

Regd. Office
Admn. Office

: 105, Kapol Bank Bldg, 1st Floor, 19/21, Picket Cross Road, Kalbadevi, Mumbai - 400 002. Tel.:2208 4021
: Shop Nos. 4, 5, 6 and 7, Ground Floor, Nandanvan, Ansari Road, Vile Parle (W), Mumbai - 400 056.
Tel: 2620 0205/ 2624 4827, Fax : 2624 7345.

BRANCHES :

Fort	: Vitaldas Chambers, Ground Floor, 8, Homi Mody Street, 16, Mumbai Samachar Marg, Fort, Mumbai - 400 001. Tel.: 2204 6204 / 05, 2204 6212 Fax: 2204 6223
Kalbadevi	: Kapol Bank Building, 19/21, Picket X Road, Mumbai - 400 002. Tel.: 2208 2653, 2206 3368. Telefax:22082709
Lokhand Jatha	: Steel Centre, Sant Tukaram Road, Mumbai - 400 009. Tel.: 2348 5695 /94. Fax: 2348 4939
Vile Parle (E)	: 107/108, D-Shyam Kamal Bldg., Near B. N. Agarwal Market, 'D' Wing, Vile Parle (E), Mumbai 400 057. Tel.: 2663 0181 / 82. Fax: 2663 0180
Vile Parle (W)	: Samruddhi Bldg., Ground Floor, Plot No. 127, Vallabhnbhai Road, Near Shubham Hall, Vile Parle (W), Mumbai-400 056. Tel. : 2618 5282 / 83. Fax: 2617 1301
Andheri (E)	: Syndicate Chambers, 1st Floor, 21, Sahar Road, Andheri (E), Mumbai - 400 069. Tel: 2683 3520 / 3506 / 2684 3512. Fax: 2683 3526
Malad (W)	: 26, Marve Road, Kapol Wadi, Malad (W), Mumbai -400 064. Tel.: 2801 0899, 2865 8190. Fax: 2862 6765
Kandivali (W)	: Royal House, 1st Floor, Mathuradas Road, Kandivali (W), Mumbai - 400 067. Tel.: 28014468, 2805 2986. Fax: 2801 2144
Borivali (W)	: Bhandarkar Bhuvan, S. V. Road, Borivali (W), Mumbai - 400 092. Tel.: 2890 5891, 2890 1054, 2805 5016. Fax: 2861 9557
Bhayandar	: Tulsi Prasad Tower, 1st Floor, Goddeo Naka, Bhayander (E), Dist. Thane. Tel.: 2804 6462, 2804 3460/61. Fax: 2804 4013
Nallasopara (E)	: Mehta Chambers, 1st Floor, Achole Rd., Nallasopara (E), Dist. Thane, Tel: 0250 - 2434 132 / 2434 115. Telefax: 0250 - 2434 133
Ghatkopar (W)	: Ladkorbhai Kapol Wadi, M. G. Road, Ghatkopar (W), Mumbai - 400 086. Tel.: 2513 2193, 2512 5592 Telefax: 2512 2730.
Mulund (W)	: Shop No. 3,4,5, Jay Commercial Plaza, S.L. Road, Mulund (W), Mumbai - 400 080. Tel: 2592 3640 /41 /42 Fax:25923671.
Vashi	: K-32, APMC Market 1, Phase II, Moodi Bazar, Turbhe, Navi Mumbai - 400 705. Tel. : 2789 5901/02/03
Surat	: U1-U2 Metro Tower, Ring Road, Surat - 395 003, Tel: 0261 -2336443/45 Fax : 0261 2346777
Share Department	: 111, Kapol Bank Bldg., Picket X Road, Kalbadevi, Mumbai - 400 002. Tel.: 2201 4813
Demat Department	: 106, Kapol Bank Bldg., Picket X Road, Kalbadevi, Mumbai - 400 002. Tel.: 2203 4360/ 2207 2703 Fax: 2203 7297
Central Advance Dept. & Audit Dept.	: Block No 2, Gr. Floor, Kanta Niwas, Bapubhai Vashi Ansari Road Junction, Vile Parle (W), Mumbai - 400 056. Tel: 2612 1698/ 2612 0032 Fax: 2612 0034
Asset & Reconstruction Department	: Shop No.23, 1st Floor, Patel Shopping Center, Near Subway, Sainath Road, Malad - (W) Mumbai - 400 064 Tel: 2888 7564, 2880 7915 Fax: 2881 4070
Information Technology Department	: Kapol Wadi, Marve Road, Malad (W), Mumbai - 400 064 Office No.: 2863 7931/32/33 Fax No.: 2863 7928

