



The Zoroastrian Co-operative Bank Ltd.

(Multi-State Scheduled Bank)

The Bank that is Big on Tradition & Trust

*Serving Society
Delivering Excellence*



2017-18
Annual Report



**Inauguration of the New Belgium Branch Premises, Surat by our Chairperson Ms. Homai A. Daruwalla
L to R : Mr. Hanosh S. Santok, Mr. Rajesh D. Sheth, Mr. Uday A. Shetye.**



**Branch Managers awarded for garnering retail business in the F. Y. 2017-18
L to R : Isha Sawant - Lokhandwala Branch, Naresh Patel - Udhna Branch, Rexul Patel - Belguim Branch**

***Dear Customers
Thank You
for trusting us and helping us grow
from Generation to Generation***



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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
M. P. Chitale & Company
Chartered Accountants**

From the Chairperson's Desk



Dear Members:

On behalf of the Board of Directors, I accord you a hearty welcome at this Ninety First Annual General Meeting of the Bank.

The past financial year has been a challenging year for the Banking Industry at large. Surge in NPAs of Banks, especially Public Sector Banks have been of great concern for the entire Banking Industry. With the new Indian Bankruptcy Code (IBC) providing a resolution framework helping the Banks to clean up their Balance Sheets and the Government of India announcing the Recapitalization package, is expected to improve credit flows further and create demand for fresh investment.

However, of late, the turmoil in the International financial markets of advanced economies, has substantially exacerbated and has led to the collapse of major financial institutions. This has impacted the economy of major advanced countries. Fortunately, India being an emerging market economy, has so far not been seriously affected and has shown resilience, thanks to the sound procedures and governance structure of the Regulator, Reserve Bank of India.

During the year, the economy saw the risks to inflation particularly from increase in prices of crude oil. Volatile Capital flows, depreciation of the Rupee against the Dollar, sizeable liquidity overhang and adverse impact of global credit crisis have resulted on stressing the financial and monetary market.

The year also witnessed vast and varied variations in the regulations governing the Banking system as apparent from the stance of the Monetary Policy declared periodically by The Reserve Bank of India changing its stance from accommodative to neutral. During the first half of the Financial year 2018-19, Reserve Bank of India increased the Repo Rate twice thereby continuing to weed out excess liquidity and curbing inflationary trends.

Catering to the needs of Primary Urban Co-operative Banks fraternity, certain relaxations have been offered by Reserve Bank of India to Urban Co-operative Banks. Of great significance is its off-shoot of relaxing the Branch Licensing Policy. Your Bank has applied to Reserve Bank of India for seeking licenses for new branches. Reply from RBI in this regard is awaited. At the same time, UCBs have been urged to scale up Information Technology initiatives while ensuring that solutions are highly secured, amenable to audit and follow widely accepted open standards to ensure eventual interoperability among the different systems.

With alternate delivery channels offered by the Bank by way of Real Time Gross Settlement (RTGS), National Electronic Funds Transfer (NEFT), Electronic Funds Transfer (EFT), SMS Banking, ATM Debit cards, Internet Banking Viewing facility, ECOM, Point of Sale facility, E statement etc generating



good response from the constituents, the Bank is now launching **Internet Banking Transactional facility** which will facilitate transfer of funds from one Bank

to another, initiate cheque book request, stop payment, generate OTP, etc. New technology ventures have been given its due importance so as to ensure that access to the Bank is reached out to all the strata of society. With the successful implementation of Internet Banking Transactional facility, the Bank will proceed with the launch of IMPS(Immediate Payment Sysytems) Mobile Banking thereby bringing the Bank amongst the ranks of Banks with digital technology.

Adverting to performance of your Bank, a reading of the financial parameters from the Annual Report show improvement deducing that the Bank has embarked upon a satisfactory trajectory of growth. As against the statutory requirement of 9%, the CRAR as of 31st March, 2018 was reflected at 18.12%. While the Banks Advances have grown by 17.55%, the Bank's Net Profit shows a decline on account of higher provision for tax and contingency provisions. The Bank continues to report zero Net NPAs.

In view of the opportunities reflected in the Investment market, your Bank has made gain on sale of securities amounting to Rs 1,10,63,382.00

The Reserves and Provisions reflected in the financial statements have increased by an amount of Rs. 1006.47 lacs, having been ploughed in from the profits. The Credit Deposit Ratio of your Bank is also reflected at a healthy level of 58.65%.

Know Your Customer and Anti Money Laundering measures in your Bank are strictly enforced with regular reportings to the controlling authorities while at the same time also ensuring requisite relaxations to ensure that its strict imposition does not hamper the offering of basic Banking services to the needy.

Your Bank resolves customers grievances promptly through its dedicated Nodal Officer as well as shoulders the responsibility of nurturing and grooming eminent staff for future leadership roles.

It is my prerogative to assure the Members that the Bank will continue to march ahead with a cautious and judicious approach and for which I am thankful to the members of the Board of Directors and the members of the various Sub-Committees of the Board of Directors who have taken a keen interest in the progress of your Bank and whose contributions to its well being is of great significance. Similarly, I also thank the Executives, Officers and Staff of your Bank for their united perseverance in contributing to the growth of the Bank under various parameters of Banking business while at the same time adhering to the statutory guidelines.

Finally, as I acknowledge and appreciate the efforts of different agencies and individuals in the working of your Bank as enumerated in the Directors Report, I also thank the Members for their trust and co-operation and for reposing their faith in the Board of Directors and the Management of the Bank.

H. A. DARUWALLA
CHAIRPERSON

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninety First Annual General Meeting of the members of the Bank will be held on 14th September, 2018, 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 19, 2017.
- (2) To adopt the Annual Report placed by the Board of Directors for the Financial Year ended March 31, 2018, Balance Sheet and Profit and Loss Account and take note of Statutory Auditor's report.
- (3) To declare dividend and allocation of profit for the financial year 2017-18.
- (4) To appoint New Statutory Auditors for the Financial Year 2018-19 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 2018-19.
- (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, June 28, 2018

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 31st August, 2018, to enable the Management to make available the required information at the Annual General Meeting.
2. Dividend for the year ended March 31, 2018, if declared at the Annual General Meeting, will be paid from 19th September, 2018 to those Shareholders whose names appear on the Register of Members as on March 31, 2018.
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, 2018 failing which, the dividend for the year ended March 31, 2015 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 First Annual Report of the Bank together with the Audited Accounts for the Financial year ended 31st March 2018.

An Overview of India's Economic Performance in Financial Year 2017-18:

Indian economy during the Financial Year 2017-18 continued to be flag-bearer for economic expansion in the global landscape with strong growth potential projected for the coming year. The successful implementation of important economic reforms and introduction of Goods and Services Tax which was in the making for over a decade has helped the country by enhancing the efficiency of production and movement of goods and services across the Indian States.

Despite the slower growth during F.Y. 2017-18, GDP growth has averaged 7.3 per cent for the period from F.Y. 2014-15 to F.Y. 2017-18, which is the highest among the major economies of the world. That this growth has been achieved in a milieu of lower inflation, improved current account balance and notable reduction in the fiscal deficit to GDP ratio makes it all the more creditable.

