your Bank has completed its Silver Jubilee in the Financial Year 2018-19.



In this journey, your Bank has grown from strength to strength and truly reflects the image of a sound and a well-managed Bank.

XVII. Auditors:

Your Board of Directors is thankful to:

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

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. The Commissioners for Co-operation and Registrar of Co-operative Societies for the State of Maharashtra and Gujarat and
4. 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

H. A. DARUWALLA
CHAIRPERSON

CORPORATE GOVERNANCE REPORT

I. Bank's Philosophy on Corporate Governance:

Your Bank believes in adopting and adhering to best recognized Corporate Governance Policies right from its inception. Since corporate governance also provides the framework for attaining the company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

Your Bank's Corporate Governance philosophy is woven around its total commitment to ethical practices in the conduct of its business, while striving to enhance the shareholders' value. Your Bank's Corporate Governance is a reflection of our value system encompassing our culture, policies, and relationships with our shareholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of our shareholders at all times.

Your Bank understands and respects its role and responsibility to stake holders comprising shareholders, customers and society at large by enhancing its good governance practices, based on fairness, transparency and accountability along with a disciplined approach to achieving excellence in all spheres of activities. Your Bank complies with not only the statutory requirements, but also voluntarily formulates and adheres to a set of strong Corporate Governance practices.

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 whereby a Director is a Trustee.

II. Board of Directors:

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

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

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

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



III. Composition of Committees of Directors:

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

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

- 1. The Credit Committee of the Board of Directors.**
- 2. The Audit Committee of the Board of Directors.**
- 3. The Information Technology Committee of the Board of Directors.**
- 4. The Investment Committee of the Board of Directors**
- 5. The Board Governance and Human Resources Committee of the Board of Directors.**
- 6. The Shareholders Relationship Committee of the Board of Directors.**

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

Meetings	No. of Meetings in the F.Y. 2018-19
Board of Directors	13
The Credit Committee of the Board of Directors.	12
The Audit Committee of the Board of Directors.	6
The Information Technology Committee of the Board of Directors.	4
The Investment Committee of the Board of Directors	4
The Board Governance and Human Resources Committee of the Board of Directors	4
The Shareholders Relationship Committee of the Board of Directors	12

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, 2019, your Bank has 9956 number of Regular Members and 2909 Nominal Members

V. Means of Communication:

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

For and on behalf of the Board of Directors

H. A. DARUWALLA
CHAIRPERSON

THE ZOROASTRIAN CO-OPERATIVE BANK LIMITED

Audited Balance Sheet as at 31st March 2019

(In Rupees)

Capital & Liabilities	Schedules	As at 31st March, 2019	As at 31st March, 2018
CAPITAL :			
(i) AUTHORISED CAPITAL 1,20,00,000 shares of Rs. 25/- each		30,00,00,000.00	30,00,00,000.00
(ii) SUBSCRIBED & PAID-UP CAPITAL	1	13,57,88,125.00	13,81,15,550.00
RESERVE FUND AND OTHER RESERVES	2	1,54,80,30,839.28	1,43,16,71,039.28
DEPOSITS	3	11,14,01,32,782.67	10,62,88,82,865.12
BILLS FOR COLLECTION BEING BILLS RECEIVABLE (AS PER CONTRA)	4	19,602.26	32,23,550.00
BRANCH ADJUSTMENTS	-	-	-
INTEREST PAYABLE	-	2,00,79,332.26	1,86,96,888.00
OVERDUE INTEREST RESERVE (AS PER CONTRA)	5	3,61,18,131.27	2,18,12,336.54
OTHER LIABILITIES	6	27,14,41,370.44	32,45,94,974.19
PROFIT & LOSS ACCOUNT		5,58,922.11	5,74,168.18
		13,15,21,69,105.29	12,56,75,71,371.31

CONTINGENT LIABILITIES

1) Outstanding Liabilities for Guarantees issued	13,77,97,842.46	8,53,30,610.46
2) Outstanding Liabilities for Letter of Credit issued.	93,03,671.00	2,14,18,570.00
3) Unclaimed Liabilities under Depositor Education and Awareness Fund (DEAF) Scheme	2,96,70,461.74	2,57,82,289.68
	17,67,71,975.20	13,25,31,470.14



Audited Balance Sheet as at 31st March, 2019

(In Rupees)

Property & Assets	Schedules	As at 31st March, 2019	As at 31st March, 2018
CASH	7	53,42,48,435.27	46,11,99,936.74
BALANCES WITH BANKS	8	1,49,81,01,928.07	1,42,77,15,853.95
MONEY AT CALL AND SHORT NOTICE		20,00,00,000.00	10,00,00,000.00
CBLO / TRI – PARTY REPO SYSTEM (TREPS)		4,99,73,613.94	28,63,53,348.40
INVESTMENTS	9	3,84,70,74,402.35	3,59,22,51,521.75
ADVANCES	10	6,59,66,32,057.27	6,23,43,26,989.05
INTEREST RECEIVABLE of which, OVERDUE INTEREST RESERVE (AS PER CONTRA) Rs.3,61,18,131.27 (P.Y. Rs.2,18,12,336.54)	11	17,98,02,328.34	16,32,21,195.02
BILLS RECEIVABLE BEING BILLS FOR COLLECTION (AS PER CONTRA)		19,602.26	32,23,550.00
BRANCH ADJUSTMENTS		-	-
FIXED ASSETS	12	5,24,94,646.53	6,02,73,107.27
GOODWILL		-	88,70,456.19
OTHER ASSETS	13	19,38,22,091.26	23,01,35,412.94
		13,15,21,69,105.29	12,56,75,71,371.31