81st
A N N U A L R E P O R T
2019 - 2020



**Building Lasting
Relationships Forever**

THE KAPOL CO-OP. BANK LTD.
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020

(Under Section 31 of the Banking Regulation Act, 1949 and Section 73(4) of Multi State Co-Operative Societies Act, 2002 and Rule 27 of Multi State Co-Operative Societies Rules).

To,
The Members,
The Kapol Co-op. Bank Ltd.
Report on Financial Statements

Opinion

1. We have audited the accompanying Financial Statements of The Kapol Co-operative Bank Limited, ("the bank") as at 31st March, 2020 which comprise the Balance Sheet as at 31st March, 2020 and the Profit and Loss Account and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information in which are included returns of Head Office and its departments and 15 branches, which are consolidated in these financial statements. The returns of 15 branches audited by concurrent auditors at the year end and are incorporated in these financial statements. Since all the branches are subjected to concurrent audit, the matter of submission of details of percent of advances /deposits /interest income / interest expense of unaudited branches is not applicable.
2. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949, the Multi State Cooperative Societies Act, 2002, Multi State Co-operative Societies Rules, 2002 made there under, National Bank for Agricultural and Rural Development and the guidelines issued by the Reserve Bank of India (RBI) and the Central Registrar of Cooperative Societies, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March, 2020;
(ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis of Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the 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 ethical requirements that are relevant to our audit of the financial statements under the provisions of the Banking Regulations Act, 1949 and the rules made there under and under the provisions of the Multi State Cooperative Societies Act, 2002 and Multi State Co-operative Societies Rules made there under 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 on the Financial Statements.

Emphasis of Matters

4. Without qualifying our opinion, we draw your attention to—
- a. Due to COVID19 and consequent lockdown in the state of Maharashtra and Gujarat States where the Bank has geographical spread from the third week of March, 2020 till 31st August, 2020, we were not able to visit the branches of the Bank to conduct the Statutory Audit of the Balance Sheet and Profit & Loss Account of the Branches. We relied on the financial statements of the branches duly audited by the Concurrent Auditors and Branch Concurrent/ Internal Audit Reports of the respective Concurrent/ Internal Auditors made available to us by the Bank as also other details, records, information and explanations provided to us by the Management.
- b. The Bank has calculated upto date compounded interest on various loans and advances for which recovery measures have been initiated or legal action has been taken for recovery in various courts / arbitration process. Such amount of Rs. 74,71,46,356.00 has been accounted under Interest Receivable on Non-Performing Assets and corresponding provision has been made under Overdue Interest Reserve. Most of these loans are doubtful of recovery for several years and there is serious doubt and uncertainty of recovery of these amounts in the absence of any tangible securities or assets of the borrowers to fall back upon. (Refer Note No. 6)
- Our opinion is not modified in respect of these matters

Material uncertainty related to Going Concern .

5. In view of deteriorating financial health of the Bank, continuing operating losses, erosion of networth and erosion of deposits to the extent of more than 50%, concerns were raised regarding continuance of "Going Concern" status of the Bank. However, the Bank feels that it continues to remain a "Going Concern" in view of the following:
- The Banking licence issued to the Bank is still in force and Bank is allowed to undertake banking business with restrictions till its financial position improves.
 - The Bank is permitted to operate the accounts of customers and make permitted payments and also to recover NPA/ interest on loans and advances. The amounts so recovered are invested in Government Securities.
 - The Bank has recovered more than Rs.11.00 crores during the year 2019-20 and efforts are on for recovery in other NPA accounts.
 - The Bank has sufficient liquidity and has not defaulted in maintenance of statutory liquidity requirements like SLR and CRR.
 - A new Board of Directors has taken over charge of the Bank from 11.06.2019. The Bank has submitted detailed business plan to Reserve Bank of India for revival of the Bank and the Reserve Bank of India has extended the period of operation of the Bank upto 31.01.2021. As a part of the business plan, among others, the Bank has initiated the process for conversion of deposits into equity in a bid to improve the capital adequacy ratio and consent for conversion of deposits into equity from 3918 depositors aggregating deposits of Rs.184.00 crores has been received. Process of obtaining further approvals is on.