Inflation in the country continued to moderate during F.Y. 2017-18. The average CPI – Consumer Price Index stood at 3.6% in F.Y. 2017-18 compared to 4.5% in the previous year while WPI – Wholesale Price Index stood at 2.9% in the current year as against the previous Financial Year. With normal monsoon assumptions and no major policy reforms, inflation is expected to remain stable. However, surge in crude oil prices may affect the inflation outlook. Additionally, average crude oil (Indian basket) prices have risen by around 14 per cent so far in F.Y. 2017-18 (mid January 2018) vis-à-vis F. Y. 2016-17. Going by the recent trends, the average crude oil prices could be in the vicinity of US\$ 75-80 per barrel and could rise further by another 10-15 per cent in F. Y. 2018-19.

During the year under review, domestic economic activity has exhibited sustained revival in the recent quarters.

Investment activity, in particular, is recovering well and could receive a further boost from swift resolution of distressed sectors of the economy under the Insolvency and Bankruptcy code.

Looking ahead, India's economic growth is expected to gather momentum in F.Y. 2018-19, supported by a conducive domestic and global environment. Effective implementation of Goods and Services Tax, improved credit off-take, strengthening Investment activities and acceleration of global trade growth are expected to help the economy achieve stronger growth.

(Excerpts from article on Indian Economic stance for Financial Year 2017-18).

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. 2017-18	F.Y. 2016-17
Total Business Mix	168632.10	161069.70
Deposits	106288.83	108024.55
Advances	62343.26	53045.15
Investments (incl. Call Money and CBLO)	39786.05	45166.42
Paid Up Capital	1381.16	1412.36
Reserves & Surplus	14316.71	13310.24
Total Income	11024.87	10636.10
Total Expenditure	9152.21	9065.60
Operating Profit	1872.66	1570.50
Gross NPAs	1054.63	840.21
% of NPAs to Loans & Advances	1.69	1.58
Non-Performing Inv.	200.00	200.00
Net NPAs	Nil	Nil
No. of Branches	18	18



b) Ratios:

(Rs. in lakhs)

		F.Y. 2017-18	F.Y. 2016-17
1.	Capital to Risk Weighted Assets	18.12%	17.99%
2.	Cost of Deposits	6.17%	6.99%
3.	Yield on Advances	11.28%	11.92%
4.	Yield on Investments	6.73%	6.86%
5.	Net Interest Margin	2.66%	2.64%
6.	Return on Average Assets	1.03%	1.02%
7.	Staff Cost to Total Income	14.09%	13.60%
8.	Staff Cost to Total Expenditure	16.98%	15.95%

c) Appropriations:

The chart hereinbelow 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)

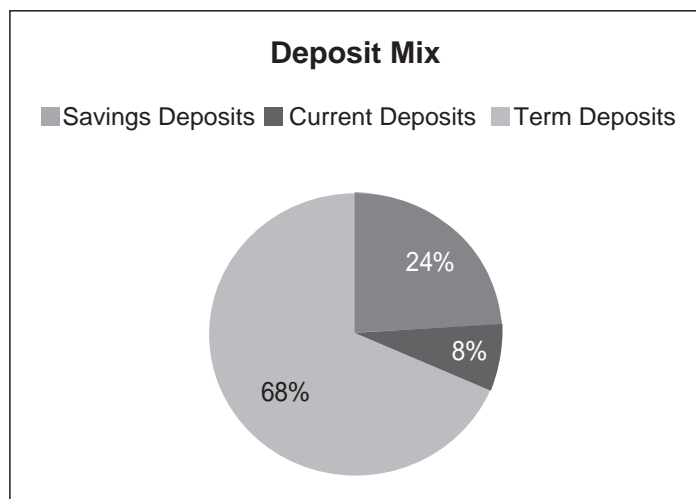
		F.Y. 2017-18	F.Y. 2016-17
1.	Statutory Reserves	248.45	271.77
2.	Reserve for Contingencies	99.38	108.73
3.	Education Fund	9.94	10.87
4.	Proposed Dividend	160.97	202.72
5.	Ex gratia to Staff	121.28	81.96
6.	General Reserve	210.00	125.00
7.	Building Fund	18.00	50.00
8.	Bad And Doubtful Debts	100.00	-
9.	Investment Fluctuation Reserve	-	242.00
10.	Jubilee Celebration Fund	25.00	-

II. Bank's Performance during the Financial Year 2017-18:

During the Financial Year 2017-18, your Bank's performance in the area of Deposits, Advances and Profitability was fairly satisfactory. Despite the challenging economic environment, as on 31st March 2018 the Total Business of your Bank stood at Rs.168,632.09 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.993.80 lakhs from the previous year's position of Rs.1,087.05 lakhs. The Bank has posted Operating Profit of Rs.1,872.66 lakhs in the current year as against Rs.1,570.50 lakhs for previous year.

a) Deposits:

Your Bank's Total Deposits stood at Rs.106,288.83 lakhs as compared to previous year figure of Rs.108,024.55 lakhs. 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 2018 stood at Rs 33,570.49 lakhs and recorded 31.58% of the Total Deposits of your Bank.

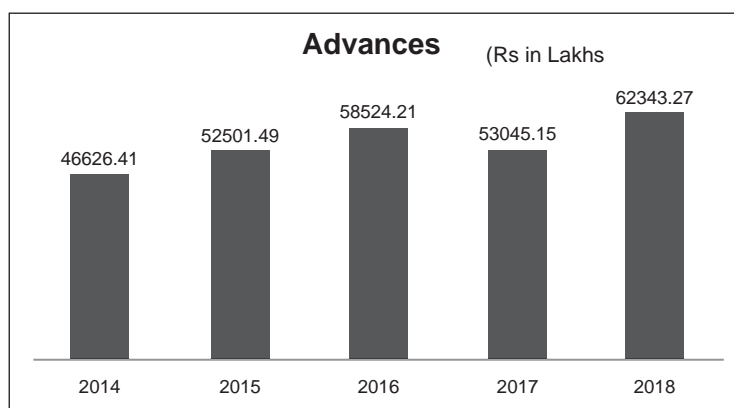


b) Advances and Asset Quality :

Advances of your Bank from Rs.53,045.15 lakhs in the previous year stands increased to Rs.62,343.27 lakhs recording a growth of Rs.9,298.12 lakhs giving an increase of 17.53% which is higher compared to the overall Banking industry. 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, 2018 stood at Rs.1,054.63 lakhs compared to the previous year figure of Rs.840.21 lakhs. While 4 accounts under NPA category were closed and 3 accounts upgraded, 5 new accounts under NPA were added during the period under review. The Net NPAs as of 31st March, 2018 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 @ a minimum 40% of their Adjusted Net Bank Credit and 10% Advances to Weaker Sections. Accordingly, your Bank's Advances under Priority Sector stands @ 31.55% and Weaker @ 9.27%. 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, 2018, the Investment portfolio of your Bank stood at Rs.39,786.05 lakhs as against the previous financial year figure of Rs.45,166.42 lakhs. The decrease in Investments was contributed towards disbursement of Advances at an average yield of 11% as against the average of 7% earned under Investments.

Your Bank's Income on Investments grew by 11.79% i.e. Rs.451.69 lakhs from Rs.3,850.50 lakhs as of March, 2017 to Rs.4,302.19 lakhs as of March, 2018.

During the year, your Bank has made gain on sale of Investments to the tune of Rs.1,10,63,382/-.

Further, looking at the adverse market scenario and to safeguard its Investments, your Bank holds Investment Depreciation Reserve of Rs 582.75 lakhs as against the depreciation in securities of Rs 116.24 lakhs as at 31st March 2018.