As per our Report of date

FOR KALYANIWALLA & MISTRY, LLP

Chartered Accountants

Reg No :104607W/W100166

Mr. R. D. SHETH
Asst. General Manager

Mr. Y. B. Tantra
Vice Chairman

Ms. H. A. Daruwalla
Chairperson

Directors

Roshni R.Marfatia
Partner

Dr. F. T. Shroff

Mr. H. D. Petit

Mrs. S. D. Mehta

ICAI M No.:106548

Mr. S. C. Dinshaw

Mr. F. S. Choksey

Mr. M. N. Irani

Mumbai: 30th July, 2019

Statutory Auditor

Mr. P. D. Karkaria

Mr. M. J. Kalyaniwalla

Mr.A.A. Kathawalla

Audited Profit and Loss Account for the Year Ended 31st March, 2019

(In Rupees)

Expenditure	Schedules	As at 31st March, 2019	As at 31st March, 2018
INTEREST ON DEPOSITS, BORROWINGS, ETC	14	63,49,16,059.63	64,65,60,502.57
SALARIES & ALLOWANCES,		15,62,77,011.84	15,53,68,036.31
PROVIDENT FUND, PROVISIONS, ETC.			
DIRECTORS' & LOCAL COMMITTEE MEMBERS' FEES & ALLOWANCES		23,87,500.00	22,85,000.00
RENT, TAXES, INSURANCE, LIGHTING, ETC.		3,28,61,509.66	3,28,00,883.60
LAW CHARGES		24,363.00	3,23,740.00
PROFESSIONAL FEES		24,56,040.10	23,65,045.40
POSTAGES, TELEGRAMS & TELEPHONE CHARGES		67,49,799.65	59,57,976.65
AUDIT FEES		45,17,285.00	40,90,375.00
<u>DEPRECIATION, REPAIRS & MAINTENANCE</u>			
DEPRECIATION		1,50,27,676.03	1,72,35,187.86
REPAIRS & MAINTENANCE		67,05,870.81	59,88,015.71
PROFESSION TAX		18,900.00	14,500.00
<u>STATIONERY, PRINTING, ADVERTISEMENT, ETC</u>			
(i) PRINTING & STATIONERY		26,95,384.80	35,75,223.51
(ii) ADVERTISEMENT		39,37,763.60	53,56,493.48
(iii) SUBSCRIPTION		4,36,962.33	3,97,088.00
AMORTISATION OF PREMIUM ON HTM SECURITIES		19,94,669.40	26,36,135.96
AMORTISATION OF GOODWILL		88,70,456.19	1,18,27,274.95
GENERAL CHARGES		1,85,12,829.28	1,83,99,094.61
BAD DEBTS WRITTEN OFF		-	-
LOSS ON SALE OF ASSETS		4.00	40,644.51
<u>OPERATING PROFIT BEFORE PROVISIONS C/F</u>			
<u>PROVISIONS:</u>		19,58,80,335.15	18,72,66,013.75
BDD PROVISION UNDER SECTION 36(1) (vii) (a)		1,58,93,000.00	1,59,16,000.00
SPECIAL RESERVE UNDER SECTION 36 (1) (viii)		5,43,000.00	9,10,000.00
PROVISION FOR STANDARD ASSETS		45,00,000.00	20,00,000.00
CONTINGENT PROVISION FOR INVESTMENT DEPRECIATION RESERVE		68,00,000.00	1,00,00,000.00
<u>PROFIT BEFORE TAX C/F</u>		16,81,44,335.15	15,84,40,013.75
<u>TAX EXPENSE</u>			
(a) INCOME TAX – CURRENT YEAR		5,97,80,000.00	5,92,91,000.00
(b) INCOME TAX – EARLIER YEARS		-	-
(c) DEFERRED TAX LIABILITY / (ASSET) NET		(88,83,514.23)	(2,30,682.19)
<u>NET PROFIT FOR THE YEAR</u>		11,72,47,849.38	9,93,79,695.94
		1,09,42,70,420.47	1,10,24,87,231.87



Audited Profit and Loss Account for the Year Ended 31st March, 2019

(In Rupees)

Income	Schedules	As at 31st March, 2019	As at 31st March, 2018
INTEREST & DISCOUNT	15	1,04,69,34,554.06	1,04,97,23,024.21
<u>OTHER INCOME</u>			
COMMISSION, EXCHANGE & BROKERAGE		31,26,790.72	29,11,644.44
INCOME FROM NON-BANKING ASSETS & PROFIT FROM SALE OF OR DEALING WITH SUCH ASSETS		1,20,033.89	84,095.73
GAIN ON SALE OF INVESTMENTS		-	1,10,63,382.00
GAIN ON REDEMPTION OF INVESTMENTS		1,19,70,000.00	13,07,000.00
TRANSFER FEES		6,900.00	4,750.00
INTEREST ON REFUND OF INCOME TAX		-	-
MISCELLANEOUS INCOME		3,21,12,141.80	3,73,93,335.49
AMOUNT WITHDRAWN FROM PROVISION FOR BDD RESERVE UNDER SECTION 36 (1) (vii) (a)		-	-
		1,09,42,70,420.47	1,10,24,87,231.87

As per our Report of date

FOR KALYANIWALLA & MISTRY, LLP

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Mr. M. N. Irani

Mumbai: 30th July, 2019

Statutory Auditor

Mr. P. D. Karkaria

Mr. M. J. Kalyaniwalla

Mr.A.A. Kathawalla

Profit and Loss Appropriation Account for the Year Ended 31st March, 2019

(In Rupees)

Particulars	Year Ended 31st March, 2019	Year Ended 31st March, 2018
Appropriation subject to AGM approval		
Statutory Reserve Fund – 25%	2,93,12,914.96	2,48,44,939.37
Reserve for Contingency – 10%	1,17,27,000.00	99,38,000.00
Education Fund – 1%	11,72,478.49	9,93,796.96
Proposed Dividend @ 12%	1,61,58,729.00	1,60,96,942.96
Ex-gratia to Staff	1,27,91,973.00	1,21,28,049.00
General Reserve	2,00,00,000.00	2,10,00,000.00
Building Fund	11,00,000.00	18,00,000.00
Bad & Doubtful Assets	2,00,00,000.00	1,00,00,000.00
Investment Fluctuation Reserve	50,00,000.00	-
Jubilee Celebration Fund	-	25,00,000.00
NET PROFIT CARRIED TO BALANCE SHEET	5,58,922.11	5,74,168.18
TOTAL	11,78,22,017.56	9,98,75,896.47