In view of the above, the Bank has prepared the accounts on "Going Concern" basis. (Refer Note No. 4)

The said assumption of going concern is inter-alia dependent on Bank's ability to achieve its Business plan in totality, recovery of Bad & Doubtful Advances and success in conversion of deposits into equity in a bid to improve Capital Adequacy ratio as also mitigate the impact of COVID-19 and thus a material uncertainty exists that may cast a significant doubt on the Bank's ability to continue as a going concern. However, as stated above, as per management and the Board there are mitigating factors to such uncertainties including the amount of conversion of deposits into equity to improve capital adequacy ratio and the extent of regulatory support provided to the Bank by the RBI.

Our opinion on the financial statements is not modified in respect of this matter.

Management's Responsibility for the Financial Statements

6. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with provisions of the Banking Regulations Act, 1949, the guidelines issued by the Reserve Bank of India and the guidelines issued by the National Bank for Agricultural and Rural Development, the Central Registrar of Cooperative Societies, the Multi State Co-operative Societies Act, 2002, the Multi State Cooperative Societies Rules, 2002 (as applicable) and accounting principles generally accepted in India so far as applicable to Banks. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

7. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 misstatements.
8. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design

audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

9. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Other Legal and Regulatory Requirements

10. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms A and B respectively of the Third Schedule to the Banking Regulation Act, 1949 and the Multi State Co-operative Societies Act, 2002, the Multi State Co-operative Societies Rules, 2002.
11. As required by Section 73(4) of the Multi State Co-operative Societies Act, 2002, 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 have 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 it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches/offices;
- c. As required by Section 30(3) of the Banking Regulation Act, 1949, we further report that the transactions 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 and the returns;
- e. The reports on the accounts of the branches/offices audited by the branch auditors have been forwarded to us and have been properly dealt with by us in preparing this Report;
- 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 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.
12. As required by Rule 27(3) (a) to (f) of the Multi State Co-operative Societies Rules, 2002 we give in the annexure, a schedule on the matters specified in the said Rule.

THE KAPOL CO-OP. BANK LTD.,
ANNEXURE TO INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020
(As referred in Clause 12 of our report of even date as on 31st March, 2020)

As required by the Rule 27(3) of the Multi-State Co-operative Rules, 2002, we report on the matters specified in clauses (a) to (f) of the said Rule to the extent applicable to the Bank.

- (a) During the course of our audit, we have generally not come across transactions which appear to be contrary to the provisions of the Act, the Rules or the Bye-Laws of the Bank.
- (b) During the course of our audit, we have not come across material and significant transactions which appear to be contrary to the guidelines issued by the Reserve Bank of India. Since the Bank has neither accepted deposits nor received subsidy from National Bank for Agriculture and Rural Development, our comments regarding transactions contrary to the guidelines issued by the said Bank are not called for.
- (c) The following advances are categorized as doubtful or loss assets as per prudential norms of RBI as on 31.03.2020 and reported in terms of clause (c) of Rule 27(3) of the Multi State Co-operative Societies Rules, 2002:

Category	Amount Outstanding as on 31.03.2020 (Rs. in lakhs)
Doubtful Assets	3098.52
Loss Assets	10240.56
Total	13,339.08 *

* A provision of Rs. 11218.69 lakhs has been made against the above advances.

- (d) As per the information provided to us and to the best of our knowledge, the following credit facilities have been sanctioned by the Bank to the members of the Board or their relatives:

(Rs. in Crores)			
Particulars	Amount outstanding	Security Value	Overdues, if any
Fund Based	NIL	NIL	NIL
Non Fund Based	NIL	NIL	NIL

- (e) During the course of our audit, we have generally not come across any violations of guidelines, conditions etc. issued by the Reserve Bank of India. Since the Bank has neither accepted deposits nor received subsidy from National Bank for Agriculture and Rural Development, our comments regarding violations of guidelines issued by the said Bank are not called for.
- (f) To the best of our knowledge, no other matters have been specified by The Central Registrar of Co-operative Societies, which require reporting under this Rule.