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 1,60,96,942.96 for the year under review.

IV. Share Capital, Net Worth and Capital Adequacy :

Your Bank's Authorised Share Capital is Rs 3,000.00 lakhs and the Paid Up Capital stands at Rs 1,381.16 lakhs. The Net Worth of your Bank has improved to Rs.15,703.60 lakhs in the current year as against Rs.14,727.20 lakhs in the previous year which works out to an increase of Rs.976.40 lakhs and 6.63% increase over the previous year.

The Capital Adequacy ratio of your Bank is reflected at a level of 18.12% compared to 17.99% 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	2017-18	2016-17
Tier I Capital	15.55%	15.35%
Tier II Capital	2.57%	2.64%

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, amounts pertaining to higher values are thoroughly monitored and reported to Financial Intelligence Unit(FIU) by way of Cash Transaction Reports (CTR) and Suspicious Transaction Reports (STR). 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 requires 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. Towards launching Internet Banking Transaction facility, your Bank has also recently conducted Vulnerability Assessment Penetration Test (VAPT) Audit ensuring that all security aspects are in place.

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 from RBI is awaited.

X. Human Resource Management :

The HRD Department plays the 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 soon going LIVE with Internet Banking Transaction facility. Your Bank has already availed permission from RBI in the matter. Your Bank, through this facility can 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 will approach RBI to permit implementation of Mobile Banking and IMPS (Immediate Payment Systems) facilitating instant transfer of funds.

Your Bank shall continue in its efforts to provide excellence in operations through effective I.T. products resulting into 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 Chief Manager 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. Marching Towards Silver Jubilee Year of achieving Banking Licence:

You are aware that your Bank has completed 91 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 achieved Banking licence on 16th February 1994, your Bank now marches towards its Silver Jubilee year of achieving Banking licence.

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. M P Chitale & Co – 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. Madhv & Associates- Chartered Accountants, (all 2-5) appointed as Concurrent Auditors and
6. 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.

XVIII. 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 a 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 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 as also occupies premises for its back office which belongs to a Trust where 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. 2017-18
Board of Directors	13
The Credit Committee of the Board of Directors.	13
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	5
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, 2018, your Bank has 9698 number of Regular Members and 2291 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 2018

(In Rupees)

Capital & Liabilities	Schedules	As at 31st March, 2018	As at 31st March, 2017
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	13,81,15,550.00	14,12,36,050.00
RESERVE FUND AND OTHER RESERVES	2	1,43,16,71,039.28	1,33,10,23,839.28
DEPOSITS	3	10,62,88,82,865.12	10,80,24,55,091.39
BILLS FOR COLLECTION BEING BILLS RECEIVABLE AS PER CONTRA	4	32,23,550.00	9,537.00
BRANCH ADJUSTMENTS	-	-	
INTEREST PAYABLE	-	1,86,96,888.00	2,10,77,524.00
OVERDUE INTEREST RESERVE	5	2,18,12,336.54	2,48,98,789.79
OTHER LIABILITIES	6	32,45,94,974.19	31,64,18,736.05
PROFIT & LOSS ACCOUNT		5,74,168.18	4,65,923.53
		12,56,75,71,371.31	12,63,75,85,491.04

CONTINGENT LIABILITIES

1) Outstanding Liabilities for Guarantees issued	8,53,30,610.46	8,89,77,729.58
2) Outstanding Liabilities for Letter of Credit issued.	2,14,18,570.00	3,77,22,334.00
3) Unclaimed Liabilities under Depositor Education and Awareness Fund (DEAF) Scheme	2,57,82,289.68	10,51,056.85
	13,25,31,470.14	12,77,51,120.43



Audited Balance Sheet as at 31st March, 2018

(In Rupees)

Property & Assets	Schedules	As at 31st March, 2018	As at 31st March, 2017
CASH	7	46,11,99,936.74	60,12,44,008.63
BALANCES WITH BANKS	8	1,42,77,15,853.95	1,72,95,82,312.02
MONEY AT CALL AND SHORT NOTICE		10,00,00,000.00	20,00,00,000.00
COLLATERALISED BORROWING & LENDING OBLIGATION		28,63,53,348.40	33,99,29,744.33
INVESTMENTS	9	3,59,22,51,521.75	3,97,67,12,091.03
ADVANCES	10	6,23,43,26,989.05	5,30,45,14,870.00
INTEREST RECEIVABLE of which considered Bad & Doubtful Advances-Rs.1,68,52,025.44 (P.Y. Rs.1,99,38,478.69) Investments-Rs.49,60,311.10 (P.Y. Rs.49,60,311.10) Total – Rs.2,18,12,336.54 (P.Y. Rs.2,48,98,789.79)	11	16,32,21,195.02	16,63,63,042.25
BILLS RECEIVABLE BEING BILLS FOR COLLECTION AS PER CONTRA		32,23,550.00	9,537.00
BRANCH ADJUSTMENTS	-	-	
FIXED ASSETS	12	6,02,73,107.27	6,74,11,088.73
GOODWILL		88,70,456.19	2,06,97,731.14
OTHER ASSETS	13	23,01,35,412.94	23,11,21,065.91
		12,56,75,71,371.31	12,63,75,85,491.04

As per our Report of date

M. P. Chitale & Co.

Chartered Accountants

Mr. H. S. Santok
Senior Chief Manager

Mr. Y. B. Tantra
Vice Chairman

Ms. H. A. Daruwalla
Chairperson

Directors

Ashutosh Pednekar
Partner
ICAI M No.: 041037
ICAI FRN 101851 W
Mumbai: 28th June, 2018
Statutory Auditor

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Mr. F.S.Choksey

Mr.H.D. Petit

Mrs. D.H.Khusrokhan
Mr.M.N.Irani
Mr. M.J.Kalyaniwalla

Mrs. S.D.Mehta

Mr. J. N. Panthaky
Mr. P.D.Karkaria
Mr. A.A.Kathawalla

Audited Profit and Loss Account for the Year Ended 31st March, 2018

(In Rupees)