Particulars	Year Ended 31st March, 2019	Year Ended 31st March, 2018
PROFIT OF LAST YEAR B/F	5,74,168.18	4,65,923.53
NET PROFIT FOR THE YEAR B/F	11,72,47,849.38	9,93,79,695.94
Excess Appropriation of previous year of Ex Gratia W/back	-	30,277.00
TOTAL	11,78,22,017.56	9,98,75,896.47

As per our Report of date

FOR KALYANIWALLA & MISTRY, LLP

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Mr.A.A. Kathawalla



Schedules forming part of Balance Sheet & Profit & Loss Account

(In Rupees)

		31st March, 2019	31st March, 2018
Schedule 1	Paid-up Capital		
	Individuals and Proprietors	11,13,85,400.00	11,33,29,200.00
	Firms, Companies (incl others)	2,44,02,725.00	2,47,86,350.00
		13,57,88,125.00	13,81,15,550.00
Schedule 2	Reserve Fund and Other Reserves		
	i. Statutory Reserve	45,90,30,000.00	42,82,23,200.00
	ii. Building Fund Reserve	27,09,00,000.00	26,98,00,000.00
	iii. BDD Reserve under Sec.36 (1)(vii)(a)	9,95,01,907.29	8,36,08,907.29
	iv. Bad & Doubtful Debts Reserve	21,05,50,000.00	19,05,50,000.00
	v. Investment Depr. Reserve	6,50,75,209.76	5,82,75,209.76
	vi. Special Reserve under Sec 36 (1) (viii)	1,55,43,597.09	1,50,00,597.09
	vii. Reserve for Contingencies	8,18,45,000.00	7,01,18,000.00
	viii. General Reserve	20,52,30,000.00	18,52,30,000.00
	ix. Staff Benefit Fund	23,05,000.00	23,15,000.00
	x. Reserve for Standard Assets	3,12,00,125.14	2,67,00,125.14
	xi. Investment Fluctuation Reserve	9,86,70,000.00	9,36,70,000.00
	xii. Shareholders Benefit Fund	6,80,000.00	6,80,000.00
	xiii. Jubilee Celebration Fund	75,00,000.00	75,00,000.00
		1,54,80,30,839.28	1,43,16,71,039.28
Schedule 3	Deposit & Other Accounts		
	i. Fixed Deposits		
	a. Individuals & other entities	3,80,69,55,875.23	3,69,19,30,546.63
	b. Co-operative Institutions	19,63,43,172.20	16,13,65,977.20
		4,00,32,99,047.43	3,85,32,96,523.83
	ii. Savings Deposits		
	a. Individuals & other entities	2,33,28,53,029.99	2,47,64,42,318.08
	b. Co-operative Institutions	8,79,60,787.30	5,62,09,282.86
		2,42,08,13,817.29	2,53,26,51,600.94
	iii. Current Deposits		
	a. Individuals & other entities	75,98,86,308.11	82,07,69,732.31
	b. Co-operative Institutions	52,98,736.38	36,29,050.53
		76,51,85,044.49	82,43,98,782.84
	iv. Deposits Reinvestments Certificates		
	a. Individuals & other entities	3,28,19,16,532.46	2,96,74,86,578.56
	b. Co-operative Institutions	32,29,53,181.00	28,61,23,033.95
		3,60,48,69,713.46	3,25,36,09,612.51

		(In Rupees)	
		31st March, 2019	31st March, 2018
v. Recurring Deposits			
a.	Individuals & other entities	4,74,80,337.00	3,84,88,093.00
b.	Co-operative Institutions	12,96,025.00	5,06,857.00
		4,87,76,362.00	3,89,94,950.00
vi. Sweep Deposits			
a.	Individuals & other entities	28,60,71,000.00	11,54,22,000.00
b.	Co-operative Institutions	78,07,000.00	68,12,000.00
		29,38,78,000.00	12,22,34,000.00
vii. Locker Deposit		11,72,000.00	15,45,500.00
viii. Unclaimed Deposits		21,38,798.00	21,51,895.00
		11,14,01,32,782.67	10,62,88,82,865.12
Schedule 4	Bills for Collection		
	Liability for Outward Cheques for Coll. (Inland)	12,500.00	-
	Liability for Outward Bills for Coll. (Foreign)	-	32,17,066.00
	Liability for Outward Chqs for Coll. (Foreign)	7,102.26	6,484.00
		19,602.26	32,23,550.00
Schedule 5	Overdue Interest Reserve (as per contra)		
	On Advances	3,11,57,820.17	1,68,52,025.44
	On Investments	49,60,311.10	49,60,311.10
		3,61,18,131.27	2,18,12,336.54
Schedule 6	Other Liabilities		
i.	Bills Payable	3,19,14,805.83	2,37,86,229.10
ii.	Unclaimed Dividends	47,45,598.13	51,82,250.36
iii.	Proposed Dividend	1,61,58,729.00	1,60,96,942.96
iv.	Other items	6,34,73,191.67	5,30,21,314.46
v.	<u>Provision for Tax</u>		
vi.	(a) Income Tax	12,06,91,000.00	19,08,15,215.23
vii.	Provisions	2,64,75,785.00	2,40,82,325.00
viii.	Income Received in Advance	79,82,260.81	1,16,10,697.08
		27,14,41,370.44	32,45,94,974.19
Schedule 7	Cash		
i.	Cash In hand	1,75,89,937.00	2,53,50,788.00
ii.	Balances in current account with Reserve Bank	51,66,58,498.27	43,58,49,148.74
		53,42,48,435.27	46,11,99,936.74



The Zoroastrian Co-operative Bank Ltd.