For Yardi Prabhu & Associates LLP
Chartered Accountants
FRN: 111727W/ W100101

PLACE : Mumbai
DATED : 22/10/2020

Sudhan D. Yardi
Partner
M. NO: 022887



BALANCE SHEET AS AT 31ST MARCH, 2020

AS AT 31 ST MARCH, 19 ₹ PS.	CAPITAL AND LIABILITIES	SCH	AS AT 31 ST MARCH, 20 ₹ PS.
155,651,180.00	1) શેર કેપિટલ 1) SHARE CAPITAL	"A"	155,651,180.00
1,473,292,403.84	અનામત ભંડોળ અને અન્ય અનામતો 2) RESERVE FUND AND OTHER RESERVES	"B"	1,572,253,195.01
3,982,320,752.63	ડિપોઝિટો અને અન્ય અકાઉન્ટ્સ 3) DEPOSITS AND OTHER ACCOUNTS	"C"	3,921,515,216.76
-	બોરોઈંગ્સ 4) BORROWINGS		-
105,000.00	બિલ્સ ફોર કલેક્શન બીઈંગ બિલ્સ રિસીવેબલ (કોન્ટ્રા મુજબ) 5) BILLS FOR COLLECTION BEING BILLS RECEIVABLE (AS PER CONTRA)		105,000.00
2,114,480.80	બ્રાન્ચ એડજસ્ટમેન્ટ્સ (નેટ) 6) BRANCH ADJUSTMENTS (Net)		9.00
1,039,398,466.85	ઓવરડ્યુ અકાઉન્ટ્સ પર વ્યાજ માટે અનામત 7) OVERDUE INTEREST RESERVE		1,973,136,043.78
77,001,990.68	ટર્મ-ડિપોઝિટો પર ચુકવવાપાત્ર વ્યાજ 8) INTEREST PAYABLE ON TERM DEPOSITS		71,408,411.21
100,660,229.23	અન્ય જવાબદારીઓ 9) OTHER LIABILITIES	"D"	33,155,885.56
6,830,544,504.03			7,727,224,941.32
53,894,550.00	CONTINGENT LIABILITIES : GUARANTEES ISSUED		49,996,550.00
46,557,253.67	DEAF ACCOUNT WITH RBI NOTES ON ACCOUNTS	"K"	46,633,221.67

NOTES ON ACCOUNTS FORM PART OF ACCOUNTS
PER OUR REPORT OF EVEN DATE

For YARDI PRABHU & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
FRN: 111727W/ W100101

Sd/-
(S. D. YARDI)
PARTNER
M. NO.: 022887
(STATUTORY AUDITORS)

PLACE : Mumbai
DATED : 22/10/2020



AS AT 31 ST MARCH, 19 ₹ PS.	PROPERTY AND ASSETS	SCH	AS AT 31 ST MARCH, 20 ₹ PS.
192,945,163.05	કેશ અને બેન્ક બેલેન્સ 1) CASH AND BANK BALANCES		181,010,938.58
61,266,387.78	અન્ય બેન્કમાં બેલેન્સ 2) BALANCES WITH OTHER BANKS		129,806,003.11
-	મની એટ કોલ અને શોર્ટ નોટિસ 3) MONEY AT CALL AND SHORT NOTICE		-
1,380,940,355.80	રોકાણો 4) INVESTMENTS	"E"	1,168,418,771.29
1,691,888,200.01	ધિરાણ 5) ADVANCES	"F"	1,500,247,995.04
	મેળવવાપાત્ર વ્યાજ 6) INTEREST RECEIVABLE		
16,010,044.44	On investments		13,513,010.50
27,843,167.00	On Performing Advances		28,760,158.08
1,039,398,466.85	On Non-Performing Assets per Contra		1,973,136,043.78
105,000.00	બિલ્સ રિસીવેબલ બીઈંગ બિલ્સ ફોર કલેક્શન પર કોન્ટ્રા 7) BILLS RECEIVABLE BEING BILLS FOR COLLECTION PER CONTRA		105,000.00
-	બ્રાન્ચ એડજસ્ટમેન્ટ (નેટ) 8) BRANCH ADJUSTMENTS (Net)		-
300,919,785.08	ફિક્સ્ડ એસેટ્સ (ગ્રોસ બ્લોક ઘસારા બાદ) 9) FIXED ASSETS (GROSS BLOCK LESS ACC.DEP)	"G"	245,347,609.27
49,427,868.91	અન્ય અસ્ત્યામતો 10) OTHER ASSETS	"H"	56,338,103.72
50,773,932.00	ડિફર્ડ ટેક્સ એસેટ્સ 11) DEFERRED TAX ASSET		50,773,932.00
2,019,026,133.11	12) PROFIT & LOSS ACCOUNT	"I"	2,379,767,375.95
6,830,544,504.03			7,727,224,941.32