Expenditure	Schedules	As at 31st March, 2018	As at 31st March, 2017
INTEREST ON DEPOSITS, BORROWINGS, ETC	14	64,65,60,502.57	64,92,42,982.10
SALARIES & ALLOWANCES,		15,53,68,036.31	14,46,20,447.80
PROVIDENT FUND, PROVISIONS, ETC.			
DIRECTORS' & LOCAL COMMITTEE MEMBERS' FEES & ALLOWANCES		22,85,000.00	20,80,000.00
RENT, TAXES, INSURANCE, LIGHTING, ETC.		3,28,00,883.60	2,99,65,900.98
LAW CHARGES		3,23,740.00	8,47,920.00
PROFESSIONAL FEES		23,65,045.40	23,66,382.50
POSTAGES, TELEGRAMS & TELEPHONE CHARGES		59,57,976.65	56,49,216.08
AUDIT FEES		40,90,375.00	36,47,729.00
<u>DEPRECIATION, REPAIRS & MAINTENANCE</u>			
DEPRECIATION		1,72,35,187.86	1,87,73,054.11
REPAIRS & MAINTENANCE		59,88,015.71	46,76,307.79
PROFESSION TAX		14,500.00	14,520.00
<u>STATIONERY, PRINTING, ADVERTISEMENT, ETC</u>			
(i) PRINTING & STATIONERY		35,75,223.51	41,74,836.85
(ii) ADVERTISEMENT		53,56,493.48	62,13,620.67
(iii) SUBSCRIPTION		3,97,088.00	4,16,364.00
AMORTISATION OF PREMIUM ON HTM SECURITIES		26,36,135.96	27,07,605.54
AMORTISATION OF GOODWILL		1,18,27,274.95	1,18,27,274.95
GENERAL CHARGES		1,83,99,094.61	1,90,71,251.52
BAD DEBTS WRITTEN OFF		-	2,48,482.75
LOSS ON SALE OF ASSETS		40,644.51	16,274.10
<u>OPERATING PROFIT BEFORE PROVISIONS C/F</u>		18,72,66,013.75	15,70,49,532.40
<u>PROVISIONS:</u>			
BDD PROVISION UNDER SECTION 36(1) (vii) (a)		1,59,16,000.00	1,17,35,000.00
SPECIAL RESERVE UNDER SECTION 36 (1) (viii)		9,10,000.00	9,65,000.00
PROVISION FOR STANDARD ASSETS		20,00,000.00	-
CONTINGENT PROVISION FOR INVESTMENT		1,00,00,000.00	-
DEPRECIATION RESERVE			
<u>PROFIT BEFORE TAX C/F</u>		15,84,40,013.75	14,43,49,532.40
<u>TAX EXPENSE</u>			
(A) INCOME TAX – CURRENT YEAR		5,92,91,000.00	5,01,00,000.00
(B) INCOME TAX – EARLIER YEARS		-	(1,00,88,031.92)
(C) DEFERRED TAX LIABILITY / (ASSET) NET		(2,30,682.19)	(43,67,441.02)
NET PROFIT FOR THE YEAR		9,93,79,695.94	10,87,05,005.34
		1,10,24,87,231.87	1,06,36,09,703.14



Audited Profit and Loss Account for the Year Ended 31st March, 2018

(In Rupees)

Income	Schedules	As at 31st March, 2018	As at 31st March, 2017
INTEREST & DISCOUNT	15	1,04,97,23,024.21	1,02,30,58,467.11
<u>OTHER INCOME</u>			
COMMISSION, EXCHANGE & BROKERAGE		29,11,644.44	48,61,720.64
INCOME FROM NON-BANKING ASSETS & PROFIT FROM SALE OF OR DEALING WITH SUCH ASSETS		84,095.73	34,225.90
GAIN ON SALE OF INVESTMENTS		1,10,63,382.00	9,01,250.00
GAIN ON REDEMPTION OF INVESTMENTS		13,07,000.00	-
TRANSFER FEES		4,750.00	2,750.00
INTEREST ON REFUND OF INCOME TAX		-	-
MISCELLANEOUS INCOME		3,73,93,335.49	3,45,02,806.74
AMOUNT WITHDRAWN FROM PROVISION FOR BDD RESERVE UNDER SECTION 36 (1) (vii) (a)		-	2,48,482.75
		1,10,24,87,231.87	1,06,36,09,703.14

As per our Report of date
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Mr. A.A.Kathawalla

Profit and Loss Appropriation Account for the Year Ended 31st March, 2018

(In Rupees)

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Appropriation subject to AGM approval		
Statutory Reserve Fund – 25%	2,48,44,939.37	2,71,77,106.86
Reserve for Contingency – 10%	99,38,000.00	1,08,72,500.00
Education Fund – 1%	9,93,796.96	10,87,050.05
Proposed Dividend @ 12%	1,60,96,942.96	2,02,71,860.00
Ex-gratia to Staff	1,21,28,049.00	81,96,174.00
General Reserve	2,10,00,000.00	1,25,00,413.75
Building Fund	18,00,000.00	50,00,000.00
Bad & Doubtful Assets	1,00,00,000.00	-
Investment Fluctuation Reserve	-	2,42,00,428.17
Jubilee Celebration Fund	25,00,000.00	-
NET PROFIT CARRIED TO BALANCE SHEET	5,74,168.18	4,65,923.53
TOTAL	9,98,75,896.47	10,97,71,456.36

Particulars	Year Ended 31st March, 2018	Year Ended 31st March, 2017
PROFIT OF LAST YEAR B/F	4,65,923.53	4,17,278.76
NET PROFIT FOR THE YEAR B/F	9,93,79,695.94	10,87,05,005.34
Excess Appropriation of previous year of Ex Gratia W/back	30,277.00	6,48,984.76
Excess Appropriation of previous year of Dividend W/back	-	187.50
TOTAL	9,98,75,896.47	10,97,71,456.36

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Schedules forming part of Balance Sheet & Profit & Loss Account

		(In Rupees)	
		31st March, 2018	31st March, 2017
Schedule 1	Paid-up Capital		
	Individuals and Proprietors	11,33,29,200.00	11,60,73,675.00
	Firms, Cost (incl others)	2,47,86,350.00	2,51,62,375.00
		13,81,15,550.00	14,12,36,050.00
Schedule 2	Reserve Fund and Other Reserves		
	(i) Statutory Reserve	42,82,23,200.00	40,15,90,000.00
	(ii) Building Fund Reserve	26,98,00,000.00	26,80,00,000.00
	(iii) BDD Reserve under Sec.36 (1)(vii)(a)	8,36,08,907.29	6,76,92,907.29
	(iv) Bad & Doubtful Debts Reserve	19,05,50,000.00	18,05,50,000.00
	(v) Investment Depr. Reserve	5,82,75,209.76	4,82,75,209.76
	(vi) Special Reserve under Sec 36 (1) (viii)	1,50,00,597.09	1,40,90,597.09
	(vii) Reserve for Contingencies	7,01,18,000.00	6,01,80,000.00
	(viii) General Reserve	18,52,30,000.00	16,42,30,000.00
	(ix) Staff Benefit Fund	23,15,000.00	23,55,000.00
	(x) Reserve for Standard Assets	2,67,00,125.14	2,47,00,125.14
	(xi) Investment Fluctuation Reserve	9,36,70,000.00	9,36,70,000.00
	(xii) Shareholders Benefit Fund	6,80,000.00	6,90,000.00
	(xiii) Jubilee Celebration Fund	75,00,000.00	50,00,000.00
		1,43,16,71,039.28	1,33,10,23,839.28
Schedule 3	Deposit & Other Accounts		
	(i) Fixed Deposits		
	(a) Individuals & other entities	3,69,19,30,546.63	3,69,10,81,812.88
	(b) Co-oper. Institutions	16,13,65,977.20	18,16,08,258.20
		3,85,32,96,523.83	3,87,26,90,071.08
	(ii) Savings Deposits		
	(a) Individuals & other entities	2,47,64,42,318.08	2,54,08,71,054.97
	(b) Co-oper. Institutions	5,62,09,282.86	7,02,38,752.92
		2,53,26,51,600.94	2,61,11,09,807.89
	(iii) Current Deposits		
	(a) Individuals & other entities	82,07,69,732.31	75,83,85,516.87
	(b) Co-oper. Institutions	36,29,050.53	34,95,423.24
		82,43,98,782.84	76,18,80,940.11