		(In Rupees)	
		31st March, 2019	31st March, 2018
Schedule 8	Balances with other banks		
i.	Current Deposits	89,84,206.07	1,02,68,513.95
ii.	Fixed Deposits with		
	(a) State & Central District Co-op. Bank	10,04,00,000.00	10,04,00,000.00
	(b) Other Banks	1,38,87,17,722.00	1,31,70,47,340.00
		1,49,81,01,928.07	1,42,77,15,853.95
Schedule 9	Investments		
i.	In Central & State Govt. Securities	2,67,01,19,402.35	2,58,24,63,521.75
	(a) Face Value Rs.2,72,30,00,000.00		
	(b) Market Value Rs.2,71,02,48,750.00		
ii.	In P.S.U. Bonds & Bonds of all India Financial Institutions	72,91,58,000.00	60,97,08,000.00
iii.	In Shares of Co-op. Institutions	80,000.00	80,000.00
iv.	Investments in Commercial Papers	9,77,17,000.00	-
v.	Investments in Term Money	15,00,00,000.00	40,00,00,000.00
vi.	Investment in Mutual Funds	20,00,00,000.00	-
		3,84,70,74,402.35	3,59,22,51,521.75
Schedule 10	Advances		
i.	Short-term Loans, Cash-credits, Overdrafts & Bills Discounted of which, secured against:		
	(a) Govt. & Other Securities	13,02,289.35	12,47,581.25
	(b) Other Tangible Securities	3,03,96,56,723.75	3,03,68,21,149.85
	(c) Personal Sureties	4,50,90,201.58	4,83,15,795.46
		3,08,60,49,214.68	3,08,63,84,526.56
	of the advances, amount due from Individuals	63,90,92,899.33	56,75,30,573.81
	of the advances, amount overdue	88,827.00	28,486.00
	considered Bad & Doubtful Recovery	15,42,35,073.14	9,04,36,328.26
	(fully prov for) NPA		
ii.	Medium Term Advances of which Secured against:		
	(a) Govt. & Other approved Securities	1,21,333.00	1,04,050.00
	(b) Other Tangible Securities	1,39,91,66,158.79	1,26,60,22,935.72
	(c) Personal Sureties	9,37,47,710.73	8,27,10,813.07
		1,49,30,35,202.52	1,34,88,37,798.79
	of the advances, amount due from Individuals	55,55,07,927.48	48,34,95,201.74
	of the advances, amount overdue	11,99,122.56	14,24,285.25
	considered Bad & Doubtful of recovery	1,63,81,982.93	1,22,67,468.18
	(fully prov for) NPA		
iii.	Long Term Advances Secured against:		
	(a) Govt. & Other approved Securities	-	-
	(b) Other Tangible Securities	2,00,54,92,465.57	1,78,55,40,820.95
	(c) Personal Sureties	1,20,55,174.50	1,35,63,842.75
		2,01,75,47,640.07	1,79,91,04,663.70

		(In Rupees)	
		31st March, 2019	31st March, 2018
	of the advances, amount due from Individuals	7,14,919.43	86,64,41,422.21
	of the advances, amount overdue	-	6,96,749.87
	considered Bad & Doubtful of recovery (fully provided for) NPA	41,18,248.00	27,58,827.00
	TOTAL ADVANCES	6,59,66,32,057.27	6,23,43,26,989.05
Schedule 11	Interest Receivable		
	On Non performing Investments	49,60,311.10	49,60,311.10
	On Non Performing Advances	3,11,57,820.17	1,68,52,025.44
	Sub Total (As per Contra)	3,61,18,131.27	2,18,12,336.54
	On Investments	13,46,46,899.07	13,53,46,309.48
	On Staff Housing Loans	90,37,298.00	60,62,549.00
		17,98,02,328.34	16,32,21,195.02
Schedule 12	Fixed Assets		
	PREMISES:		
	Bal. As per last Balance Sheet	3,71,97,307.04	4,30,93,360.04
	Add: additions during the year	-	-
		3,71,97,307.04	4,30,93,360.04
	Less: Disposed Off during the year	-	-
	Less: Depreciation for the year	58,00,622.00	58,96,053.00
		3,13,96,685.04	3,71,97,307.04
	FURNITURE, FIXTURES & OFFICE EQUIPMENTS:		
	Bal as per last Balance Sheet	2,21,48,968.11	2,28,90,768.57
	Add: additions during the year	64,54,252.40	1,01,38,005.18
		2,86,03,220.51	3,30,28,773.75
	Less: Disposed off during the year	10,515.35	40,798.78
	Less: Depreciation for the year	88,04,048.03	1,08,39,006.86
		1,97,88,657.13	2,21,48,968.11
	VEHICLES:		
	Bal as per last Balance Sheet	9,26,832.12	14,26,960.12
	Add: additions during the year	8,05,483.00	-
		17,32,315.12	14,26,960.12
	Less: Disposed off during the year	4.76	-
	Less: Depreciation for the year	4,23,006.00	5,00,128.00
		13,09,304.36	9,26,832.12
	TOTAL FIXED ASSETS	5,24,94,646.53	6,02,73,107.27



The Zoroastrian Co-operative Bank Ltd.