Signatures to the Accounts including Schedules and Notes on Accounts

FOR THE KAPOL CO-OPERATIVE BANK LTD.,

KIRTI DAYALAL SHAH
CHAIRMAN

AVINASH BHOGILAL PAREKH
VICE-CHAIRMAN

SHARAD VRAJLAL PAREKH
DIRECTOR

YOGESH BABULAL MEHTA
DIRECTOR

PARESH MOHANLAL PAREKH
DIRECTOR

HEMANSHU RAMNIKILAL MEHTA
DIRECTOR

ASHWIN PRABHUDAS VORA
DIRECTOR

VIJAYKUMAR VITHALDAS GANDHI
DIRECTOR

DHAVAL MANSUKHLAL MEHTA
DIRECTOR

YATIN NATVARLAL MEHTA
DIRECTOR

DHARMESH LAXMIKANT RANA
DIRECTOR

ANIL SHANTILAL PAREKH
DIRECTOR

MEENA ASHOK KANAKIA
DIRECTOR

MEENA BHARATKUMAR BHUTA
DIRECTOR

BHIMRAO MALLAPA NAIK
DIRECTOR

SANDESH ARJUN SAWANT
DIRECTOR

SANDEEP SETHI
CHIEF EXECUTIVE OFFICER



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2020

PREVIOUS YEAR ₹ Ps.	EXPENDITURE	SCH	CURRENT YEAR ₹ Ps.
185,017,720.68	1. વ્યાજ, ઘાપણો, કરજ INTEREST ON DEPOSITS & BORROWINGS	"J"	160,838,340.46
109,214,196.48	2. પગાર, ભથ્થું (એલાવન્સીસ), બોનસ, એક્સગ્રેશીયા SALARIES, ALLOWANCES, BONUS & EX-GRATIA		115,689,416.25
52,086,910.42	3. ભાડુ, ટેક્સ, વીમો, લાઈટીંગ વગેરે RENT, TAXES, INSURANCE & LIGHTING		51,235,961.06
3,057,962.74	4. દાવા ખર્ચ LEGAL & PROFESSIONAL CHARGES		2,570,535.00
1,463,380.00	5. ઓડિટ ફી AUDIT FEES		1,043,000.00
3,549,434.78	6. તાર, ટપાલ અને ટેલિફોન POSTAGE, TELEGRAMS & TELEPHONE CHARGES		3,639,725.43
8,667,734.13	7. માલ ભિલકત, ફર્નિચર અને ફીક્સચરનો ઘસારો અને રિપેરિંગ ખર્ચ DEPRECIATION & REPAIRS to BANK'S ASSETS		10,372,125.14
3,723,145.30	8. સ્ટેશનરી, પ્રિન્ટિંગ અને જાહેરાત PRINTING, STATIONERY & ADVERTISEMENTS		5,098,244.23
14,703,152.80	9. અન્ય ખર્ચ OTHER EXPENDITURE		15,295,524.04
-	10. નુકસાન રેઝર્વી ઓપરેશન દ્વારા AMORTISATION OF REVALUATION RESERVE		-
-	11. સ્થાવર મિલકત નુકસાન Loss on Sale of asset	"K"	4,890,105.50
80,000,000.00	12. માંડ્યાળ ક્ષેત્રી ઘાતભાદ FURTHER DEDUCTION IN TERMS OF SECTION 62(2)		145,500,000.00
3,327,798.87	મલ્ટિ સ્ટેટ કો-ઓપ. સોસાયટી એક્ટ ૨૦૦૨ની કલમ ૬૨ (૨) સંદર્ભ વધુ કપાત OF MULTI STATE CO-OP. SOCIETIES ACT, 2002.		1,708,277.51
	એ) રોકાણ વિભાગ માટે જોગવાઈ a) Provision for Investment Dep		
	ડ) બેડ એન્ડ ડાઉટફુલ ડેબ્ટ અનામત b) Reserve for Doubtfull debts		
	બ) પ્રિમિયમ ઓન ઇનવેસ્ટમેન્ટ એમોર્ટાઇઝડ c) Premium on Investments amortised		
464,811,436.20	જાતા વિષયક નોંધ NOTES ON ACCOUNTS		517,881,254.62