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		(In Rupees)	
		31st March, 2018	31st March, 2017
	(iv) Deposits Reinvestments Certificates		
	(a) Individuals & other entities	2,96,74,86,578.56	3,15,59,30,701.66
	(b) Co-oper. Institutions	28,61,23,033.95	25,29,16,856.65
		3,25,36,09,612.51	3,40,88,47,558.31
Schedule 3	(v) Recurring Deposits		
	(a) Individuals & other entities	3,84,88,093.00	4,84,77,675.00
	(b) Co-oper. Institutions	5,06,857.00	4,40,691.00
		3,89,94,950.00	4,89,18,366.00
	(vi) Sweep Deposits		
	(a) Individuals & other entities	11,54,22,000.00	8,72,24,000.00
	(b) Co-oper. Institutions	68,12,000.00	61,66,000.00
		12,22,34,000.00	9,33,90,000.00
	(vii) Locker Deposit	15,45,500.00	22,55,500.00
	(viii) Unclaimed Deposits	21,51,895.00	33,62,848.00
		10,62,88,82,865.12	10,80,24,55,091.39
Schedule 4	Bills for Collection		
	Liability for Outward Cheques for Coll. (Inland)	-	9,537.00
	Liability for Outward Bills for Coll. (Foreign)	32,17,066.00	-
	Liability for Outward Chqs for Coll. (Foreign)	6,484.00	-
		32,23,550.00	9,537.00
Schedule 5	Overdue Interest Reserve (as per contra)		
	On Advances	1,68,52,025.44	1,99,38,478.69
	On Investments	49,60,311.10	49,60,311.10
		2,18,12,336.54	2,48,98,789.79
Schedule 6	Other Liabilities		
	(i) Bills Payable	2,37,86,229.10	3,45,63,003.67
	(ii) Unclaimed Dividends	51,82,250.36	47,91,282.24
	(iii) Proposed Dividend	1,60,96,942.96	2,02,71,860.00
	(iv) Other items	5,30,21,314.46	4,06,31,770.23
	(v) <u>Provision for Tax</u>		
	(a) Income Tax	19,08,15,215.23	18,69,99,215.23
	(vi) Provisions	2,40,82,325.00	2,33,89,709.14
	(vii) Income Received in Advance	1,16,10,697.08	57,71,895.54
		32,45,94,974.19	31,64,18,736.05



The Zoroastrian Co-operative Bank Ltd.

		(In Rupees)	
		31st March, 2018	31st March, 2017
Schedule 7	Cash		
	(i) Cash In hand	2,53,50,788.00	8,18,05,947.00
	(ii) Balances in current account with Reserve Bank	43,58,49,148.74	51,94,38,061.63
		46,11,99,936.74	60,12,44,008.63
Schedule 8	Balances with other banks		
	(i) Current Deposits	1,02,68,513.95	1,34,90,439.02
	(ii) Fixed Deposits with		
	(a) State & Central District Co-op. Bank	10,04,00,000.00	15,14,20,000.00
	(b) Other Banks	1,31,70,47,340.00	1,56,46,71,873.00
		1,42,77,15,853.95	1,72,95,82,312.02
Schedule 9	Investments		
	(i) In Central & State Govt. Securities	2,58,24,63,521.75	2,87,63,20,957.71
	(a) Face Value Rs.2,64,30,00,000.00		
	(b) Market Value Rs.2,57,63,38,370.86		
	(ii) In P.S.U. Bonds & Bonds of all India Financial Institutions	60,97,08,000.00	55,57,91,333.32
	(iii) In Shares of Co-op. Institutions	80,000.00	80,000.00
	(iv) Investments in Commercial Papers	-	24,45,19,800.00
	(v) Investments in Term Money	40,00,00,000.00	30,00,00,000.00
		3,59,22,51,521.75	3,97,67,12,091.03
Schedule 10	Advances		
	(i) Short-term Loans, Cash-credits, Overdrafts & Bills Discounted of which, secured against:		
	(a) Govt. & Other Securities	12,47,581.25	11,20,411.47
	(b) Other Tangible Securities	3,03,68,21,149.85	2,75,38,58,576.66
	(c) Personal Sureties	4,83,15,795.46	2,11,70,976.62
		3,08,63,84,526.56	2,77,61,49,964.75
	of the advances, amount due from Individuals Rs.56,75,30,573.81		
	of the advances, amount overdue Rs.28,486.00		
	Considered Bad & Doubtful Recovery (fully prov for) NPA Rs.9,04,36,328.26		
	(ii) Medium Term Advances of which Secured against:		
	(a) Govt. & Other approved Securities	1,04,050.00	4,32,906.00
	(b) Other Tangible Securities	1,26,60,22,935.72	1,26,10,93,422.52
	(c) Personal Sureties	8,27,10,813.07	4,00,75,316.35
		1,34,88,37,798.79	1,30,16,01,644.87
	of the advances, amount due from Individuals Rs.48,34,95,201.74		
	Of the adv. amt. overdue Rs.14,24,285.25		
	Considered Bad & Doubtful of recovery (fully prov for) NPA Rs.1,22,67,468.18		

		(In Rupees)	
		31st March, 2018	31st March, 2017
Schedule 10	(iii) Long Term Advances Secured against:		
	(a) Govt. & Other approved Securities	-	-
	(b) Other Tangible Securities	1,78,55,40,820.95	1,21,32,08,075.63
	(c) Personal Sureties	1,35,63,842.75	1,35,55,184.75
	of the advances, amount due from	1,79,91,04,663.70	1,22,67,63,260.38
	Individuals Rs.86,64,41,422.21		
	Of the adv. amt. overdue Rs.6,96,749.87		
	Considered Bad & Doubtful of recovery		
	(fully provided for) NPA Rs.27,58,827.00		
	TOTAL ADVANCES	6,23,43,26,989.05	5,30,45,14,870.00
Schedule 11	Interest Receivable		
	On Non performing Investments	49,60,311.10	49,60,311.10
	On Non Performing Advances	1,68,52,025.44	1,99,38,478.69
	Sub Total (As per Contra)	2,18,12,336.54	2,48,98,789.79
	On Investments	13,53,46,309.48	13,83,57,321.46
	On Staff Housing Loans	60,62,549.00	31,06,931.00
		16,32,21,195.02	16,63,63,042.25
Schedule 12	Fixed Assets		
	PREMISES:		
	Bal. As per last Balance Sheet	4,30,93,360.04	4,90,87,857.04
	Add: additions during the year	-	-
		4,30,93,360.04	4,90,87,857.04
	Less: Disposed Off during the year	-	-
	Less: Depreciation for the year	58,96,053.00	59,94,497.00
		3,71,97,307.04	4,30,93,360.04
	FURNITURE, FIXTURES & OFFICE EQUIPMENTS:		
	Bal as per last Balance Sheet	2,28,90,768.57	2,56,23,786.11
	Add: additions during the year	1,01,38,005.18	96,21,409.77
		3,30,28,773.75	3,52,45,195.88
	Less: Disposed off during the year	40,798.78	75,998.20
	Less: Depreciation for the year	1,08,39,006.86	1,22,78,429.11
		2,21,48,968.11	2,28,90,768.57
Schedule 12	VEHICLES:		
	Bal as per last Balance Sheet	14,26,960.12	4,66,175.12
	Add: additions during the year	-	14,60,913.00
		14,26,960.12	19,27,088.12
	Less: Disposed off during the year	-	-
	Less: Depreciation for the year	5,00,128.00	5,00,128.00
		9,26,832.12	14,26,960.12
	TOTAL FIXED ASSETS	6,02,73,107.27	6,74,11,088.73



The Zoroastrian Co-operative Bank Ltd.