		(In Rupees)	
		31st March, 2019	31st March, 2018
Schedule 13	Other Assets		
i.	Utility Deposits & Other advances	2,60,27,590.00	2,60,99,090.00
ii.	Advance Tax Payments	11,82,67,339.77	19,07,71,555.00
iii.	Tax deducted at source	68,77,516.91	40,53,306.87
iv.	Deferred Tax Asset	1,29,60,461.39	40,76,947.16
v.	Others	2,68,42,580.32	16,32,240.25
vi.	Capital work in progress	2,50,000.00	70,000.00
vii.	Prepaid Expenses	25,96,602.87	34,32,273.66
		19,38,22,091.26	23,01,35,412.94
Schedule 14	Interest on Deposits, Borrowings, etc.		
	Interest on Fixed Deposits A/cs	28,14,18,060.00	29,16,31,798.00
	Interest on Savings Bank A/cs	9,66,80,361.89	10,17,26,188.03
	Interest on Current A/cs	-	1,92,248.61
	Interest on Deposits Reinvestment Cert A/c	24,34,41,452.48	24,32,19,372.93
	Interest on Recurring Deposits	30,16,153.00	32,75,387.00
	Interest on Sweep Deposits & Unit Withdrawal Scheme	1,02,73,897.00	64,26,512.00
	Interest paid on Deposits matured	86,135.26	86,083.00
	Interest on Overdraft with other Banks	-	2,913.00
		63,49,16,059.63	64,65,60,502.57
Schedule 15	Interest & Discounts		
	Interest on Loan A/cs	33,15,67,922.42	29,48,13,857.50
	Interest on Overdraft A/cs	10,40,62,816.65	10,38,51,265.10
	Interest on Cash Credit A/cs	15,60,27,030.83	18,25,69,185.12
	Interest on Usance Bills Discounted	5,32,04,297.77	3,82,69,788.80
	Income on Banks Fixed Deposits, Short Term Deposits, etc	8,29,81,366.31	11,52,48,778.13
	Income on Govt. Securities	15,85,19,329.55	16,27,20,003.27
	Income on Call Money	2,28,81,415.86	1,84,09,930.99
	Income on CBLO Lending / TREPS	93,23,938.58	79,29,194.57
	Income on PSU Bonds	5,81,67,399.48	4,86,26,493.52
	Discount Received on Treasury / Cash Management Bill	3,52,34,134.00	3,97,16,057.00
	Discount Received on Commercial Paper	68,73,573.00	1,46,45,120.00
	Income on Mutual Funds	1,50,48,659.61	99,85,177.21
	Income on Term Money	1,23,79,591.00	1,23,62,668.00
	Dividend Income	15,750.00	750.00
	Interest on Deposit with CCIL	6,47,329.00	5,74,755.00
		1,04,69,34,554.06	1,04,97,23,024.21

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

	Year ended 31.03.2019	Year ended 31.03.2018
Cash Flow from Operating Activities		
Net Profit before taxes	19,58,80,335.15	18,72,66,013.75
Ex-gratia paid to staff	(1,19,34,460.00)	(81,32,207.00)
Education Fund paid	(9,93,796.96)	(10,87,050.05)
Adjustments for:		
Depreciation on Fixed Assets	1,50,27,676.03	1,72,35,187.86
Ammortisation of Goodwill	88,70,456.19	1,18,27,274.95
Entrance Fees and Nominal fees	1,43,483.75	1,04,900.00
Shareholders Benefit Fund	-	(10,000.00)
Staff Benefit Fund	(10,000.00)	(40,000.00)
Profit on sale of fixed assets (net)	(1,20,029.89)	(43,451.22)
	20,68,63,664.27	20,71,20,668.29
Adjustments for working capital changes:-		
(Increase)/ Decrease in Investments	(25,41,23,470.19)	38,74,71,581.26
(Increase)/ Decrease in Net Advances	(36,52,79,817.22)	(93,27,67,737.05)
(Increase)/ Decrease in Other Assets	(2,44,83,169.28)	27,02,204.16
Increase/ (Decrease) in Deposits	51,26,32,361.81	(17,59,52,862.27)
Increase/ (Decrease) in Other liabilities and provisions	1,63,09,283.14	42,71,875.15
Direct taxes paid (Net)	(6,02,24,210.04)	(5,69,60,869.00))
Net Cash flow From Operating Activities	3,16,94,642.49	(56,41,15,139.46)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(72,59,735.40)	(1,01,38,005.18)
Proceeds from Sale of Fixed Assets	1,30,550.00	84,250.00
Net Cash Used in Investing Activities	(71,29,185.40)	(1,00,53,755.18)
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	(23,27,425.00)	(31,20,500.00)
Dividend Paid	(1,51,83,193.90)	(1,81,97,531.25)
Net Cash generated from financing Activities	(1,75,10,618.90)	(2,13,18,031.25)
Net Increase in Cash and Cash Equivalents	70,54,838.19	(59,54,86,925.89)
Cash and Cash Equivalents at the beginning of year	2,27,52,69,139.09	2,87,07,56,064.98
Cash and Cash Equivalents at the end of year	2,28,23,23,977.28	2,27,52,69,139.09
Net Increase in Cash and Cash Equivalents	70,54,838.19	(59,54,86,925.89)

Cash and cash equivalents comprise of cash on hand (including foreign currency notes), Balances with Reserve Bank of India, Balance with Banks and money at call and short notice and CBLO/TREPS .



SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

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 Reserve Bank of India 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 (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 Central & State Government Securities, Other Approved Trustee Securities, Other Investments (PSU Bonds & Bonds of all India Financial Institutions, Fixed Deposits with State / District Central Co-op. Banks, etc.)

1.2.2 Valuation of Investments is as per directives issued by Reserve Bank of India 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 for, 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 AIFIs, 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 Reserve Bank of India.
- 1.2.9 Interest on Investments of all earmarked funds are credited to the Profit and Loss Account.
- 1.2.10 The Statutory Reserve Fund is augmented to the extent required by earmarking additional funds.

1.3 Advances:

- 1.3.1 In terms of guidelines issued by Reserve Bank of India, advances to borrowers are classified into "Performing" or Non-performing" assets based on recovery of Principal / Interest. Non Performing Assets (NPA) is further classified as sub-standard, doubtful and loss assets and provisions thereon are made in accordance with the prudential norms prescribed by the RBI.
- 1.3.2 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 .
- 1.3.3 Overdue Interest Reserve represents unrecovered interest on all NPA advances & investments, which is correspondingly shown under interest receivable.
- 1.3.4 For the purpose of presentation, Advances are classified as Short term Advances up to 12 months, Medium term Advances from 1 to 5 years and Long term Advances above 5 years.

1.4 Fixed Assets& Depreciation:

- 1.4.1 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.
- 1.4.2 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.
- 1.4.3 Bank has not re-valued any of its Fixed Assets.

1.4.4 Depreciation

1.4.4.1 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%

- 1.4.4.2 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.