PER OUR REPORT OF EVEN DATE

For YARDI PRABHU & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
FRN: 111727W/ W100101

Sd/-
(S. D. YARDI)
PARTNER
M. NO.: 022887
(STATUTORY AUDITORS)

PLACE : Mumbai
DATED : 22/10/2020



PREVIOUS YEAR ₹ Ps.	INCOME		SCH	CURRENT YEAR ₹ Ps.
140,584,685.56	વ્યાજ અને વટાવ 1. INTEREST & DISCOUNT			136,250,395.35
	નફો, રોકાણ નું વેચાણ દ્વારા 2. PROFIT FROM SALE OF INVESTMENTS	-		225,000.00.
14,137,563.92	આડત (કમિશન), ફીક્સામણ (એક્સચેન્જ) અને દલાલી (બ્રોકરેજ) 3. COMMISSION, EXCHANGE & BROKERAGE (NET)			16,476,592.38
83,282.00	સ્થાવર મીલકત નફો. 4. PROFIT ON SALE OF FIXED ASSETS			101,958.56
-	બીજા આવક 5. OTHER RECEIPTS	-		-
3,833,764.35	પરચુરણ આવક a. Misc. Receipts	2,485,125.68		
-	પ્રિન્ટ રોક બિલ્ડિંગનું ભાડુ b. Rent from Pkt. Rd. Bldg.	-		
1,471,749.91	રેફ ફિપોઝીટ લોકર્સનું ભાડુ c. Rent on S.D.V. Lockers	1,554,888.81		
500.00	ડિવિડન્ડ/બેન્ક શેર્સ d. Dividend on Bank Share	46,051.00		
		4,086,065.49		4,086,065.49
-	આવક વેરા જાતામાંથી પાછી મળેલી રકમ પર વ્યાજ 6. EXCESS PROVISION ON STD. ASSETS W/BACK			
304,699,890.46	NET LOSS BEFORE TAX			360,741,242.84
	LESS Income/ Deferred tax			0
304,699,890.46	NET LOSS AFTER TAX C/D.			360,741,242.84
464,811,436.20				517,881,254.62