		(In Rupees)	
		31st March, 2018	31st March, 2017
Schedule 13	Other Assets		
	(i) Utility Deposits & Other advances	2,55,13,424.00	2,51,93,000.00
	(ii) Advance Tax Payments	19,07,71,555.00	19,14,05,771.00
	(iii) Tax deducted at source	40,53,306.87	19,33,221.87
	(iv) Deferred Tax Asset	40,76,947.16	38,46,264.97
	(v) Others	22,17,906.25	24,35,206.75
	(vi) Capital work in progress	70,000.00	24,40,543.00
	(vii) Prepaid Expenses	34,32,273.66	38,67,058.32
		23,01,35,412.94	23,11,21,065.91
Schedule 14	Interest on Deposits, Borrowings, etc.		
	Interest on Fixed Deposits A/cs	29,16,31,798.00	28,45,07,447.40
	Interest on Savings Bank A/cs	10,17,26,188.03	8,60,33,984.74
	Interest on Current A/cs	1,92,248.61	1,34,704.28
	Interest on Deposits Reinvestment Cert A/c	24,32,19,372.93	27,06,02,336.40
	Interest on Recurring Deposits	32,75,387.00	34,56,042.00
	Interest on Sweep Deposits & Unit Withdrawal Scheme	64,26,512.00	45,05,699.00
	Interest paid on Deposits matured	86,083.00	-
	Interest on Overdraft with other Banks	2,913.00	2,768.28
		64,65,60,502.57	64,92,42,982.10
Schedule 15	Interest & Discounts		
	Interest on Loan A/cs	29,48,13,857.50	29,07,44,827.75
	Interest on Overdraft A/cs	10,38,51,265.10	11,25,87,904.00
	Interest on Cash Credit A/cs	18,25,69,185.12	21,19,03,915.71
	Interest on Usance Bills Discounted	3,82,69,788.80	2,27,71,424.65
	Income on Banks Fixed Deposits, Short Term Deposits, etc	11,52,48,778.13	9,74,08,873.22
	Income on Govt. Securities	16,27,20,003.27	14,39,11,111.82
	Income on Call Money	1,84,09,930.99	2,22,96,301.29
	Income on CBLO Lending	79,29,194.57	44,52,700.65
	Income on PSU Bonds	4,86,26,493.52	3,78,32,776.36
	Discount Received on Treasury / Cash Management Bill	3,97,16,057.00	4,46,04,464.75
	Discount Received on Commercial Paper	1,46,45,120.00	1,90,89,860.00
	Income on Mutual Funds	99,85,177.21	-
	Income on Term Money	1,23,62,668.00	1,52,46,984.91
	Dividend Income	750.00	8250.00
	Interest on Deposit with CCIL	5,74,755.00	1,99,072.00
		1,04,97,23,024.21	1,02,30,58,467.11

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Cash Flow from Operating Activities		
Net Profit before taxes	18,72,66,013.75	15,70,49,532.40
Ex-gratia paid to staff	(81,32,207.00)	(1,49,20,152.20)
Education Fund paid	(10,87,050.05)	(10,75,728.71)
Adjustments for:		
Depreciation on Fixed Assets	1,72,35,187.86	1,87,73,054.11
Ammortisation of Goodwill	1,18,27,274.95	1,18,27,274.95
Provision on BDD written back	-	(2,48,482.75)
Entrance Fees and Nominal fees	1,04,900.00	43,600.00
Donation paid included in reserve for charity	-	(2,18,000.00)
Shareholders Benefit Fund	(10,000.00)	(5,000.00)
Staff Benefit Fund	(40,000.00)	-
Profit on sale of fixed assets (net)	(43,451.22)	(17,951.80)
	20,71,20,668.29	17,12,08,146.00
Adjustments for working capital changes:-		
(Increase)/ Decrease in Investments	38,74,71,581.26	(1,22,56,78,695.69)
(Increase)/ Decrease in Net Advances	(93,27,67,737.05)	54,53,70,816.26
(Increase)/ Decrease in Other Assets	27,02,204.16	(57,38,462.17)
Increase/ (Decrease) in Deposits	(17,59,52,862.27)	1,93,85,79,391.74
Increase/ (Decrease) in Other liabilities and provisions	42,71,875.15	(1,17,65,721.88)
Direct taxes paid (Net)	(5,69,60,869.00)	(4,94,37,499.00)
Net Cash flow From Operating Activities	(56,41,15,139.46)	1,36,25,37,975.26
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,01,38,005.18)	(1,10,82,322.77)
Proceeds from Sale of Fixed Assets	84,250.00	93,950.00
Net Cash Used in Investing Activities	(1,00,53,755.18)	(1,09,88,372.77)
Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	(31,20,500.00)	(27,75,175.00)
Dividend Paid	(1,81,97,531.25)	(1,90,58,833.15)
Net Cash generated from financing Activities	(2,13,18,031.25)	(2,18,34,008.15)
Net Increase in Cash and Cash Equivalents	(59,54,86,925.89)	1,32,97,15,594.34
Cash and Cash Equivalents at the beginning of year	2,87,07,56,064.98	1,54,10,40,470.64
Cash and Cash Equivalents at the end of year	2,27,52,69,139.09	2,87,07,56,064.98
Net Increase in Cash and Cash Equivalents	(59,54,86,925.89)	1,32,97,15,594.34

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.



SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

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.

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- 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) .

2.2 In accordance with Reserve Bank of India guidelines Investment Fluctuation Reserve @ 5% of the investment in AFS category of Rs. 16759.54 lakhs is Rs.837.98 lakhs. As against this, the Bank has a balance under Investment Fluctuation Reserve of Rs. 936.70 lakhs.

2.2 There is depreciation in Government Securities amounting to Rs.61.25 lakhs and appreciation in Non SLR investments amounting to Rs. 182.96 lakhs. The Bank already has provision of Rs. 582.75 lakhs under Investment Depreciation Reserve. The excess balance in the Investment Depreciation Reserve is continued on a conservative basis.

2.3 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	256.17	267.00	10.83
Non Performing Assets			
- Advances	649.91	2741.59	2031.68
- Investments	60.00		
Total	709.91	3008.59	2042.51

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

2.4 An amount of Rs.204.23 lakhs has been recovered from Non Performing Advances during the financial year. No amount has been written-off during the year.



2.5 Claims against Bank not acknowledged as debt is Rs NIL.

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

- Bank's Contribution to Provident Fund for the current year – Rs. 1,23,99,742.00 (Previous year- Rs. 1,27,96,324.00)
- 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)	
		31.03.18	31.03.17	31.03.18	31.03.17
1	Discount rate	7.85%	7.34%	7.85%	7.34%
2	Salary Escalation rate	4.00%	3.00%	4.00%	3.00%

II) Changes in present value of obligation

(Amount in Rs.)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.18	31.03.17	31.03.18	31.03.17
1	Liability at the beginning of the current period	4,12,18,042	3,35,99,000	2,07,26,128	1,86,94,419
2	Interest cost	30,25,404	27,11,439	15,21,298	15,08,640
3	Current service cost	23,52,231	21,54,044	15,47,269	12,38,835
4	Past service cost	4,96,862	-	-	-
5	Benefits paid	(49,08,460)	(1,10,634)	(52,76,957)	(16,59,343)
6	Actuarial (gain)/loss on obligations	51,85,147	28,64,193	36,57,918	9,43,577
7	Liability at the end of the current period	4,73,69,226	4,12,18,042	2,21,75,656	2,07,26,128