1.5 Revenue Recognition (AS -9) :

Items of Income and Expenditure are accounted for on accrual basis except for certain items of Income and Expenditure, 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.

1.6 Employee Benefits (AS -15):

- 1.6.1 Provident Fund is Defined Contribution Plan and contributions made to the Commissioner of Provident Fund at rates prescribed in the Employees Provident Fund and Misc. Provisions Act, 1952 are accounted for on accrual basis and deposited within the stipulated time.
- 1.6.2 The Bank operates defined benefit plan for its employees, viz. gratuity liability. The cost of providing benefits under these plans 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.
- 1.6.3 Provision for Leave Encashment is made on an actuarial basis.
- 1.6.4 Ex-Gratia is appropriated out of net profit in accordance with the Multi-State Co-operative Societies Act, 2002.

1.7 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.

1.8 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.

1.9 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 realised in future.

1.10 Provisions & contingencies(AS -29)

- 1.10.1 In conformity with AS- 29 relating to “Provisions, Contingent Liabilities and Contingent Assets”, the Bank recognises 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.
- 1.10.1 Acceptance, endorsements and other obligations including guarantees are disclosed as Contingent Liabilities at the face value of the commitments undertaken.

2. NOTES TO ACCOUNTS:

- 2.1 The Bank has a Borrowing Arrangement of Funds under ‘Collateralised Borrowing and Lending Obligations’ (CBLO) which has been subsequently changed to ‘Tri-party Repo System’ (TREPS).
- 2.2 In accordance with Reserve Bank of India guidelines Investment Fluctuation Reserve @ 5% of the investment in AFS category of Rs. 18707.02 lakhs is Rs.935.35 lakhs. As against this, the Bank has a balance under Investment Fluctuation Reserve of Rs. 986.70 lakhs.
- 2.3 There is appreciation in Government Securities under HTM category amounting to Rs 499.08 lakhs & depreciation under AFS category amounting to Rs 97.79 lakhs. Also, there is appreciation in Non SLR investments amounting to Rs. 122.21 lakhs. The Bank already has a provision of Rs. 650.75 lakhs under Investment Depreciation Reserve and the same is continued on a conservative basis.
- 2.4 The requirement of provision against Standard & Non Performing Assets in terms of Reserve Bank of India guidelines are as follows:

(Rs in lakhs)

	Provision required	Provision Held	Excess Provision
Standard Assets	301.22	312.00	10.78
Non Performing Assets			
- Advances	821.72	3100.52	2078.80
- Matured Investments (disclosed under other assets schedule 13)	200.00		
Total – (I)	1021.72	3100.52	2078.80
Other Investment * (II)	50.00		
Total Provision (I + II)	1071.72	3100.52	2028.80

* The bank has on a conservative basis created a provision of Rs 50.00 lakhs towards investment of Rs.5.00 crores in 8.60% NCD of Infrastructure Leasing & Financial Services.

In view of provisions already held in place, no further provision is required.

- 2.5 An amount of Rs.33.73 lakhs has been recovered from Non Performing Advances during the financial year. No amount has been written-off during the year.
- 2.6 Claims against Bank not acknowledged as debt is Rs NIL.



2.7 Employee Benefits- Accounting Standard 15 (Revised):-

- Bank's Contribution to Provident Fund for the current year – Rs. 1,29,01,075.00 (Previous year- Rs. 1,23,99,742.00)
- Gratuity (funded with LIC) & Leave Encashment (unfunded).
- The following table gives disclosures for the current year as required under AS 15 as furnished by Actuaries Messrs K .A. Pandit & Associates and is in accordance with the financial statements.

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

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.19	31.03.18	31.03.19	31.03.18
1	Discount rate	7.79%	7.85%	7.79%	7.85%
2	Salary Escalation rate	4.00%	4.00%	4.00%	4.00%

II) Changes in present value of obligations

(Amount in Rs.)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.19	31.03.18	31.03.19	31.03.18
1	Liability at the beginning of the current period	4,73,69,226	4,12,18,042	2,21,75,656	2,07,26,128
2	Interest cost	37,18,484	30,25,404	17,40,789	15,21,298
3	Current service cost	28,07,586	23,52,231	18,26,411	15,47,269
4	Past service cost	-	4,96,862	-	-
5	Benefits paid	(25,27,379)	(49,08,460)	(47,66,480)	(52,76,957)
6	Actuarial (gain)/loss on obligations	25,91,762	51,85,147	38,99,409	36,57,918
7	Liability at the end of the current period	5,39,59,679	4,73,69,226	2,48,75,785	2,21,75,656

III) Changes in fair value of Plan Assets :-

(Amount in Rs.)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.19	31.03.18	31.03.19	31.03.18
1	Fair value of plan assets at the beginning of the year	4,70,62,557	4,65,49,252	-	-
2	Expected return on plan assets	36,94,411	34,16,715	-	-
3	Contributions	1,04,78,390	22,91,957	-	-
4	Benefits paid	(25,27,379)	(49,08,460)	-	-
5	Actuarial gain/(loss) on plan assets	(2,28,873)	(2,86,907)	-	-
6	Fair value of plan assets at the end of the year	5,84,79,106	4,70,62,557	-	-

IV) Amount recognized in Balance Sheet:-

(Amount in Rs.)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.19	31.03.18	31.03.19	31.03.18
1	Fair value of plan assets at the end of the period.	5,84,79,106	4,70,62,557	-	-
2	Liability at the end of the period	(5,39,59,576)	(4,73,69,226)	(2,48,75,785)	(2,21,75,656)
3	Amount recognized in the Balance Sheet	(45,19,427)	3,06,669	(2,48,75,785)	(2,21,75,656)

V) Expenses recognized in income statement:-

(Amount in Rs.)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.19	31.03.18	31.03.19	31.03.18
1	Current service cost	28,07,586	23,52,231	18,26,411	15,47,269
2	Interest cost	24,073	(3,91,311)	17,40,789	15,21,298
3	Expected return on plan assets	-	-	-	-
4	Net actuarial gain/ (loss)	28,20,635	54,72,054	38,99,409	36,57,918
5	Past service cost	-	4,96,862	-	-
6	Expenses recognised in P&L account.	56,52,294	79,29,836	74,66,609	67,26,485