Signatures to the Accounts including Schedules and Notes on Accounts

FOR THE KAPOL CO-OPERATIVE BANK LTD.,

KIRTI DAYALAL SHAH
CHAIRMAN

AVINASH BHOGILAL PAREKH
VICE-CHAIRMAN

SHARAD VRAJLAL PAREKH
DIRECTOR

YOGESH BABULAL MEHTA
DIRECTOR

PARESH MOHANLAL PAREKH
DIRECTOR

HEMANSHU RAMNIKILAL MEHTA
DIRECTOR

ASHWIN PRABHUDAS VORA
DIRECTOR

VIJAYKUMAR VITHALDAS GANDHI
DIRECTOR

DHAVAL MANSUKHLAL MEHTA
DIRECTOR

YATIN NATVARLAL MEHTA
DIRECTOR

DHARMESH LAXMIKANT RANA
DIRECTOR

ANIL SHANTILAL PAREKH
DIRECTOR

MEENA ASHOK KANAKIA
DIRECTOR

MEENA BHARATKUMAR BHUTA
DIRECTOR

BHIMRAO MALLAPA NAIK
DIRECTOR

SANDESH ARJUN SAWANT
DIRECTOR

SANDEEP SETH
CHIEF EXECUTIVE OFFICER

SCHEDULES TO BALANCE SHEET

AS AT 31 ST MARCH, 2019 ₹ Ps.	PARTICULARS		AS AT 31 ST MARCH, 2020 ₹ Ps.
300,000,000.00	SCHEDULE-"A" શેર કેપિટલ SHARE CAPITAL		300,000,000.00
	A) Authorised Capital અનુદેશિત ધાપણ રૂ. ૩૦૦,૦૦,૦૦૦ (૩,૦૦,૦૦,૦૦૦) શેર ફોંડ રૂ. ૧૦/- ના 30000000 (30000000) Shares of Rs.10/- each		
	B) Issued, Subscribed and Paid-up : 15565118 (15565118) Shares of Rs.10/- each fully paid: held by : વ્યક્તિ Individuals : 82,18,768 (82,18,768) અન્ય Others : 73,46,350 (73,46,350)	82,187,680.00 73,463,500.00	
		82,187,680.00 73,463,500.00	155,651,180.00 155,651,180.00
155,651,180.00			
176,173,703.65 23,500,000.00 984,492,186.06 391,761.00 2,048,552.00 256,593,625.22 269,030.00 4,090,000.80 8,910,734.62 1,940,770.00 3,886,617.78 10,995,422.71	SCHEDULE-"B" રિઝર્વ અને બીજા ફંડો RESERVE FUND & OTHER FUNDS સ્ટેચ્યુટરી રિઝર્વ ફંડ a) Statutory Reserve Fund બિલ્ડિંગ ફંડ b) Building Fund ભેડ અને ડાઉટફુલ ડેબ્ટ રિઝર્વ c) Reserve for Bad & Doubtful Debts ચેરીટી ફંડ d) Charity Fund કન્ટીનન્સી રિઝર્વ ફંડ e) Contingency Reserve Fund રિવેલ્યુએશન રિઝર્વ f) Revaluation Reserve સ્ટાફ વેલફેર ફંડ g) Staff Welfare Fund મેમ્બર વેલફેર ફંડ h) Members' Welfare Fund જનરલ રિઝર્વ i) General Reserve ઈન્વેસ્ટમેન્ટ ડેપ્રી, રિઝર્વ j) Investment Depreciation Reserve કન્ટીનન્સ રિઝર્વ ફંડ સ્ટાન્ડર્ડ અસેટ્સ તરફ k) Contingent Reserve Fund towards Standard Assets ઇન્વેસ્ટમેન્ટ ફ્લ્યુક્ચુએશન રિઝર્વ l) Investment Fluctuation Reserve	176,174,043.65 23,500,000.00 1,129,992,186.06 391,761.00 2,048,552.00 210,054,076.39 269,030.00 4,090,000.80 8,910,734.62 1,940,770.00 3,886,617.78 10,995,422.71	1,572,253,195.01 1,572,253,195.01
1,473,292,403.84			
1,903,251,607.08 41,354,150.00	SCHEDULE-"C" ધાપણો અને બીજા ખાતાઓ DEPOSIT AND OTHER ACCOUNTS ફિક્સ્ડ અને ટર્મ ધાપણો (i) TERM DEPOSITS (including Matured Term Deposits Rs.50,28,63,792.60 Pr. Year Rs.47,86,05,419.51) વ્યક્તિઓ a) From Individuals & Others સોસાયટીઝ b) From Societies	1,875,653,116.60 49,264,905.00	1,924,918,021.60
1,620,010,133.49 34,041,137.66	બચત ખાતાઓ (ii) SAVINGS BANK DEPOSITS વ્યક્તિઓ a) From Individuals & Others સોસાયટીઝ b) From Societies	1,587,015,712.17 34,613,934.07	1,621,629,646.24
380,581,796.76 3,081,927.64	કરન્ટ ખાતાઓ (iii) CURRENT DEPOSITS વ્યક્તિઓ a) From Individuals & Others સોસાયટીઝ b) From Societies	371,885,333.66 3,082,215.26	374,967,548.92
3,982,320,752.63			3,921,515,216.76