III) Changes in fair value of Plan Assets:-

(Amount in Rs.)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.18	31.03.17	31.03.18	31.03.17
1	Fair value of plan assets at the beginning of the year	4,65,49,252	3,99,23,752	-	-
2	Expected return on plan assets	34,16,715	32,21,847	-	-
3	Contributions	22,91,957	37,92,649	-	-
4	Benefits paid	(49,08,460)	(1,10,634)	-	-
5	Actuarial gain/(loss) on plan assets	(2,86,907)	(2,78,362)	-	-
6	Fair value of plan assets at the end of the year	4,70,62,557	4,65,49,252	-	-

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IV) Amount recognized in Balance Sheet:-

(Amount in Rs.)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.18	31.03.17	31.03.18	31.03.17
1	Fair value of plan assets at the end of the period.	4,70,62,557	4,65,49,252	-	-
2	Liability at the end of the period	(4,73,69,226)	(4,12,18,042)	(2,21,75,656)	(2,07,26,128)
3	Amount recognized in the Balance Sheet	3,06,669	-	(2,21,75,656)	(2,17,89,709)

V) Expenses recognized in income statement:-

(Amount in Rs.)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31.03.18	31.03.17	31.03.18	31.03.17
1	Current service cost	23,52,231	21,54,044	15,47,269	12,38,835
2	Interest cost	(3,91,311)	(5,10,408)	15,21,298	15,08,640
3	Expected return on plan assets	-	-	-	-
4	Net actuarial gain/ (loss)	54,72,054	31,42,555	36,57,918	9,43,577
5	Past service cost	4,96,862	-	-	-
6	Expenses recognised in P&L account.	79,29,836	47,86,191	67,26,485	36,91,052

2.7 Accounting Standard 17 Segment Reporting as at March 31, 2018:

(Rs.in lakhs)

Financial year 2017-18			
Business Segments	Treasury	Other Banking Operations	Total
Revenue	4425.89	6598.93	11024.82
Expenses	2823.68	6498.52	9322.20
Result	1602.21	100.41	1702.62
Unallocated expenses			118.22
Operating profit			1584.40
Income Tax			590.60
Net Profit			993.80
Other Information			
Segment assets	59864.65	63733.34	123597.99
Unallocated assets			2077.72
Total assets			125675.71
Segment liabilities	44072.46	63991.49	108063.95
Unallocated liabilities			1908.15
Share Capital & Reserves			15703.61
Total Liabilities			125675.71



2.8 Accounting Standard 18 Related Party Transactions :

The Bank is a Co-operative Society under the Multi State Co-operative Societies Act, 2002 and there are no Related Parties requiring a disclosure under Accounting Standard 18 issued by the Institute of Chartered Accountants of India read with Master Circular on Disclosure in Financial Statements – Notes to Accounts dated July 1, 2014 issued by Reserve Bank of India, other than one Key Management Personnel viz. Mr. U. A. Shetye, 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.

2.9 Accounting Standard 19 Leases :

Operating lease comprises non-cancellable leasing of office premises.

(Rs. in lakhs)

Future lease rental payable as at the end of the year:	31.03.2018	31.03.2017
-Not later than one year	124.04	131.12
-Later than one year and not later than five years	440.93	490.81
-Later than five years	72.95	17.89

2.10 Accounting Standard 22 Taxes on Income :

During the year the Bank has determined the deferred tax (asset)/liabilities on the basis of the transactions resulting from timing differences between taxable and accounting income and accounted the same. Accordingly the following Deferred tax Asset has been determined and accounted as on March 31, 2018

(Rs in lakhs)

	Amount	Tax effect
Deferred Tax Liability		
Special Reserve under Section 36(1)(viii)	9.10	3.15
Total	9.10	3.15
Deferred Tax Asset		
Provision for Leave Encashment	3.86	1.34
Provision for Gratuity	3.07	1.06
Depreciation	119.98	41.52
Total	126.91	43.92
Net Deferred Tax (Assets)/ Liability as at 31.03.2018	(117.81)	(40.77)
Net (DTA) / DTL as at 31.03. 2017		(38.46)
Net impact recognized in Profit & Loss A/c		(2.31)

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.

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

- 2.12 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 12 months i.e. April, 2017 to March, 2018 is Rs 118.27 lakhs and has been charged to Profit & Loss account for the year.
- 2.13 Tier I Capital includes amount of Rs.150.00 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.
- 2.14 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.
- 2.15 In accordance with the "The Depositor Education and Awareness Fund Scheme, 2014" formulated by RBI, during F.Y.2017-18, The movement in DEAF account is as under :

(Rs. in lakhs)

Particulars	F.Y.2017-18	F.Y.2016-17
Opening balance of amounts transferred to Deaf	10.51	10.51
Add : Amounts transferred to DEAF during the year	247.31	0.00
Less : Amounts reimbursed by DEAF towards claims	0.00	0.00
Closing balance of amounts transferred to DEAF	257.82	10.51

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



Disclosure of Information as on 31st March, 2018

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

(Rs. in lakhs)

		2018	2017
1.	Movement of CRAR		
	Tier I Capital	10981.91	10290.94
	Tier II Capital	1819.65	1774.84
	Total of Tier I & Tier II Capital	12801.56	12065.78
	Total Risk Weighted Assets	70636.29	67053.06
	Capital to Risk Assets Ratio	18.12%	17.99%
	Tier I Capital	15.55%	15.35%
	Tier II Capital	2.57%	2.64%
2.	Investments		
	Book Value	35922.52	39767.12
	Face Value	36530.80	40580.80
	Market Value	36044.23	40612.88
3.	Advances against :-		
	a) Real Estate and Construction Business	4805.84	5799.81
	b) Housing	6388.49	6095.97
	Total	11194.33	11895.78
4.	Advances against Shares & Debentures	36.63	39.66
5.	Advances to Directors, their Relatives, Companies / Firms in which they are interested		
	a) Advances outstanding	Nil	Nil
	b) Overdues	Nil	Nil

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6.	Working Capital	125336.65	125919.79
7.	Average Daily Cost of Deposits	6.17%	6.69%
	Profitability Ratios		
	a) Interest Income as % of Working Funds	8.38%	8.12%
	b) Non Interest Income as % of Working Funds	0.42%	0.32%
	c) Operating Profit as % of Working Funds	1.49%	1.25%
	d) Return on Assets (Average Working Funds)	1.03%	1.02%
	e) Business (Deposits + Advances) per Employee	770.01	703.36
	f) Operating Profit per Employee	8.55	6.86
8.	NPAs & Movement of NPAs		
	Gross NPAs as on 1st April	840.21	865.18
	Additions during the year	418.65	42.88
	Reductions during the year	204.23	67.85
	Gross NPAs as on 31st March	1054.63	840.21
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	2482.43	2367.56
	Additions during the year	259.16	117.35
	Recoveries / Write backs during the year	-	2.48
	Provisions as on 31st March	2741.59	2482.43