2.8 Accounting Standard 17 Segment Reporting as at March 31, 2019:

(Rs.in lakhs)

Financial year 2018-19			
Business Segments	Treasury	Other Banking Operations	Total
Revenue	41,40.42	68,02.21	10,942.63
Expenses	27,02.69	64,69.86	91,72.55
Result	14,37.73	3,32.35	17,70.08
Unallocated expenses			88.63
Operating profit			16,81.45
Income Tax			5,08.97
Net Profit			11,72.48
Other Information	Treasury	Other Banking Operations	Total
Segment assets	62,564.84	67,575.80	1,30,140.64
Unallocated assets			13,81.05
Total assets			1,31,521.69
Segment liabilities	45,566.50	67,904.50	1,13,471.00
Unallocated liabilities			12,12.50
Share Capital & Reserves			16,838.19
Total Liabilities			1,31,521.69



2.9 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 Reserve Bank of India, other than one Key Management Personnel viz. Mr. Uday Atmaram Shetye (former Managing Director) upto June 5, 2018 and Mr. J. S. Iyer w.e.f January 21, 2019 the Managing Director of the Bank. However, in terms of Reserve Bank of India circular dated March 29, 2003, the Managing Director being a full time employee of the bank, no further details need to be disclosed.

2.10 Accounting Standard 19 Leases :

Operating lease comprises non-cancellable leasing of office premises.

(Rs. in lakhs)

Future lease rental payable as at the end of the year :	31.03.2019	31.03.2018
- Not later than one year	143.23	124.04
- Later than one year and not later than five years	433.64	440.93
- Later than five years	53.07	72.95

2.11 Accounting Standard 22 Taxes on Income :

During the year the Bank has determined the deferred tax (asset)/liabilities on the basis of the transactions resulting from timing differences between taxable and accounting income and accounted the same. Accordingly the following Deferred tax Asset has been determined and accounted as on March 31, 2019.

(Rs in lakhs)

	Amount	Tax effect
Deferred Tax Liability		
Special Reserve under Section 36(1)(viii)	155.44	54.32
Total	155.44	1.90
Deferred Tax Asset		
Provision for Leave Encashment	248.76	86.93
Depreciation	277.57	96.99
Total	526.33	183.92
Net Deferred Tax (Assets)/ Liability as at 31.03.2019	(370.89)	(129.60)
Net (DTA) / DTL as at 31.03. 2018		(40.77)
Net impact recognized in Profit & Loss A/c		(88.83)

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

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

- 2.13 The City Co-operative Bank Ltd., Surat (CCBL) merged with the Bank with effect from January 01, 2014. The merger has been accounted for in accordance with the RBI approved scheme of amalgamation and AS 14 Accounting for Amalgamations. The Assets and Liabilities of the erstwhile CCBL have been recognised in the books of the Bank at their relative audited values as at December 31, 2013. Since the value of Liabilities taken over is more than the value of Assets, Goodwill on Amalgamation of Rs.591.37 lakhs has been recognised as Intangible Asset. This Goodwill is being amortised over a period of five years commencing from financial year 2013-14 in accordance with the RBI approved scheme of amalgamation. The amortisation for 9 months i.e. April, 2018 to Dec, 2018 is Rs. 88.70 lakhs and has been charged to Profit & Loss account for the year.
- 2.14 Tier I Capital includes amount of Rs.155.44 lakhs in Special Reserve created under Section 36 (1) (viii) of the Income Tax Act,1961 as the Bank has created Deferred Tax Asset (DTA) on this reserve as per RBI circular No.67 dated 30/05/2014. Tier I Capital also includes Reserve for contingencies.
- 2.15 Appropriations of Profit : The Bank presents appropriation of current year profit in the current year's Profit & Loss Account. These appropriations will be effective once they are approved in the ensuing Annual General Meeting.
- 2.16 In accordance with the "The Depositor Education and Awareness Fund Scheme, 2014" formulated by RBI, during F.Y.2018-19 , The movement in DEAF account is as under :

(Rs. in lakhs)

Particulars	F.Y.2018-19	F.Y.2017-18
Opening balance of amounts transferred to Deaf	257.82	10.51
Add : Amounts transferred to DEAF during the year	44.50	247.31
Less : Amounts reimbursed by DEAF towards claims	5.62	0.00
Closing balance of amounts transferred to DEAF	296.70	257.82

- 2.17 Figures for the previous year are regrouped to make them comparable with the figures for the current year. The financial statements of the Bank for the previous year ended March 31, 2018 were audited by another firm of Chartered Accountants and have been relied upon in respect of the figures for previous year reported herewith.



Disclosure of Information as on 31st March, 2019

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

(Rs. in lakhs)

		2019	2018
1.	Movement of CRAR		
	Tier I Capital	11688.96	10981.91
	Tier II Capital	1958.38	1819.65
	Total of Tier I & Tier II Capital	13647.34	12801.56
	Total Risk Weighted Assets	77734.51	70636.29
	Capital to Risk Assets Ratio	17.56%	18.12%
	Tier I Capital	15.04%	15.55%
	Tier II Capital	2.52%	2.57%
2.	Investments		
	Book Value	38470.74	35922.52
	Face Value	39030.80	36530.80
	Market Value	38994.25	36044.23
3.	Advances against :-		
	a) Real Estate and Construction Business	6686.52	4805.84
	b) Housing	7494.56	6388.49
	Total	14181.08	11194.33
4.	Advances against Shares & Debentures	40.36	36.63
5.	Advances to Directors, their Relatives, Companies / Firms in which they are interested		
	a) Advances outstanding	Nil	Nil
	b) Overdues	Nil	Nil
6.	Working Capital	131160.31	125336.65