11.	Movement in Provisions on Standard Assets		
	Opening Balance as on 1st April	247.00	247.00
	Additions during the year	20.00	0.00
	Reversals during the year	0.00	0.00
	Closing Balance as on 31st March	267.00	247.00
12.	Movement in Provision on Investment Depreciation Reserve		
	Opening Balance as on 1st April	482.75	482.75
	Additions during the year	100.00	0.00
	Reversals during the year	0.00	0.00
	Closing Balance as on 31st March	582.75	482.75
13.	Movement in Provision on Investment Fluctuation Reserve		
	Opening Balance as on 1st April	936.70	694.70
	Additions during the year	0.00	242.00
	Reversals during the year	0.00	0.00
	Closing Balance as on 31st March	936.70	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	107.37	92.36
17.	Penalty imposed by Reserve Bank of India	Nil	Nil
18.	Restructured Accounts	Nil	Nil

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				2741.59	2482.43
19.	Break-up of Investments					
	Held for Trading				Nil	Nil
	Available for Sale				16759.54	18719.46
	Held to Maturity				19162.98	21047.66
20.	Issuer Composition of Non SLR Investments					
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	700.00 (700.00)		-	-	
2	FIs	1600.35 (2061.18)	-	-	-	
3	Public Sector Banks	0.00 (0.00)	-	-	-	
4	Mutual Funds	0.00 (0.00)	-	-	-	
5	Others	3797.53 (5242.73)				
6	Provision Held towards Investment Depreciation Reserve	582.75 (482.75)				



INDEPENDENT AUDITORS' REPORT

To,

The Members,

The Zoroastrian Co-operative Bank Ltd.

Report on the Financial Statements

1. We have audited the accompanying financial statements of **The Zoroastrian Co-operative Bank Limited** ('the Bank') as at 31st March 2018, which comprises the Balance Sheet as at 31st March 2018, and Profit and Loss Account, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. 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. The Bank does not have a system of obtaining annual closing returns from the branches.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statement that gives true and fair view of the financial position, financial performance and cash flow of the Bank in accordance with the provisions of the Banking Regulation Act, 1949, the guidelines issued by Reserve Bank of India the Multi State Co-operative Societies Act, 2002 including rules made there under and accounting principles generally accepted in India, so far as applicable to Banks. The responsibility includes design, implementation and maintenance of internal controls relevant to preparations and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the Notes thereon give the information required by the Banking Regulation Act, 1949, the Multi State Co-operative Act, 2002 including rules made thereunder, guidelines issued by Reserve Bank of India, applicable Accounting Standards issued by the Institute of Chartered Accountants of India and accounting principles generally

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accepted in India, so far as applicable to Banks, in the manner so required and give true and fair view in conformity with accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Banks as at 31st March 2018;
- b. In case of the Profit and Loss Account, of the profit for the year end on that date; and
- c. In case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

7. 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 .
8. 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.
9. 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 on March 31, 2018	Provision Held
Doubtful Assets	422.32	2741.59
Loss Assets	335.45	

For and on behalf of
M P Chitale & Co.
Chartered Accountants
ICAI FRN: 101851W

Ashutosh Pednekar
Partner
ICAI M No.: 041037
Place: Mumbai
Date: June 28, 2018



The Zoroastrian Co-operative Bank Ltd.

Corporate Office

Nirlon House, 5th Floor, Dr. Annie Besant Road, Worli, Mumbai – 400 030

Tel: 022-61727600 | Fax :022- 6666 1810 | Email: talk2us@zcbl.in

Our Branches

FORT BRANCH	LOKHANDWALA BRANCH	BELGIUM BRANCH
Yusuf Building, Veer Nariman Road, Fort, Mumbai – 400 001 Tel: 022-61726400 Fax: 022-22876737 Email: zoroport@zcbl.in	S/41 RNA Shopping Arcade, Swami Samarth Nagar, Lokhandwala Complex, Andheri (W), Mumbai – 400 053 Tel: 022-61109300 Fax: 022-2639 6176 Email: zorolcomplex@zcbl.in	20, Belgium Chambers, Ring Road, Surat 395 003. Tel: 0261-2402251 Fax: 0261-2402252 Email: belgum@zcbl.in
TARDEO BRANCH	MAHIM BRANCH	ABHISHEK MARKET BRANCH
Gamadia Colony, Tardeo, Mumbai 400 007 Tel: 022-61109003 Fax:022- 2353 8490 Email: zorotardev@zcbl.in	Delta Apartments, Off M. M. Chhotani Road, Sonawala Agiary Lane, Mahim, Mumbai – 400 016 Tel: 022-62371385 Fax:022- 2444 4834 Email: zoromahim@zcbl.in	1, Balaji Market, Ring Road, Surat 395 002. Tel: 0261-2366951 Email: abhishek@zcbl.in
BANDRA BRANCH	BORIVLI BRANCH	PATEL PARK BRANCH
9/Darvesh Royale, Master Vinayak Road, Bandra (W), Mumbai 400 050. Tel: 9029045396 Fax: 022-26433375 Email: zorobandra@zcbl.in	8 / 10 Dattani Trade Centre, Chandavarkar Road, Borivli (W), Mumbai – 400 092 Tel: 022-66972250 Fax: 022-2890 5939 Email: zoroborivali@zcbl.in	11, Patel Park, Tadvadi, Rander Road, Surat 395 009. Tel: 0261-2763232 Email: rander@zcbl.in
ANDHERI BRANCH	THANE BRANCH	UDHNA MAGDALLA BRANCH
Shop no. 2 & 3, Parsian Co-op. Hsg. Soc., V. P. Road, (Off S. V. Road), Opp. Fidai Baug, Andheri (W), Mumbai 400 058 Tel: 9029097655 Fax:022- 2623 6674 Email: zoroandheri@zcbl.in	NargishBldg,Gr Floor, Eduji Road, Charai, Thane (West) – 400601 Tel: 9029045386 Fax: 022-25330101 Email: zorothane@zcbl.in	Shop No.UG-12, UG-13, UG-14 and U-14, New Ashirwad Square, Udhna Maghdalla Road, Surat 395 007. Tel: 0261-2631542 Email: udhna@zcbl.in
DADAR BRANCH	DAHISAR BRANCH	CITYLIGHT BRANCH
658 Khorshed Abad, Katrak Road, Dadar Parsee Colony, Dadar (E), Mumbai 400 014 Tel: 022-24182645 Fax: 022- 2418 4773 Email: zorodadar@zcbl.in	Rustomjee International School, Rustomjee Acres, Dahisar (W), Mumbai – 400 068 Tel: 9029045383 Fax: 022-2895 0209 Email: zorodahisar@zcbl.in	Heerapanna Shopping Mall, Citylight Road, Surat 395 007. Tel: 0261-2256863 Email: citylight@zcbl.in
PUNE BRANCH	GOREGAON BRANCH	VED KATARGAM BRANCH
636/637, Sachapir Street, Camp, Pune 411 001 Tel: 020-26119177 Fax:020- 2611 9318 Email: zoropune@zcbl.in	6, Onkar Bldg, Opp. Oberoi Mall, Dindoshi (Film City Road), Goregaon (E), Mumbai-400 098 Tel: 9029045378 Fax: 2849 3075 Email: zorogoregaon@zcbl.in	24, Parth Complex, Katargam-Singapore Road, Surat 395 004. Tel: 0261-2407277 Email: vedkatargam@zcbl.in

- ❖ Car Loan
- ❖ Fixed Deposit
- ❖ Professional Loan
- ❖ Current Account
- ❖ Home Loan
- ❖ Saving Account
- ❖ Corporate Loan



- ❖ Recurring Deposit
- ❖ Gen Y
- ❖ SME Loan
- ❖ Little Wonders
- ❖ Education Loan
- ❖ NRE Deposit