		2019	2018
7.	Average Daily Cost of Deposits	6.11%	6.17%
	Profitability Ratios		
	a) Interest Income as % of Working Funds	7.98%	8.38%
	b) Non Interest Income as % of Working Funds	0.36%	0.42%
	c) Operating Profit as % of Working Funds	1.49%	1.49%
	d) Return on Assets (Average Working Funds)	1.15%	1.03%
	e) Business (Deposits + Advances) per Employee	809.90	770.01
	f) Operating Profit per Employee	8.94	8.55
8.	NPAs & Movement of NPAs		
	Gross NPAs as on 1st April	1054.63	840.21
	Additions during the year	726.45	418.65
	Reductions during the year	33.73	204.23
	Gross NPAs as on 31st March	1747.35	1054.63
9	Net NPAs as on 1st April	Nil	Nil
	Additions during the year	Nil	Nil
	Reductions during the year	Nil	Nil
	Net NPAs as on 31st March	Nil	Nil
10.	Provisions made towards NPAs		
	Provision towards NPAs as on 1st April	2741.49	2482.43
	Additions during the year	358.93	259.16
	Recoveries / Write backs during the year	-	-
	Provisions as on 31st March	3100.52	2741.59



		2019	2018
11.	Movement in Provisions on Standard Assets		
	Opening Balance as on 1st April	267.00	247.00
	Additions during the year	45.00	20.00
	Reversals during the year	0.00	0.00
	Closing Balance as on 31st March	312.00	267.00
12.	Movement in Provision on Investment Depreciation Reserve		
	Opening Balance as on 1st April	582.75	482.75
	Additions during the year	68.00	100.00
	Reversals during the year	0.00	0.00
	Closing Balance as on 31st March	650.75	582.75
13.	Movement in Provision on Investment Fluctuation Reserve		
	Opening Balance as on 1st April	936.70	936.70
	Additions during the year	50.00	0.00
	Reversals during the year	0.00	0.00
	Closing Balance as on 31st March	986.70	936.70
14.	Foreign Currency Assets and Liabilities & Foreign Currencies held		
	a) Foreign Currencies on hand	Nil	Nil
	b) Travellers' Cheques on hand	Nil	Nil
15.	Repo / Reverse Repo Transactions	Nil	Nil
16.	DICGC Insurance Premium paid	106.33	107.37
17.	Penalty imposed by Reserve Bank of India	Nil	Nil
18.	Restructured Accounts	Nil	Nil

		2019	2018
19.	Non Performing Non SLR Investments *		
	Opening Balance as on 1st April	200.00	200.00
	Additions during the year	0.00	0.00
	Reduction during the year	0.00	0.00
	Closing Balance as on 31st March	200.00	200.00
	Total Provisions held	3100.52	2741.59
	* Non performing Non SLR investment has been reclassified under other assets as matured investment in financial year 2018-19. The above provision retained as on March 31, 2019 towards Matured investment disclosed under other assets.		
20.	Break-up of Investments		
	Held for Trading	Nil	Nil
	Available for Sale	18707.02	16759.54
	Held to Maturity	19763.72	19162.98

21. 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 *	1000.00 (700.00)	-	-	-
2	FIs	1501.55 (1600.35)	-	-	-
3	Public Sector Banks	0.00 (0.00)	-	-	-
4	Mutual Funds	2000.00 (0.00)	-	-	-
5	Others	5768.00 (3797.53)	-	-	-
6	Provision Held towards Investment Depreciation Reserve	650.75 (582.75)	-	-	

* Investment in PSUs sector for the previous year ended March 31, 2018 includes investment in Punjab State Industrial Development Bonds amounting to Rs. 200 lakhs. The said bonds were matured in 2016, thus has been reclassified as Matured Investments under the head "Other Assets" in the financial year ended March 31, 2019.



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 2019, 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"). 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 being made available to us.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the notes, give the information required by the Banking Regulation Act, 1949 as well as Multi-State Co-operative Societies Act, 2002 and rules made thereunder, in the manner so required, for the Urban Co-operative Banks, guidelines issued by Reserve Bank of India and the Central Registrar of Co-operative Societies in the manner so required for bank and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at March 31, 2019, 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.

Key Audit Matters

4. 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, if any were addressed

in the context of our audit of the financial statements as a whole, and informing our opinion thereon and we do not provide a separate opinion on these matters.

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

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

Key Audit Matter	How our audit addressed the key audit matter
<p>Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank's advances constitute 50.16% of the total assets as at March 31, 2019.</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> <ul style="list-style-type: none"> - Considering the Bank's policies for NPA identification and provisioning and assessing compliance with the IRAC norms. - Understanding, evaluating and testing the design and operating effectiveness of key controls (including application controls) around identification of impaired accounts based on the extant guidelines on IRAC. - Performing other procedures including substantive audit procedures covering the identification of NPAs by the Bank. These procedures included: <p>Reviewing account statements and other related information of the borrowers selected based on quantitative and qualitative risk factors.</p> <p>Review of the periodic valuation of collateral for NPA's.</p> <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

5. 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.
6. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. 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.
8. 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

9. 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 of 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.
10. 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

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

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

Report on Other Legal and Regulatory Requirements

13. 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.
14. 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.

15. As per the information and explanations given to us and based on our examination of the books of account and other records, we have not come across material instances which need to be reported under Rule 27(3) of the Multi State Cooperative Societies Rules, 2002 except monies belonging to bank which appears to be bad or doubtful of recovery as detailed below.

(Rs. in lakhs)

Category	Principal Outstanding March 31, 2019	Provision Held
Sub -standard	1,020.09	3,100.52
Doubtful Assets	401.12	
Loss Assets	326.15	

For KALYANIWALLA & MISTRY LLP

Chartered Accountants

Firm Reg. No. 104607W//W100166

Roshni R. Marfatia

PARTNER

M. No.:106548

UDIN: 19106548AAAABP6276

Place: Mumbai

Date: July 30, 2019

Corporate Office

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- ❖ Car Loan
- ❖ Professional Loan
- ❖ Home Loan
- ❖ Corporate Loan
- ❖ Education Loan
- ❖ SME Loan

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