SCHEDULES TO BALANCE SHEET

AS AT 31 ST MARCH, 2019 ₹ Ps.	PARTICULARS		AS AT 31 ST MARCH, 2020 ₹ Ps.
3,743,624.14 1,664,412.16 208,593.30 62,616.34 85,417,583.98 1,314,171.87 8,249,227.44	SCHEDULE-"D" બીજા જવાબદારીઓ OTHER LIABILITIES પે ઓર્ડર્સ ઇસ્યુડ a) Pay orders Issued સ્ટેલ પેયોર્ડર ઇસ્યુડ પેયેબલ b) Stale Payorder Issued Payable સસપેન્સ અકાઉન્ટ c) Suspense Account સસપેન્સ પેયેબલ d) Suspense Payable સંદ્રીઝ e) Sundries આથફ માટે વ્યવસ્થા f) Provision for Income Tax અન્ય વ્યવસ્થાઓ g) Other Provisions	3,620,659.14 1,664,412.16 208,593.30 62,616.34 18,036,205.31 1,314,171.87 8,249,227.44	33,155,885.56 33,155,885.56
100,660,229.23			
1,380,484,355.80 456,000.00 -	SCHEDULE-"E" INVESTMENTS (i) સરકારી અને બીજા જામીનગીરી In Central & State Govt. Securities (ii) શેરમાં Shares in Co-operative Institutions (iii) બોન્ડ્સમાં P.S.U. Bonds & Bonds of A.L.F.I.	1,167,962,771.29 456,000.00 -	1,168,418,771.29
1,380,940,355.80			1,168,418,771.29
939,130.51 1,188,190,210.48 20,760,601.16 1,209,889,942.15	SCHEDULE-"F" વિરાણ ADVANCES મુદતની લોન - કેશ ડ્રેફ્ટ્સ/ઓવરડ્રાફ્ટ/બીલ 1) Short Term Loan, Cash Credit, Overdraft ડિસ્કાઉન્ટ/લોજ અને અન્ય વિરાણ સામે and Bill Discounted of which secured against: સરકારી અને બીજા જામીનગીરી સિક્યોરીટીઝ a) Government & Other approved securities અન્ય જામીનગીરી સામે b) Other Tangible Securities બીજા સિક્યોરીટીઝ c) Personal Sureties ઓવરડ્યુ રકમ રૂ. ૧૪૩૪૪૭૦૪૨૭.૭૩ (૯૭,૯૨,૦૮,૧૮૨.૪૪) i) Amount overdue Rs.1,434,460,426.63 (96,92,08,182.44) મધ્યમ મુદતની લોન જે સિક્યોરીટી ઇન્સ્યુર સામે 2) Medium Term Loan of which Secured against: સરકારી અને અન્ય સ્વીકૃત સિક્યોરીટીઝ a) Government & Other approved Securities અન્ય ટેન્ગિબલ સિક્યોરીટીઝ b) Other Tangible Securities પર્સનલ સ્યુરિટીઝ c) Personal Sureties ઓવરડ્યુ રકમ રૂ. ૩૨૪,૭૯૭,૧૫૨.૩૪ (૩૧,૯૯,૪૪,૫૪૦.૭૧) i) Amount overdue Rs.324,696,152.34 (31,99,44,540.71)	646,352.51 1,045,498,984.94 18,615,277.31	1,064,760,614.76
- 315,251,430.43 37,110,491.53 352,361,921.96		- 309,278,460.71 31,680,307.53	340,958,768.24

SCHEDULES TO BALANCE SHEET

AS AT 31 ST MARCH, 2019 ₹ Ps.	PARTICULARS		AS AT 31 ST MARCH, 2020 ₹ Ps.
- 129,636,335.90 -	3) <u>Long Term Loans of which Secured against:</u> a) Government & Other approved Securities સરકારી અને અન્ય સ્વીકૃત સિક્યુરિટીઝ b) Other Tangible Securities અન્ય ટેન્ગિબલ સિક્યુરિટીઝ c) Personal Sureties પર્સનલ સ્પેરિટીઝ	94,528,612.04 - -	94,528,612.04
129,636,335.90	i) Amount overdue Rs. 8,357,225.70 (89,26,171.94) ઓવરડ્યુ રકમ રૂ. ૮,૩૫૭,૨૨૫.૭૦ (૮૯,૨૬,૧૭૧.૯૪) [Out of the total advances, Rs.15002.48 lakhs (Rs.16918.88 lakhs) Rs.13339.08 lakhs (Rs.9770.01 lakhs) considered Bad & Doubtful of recovery and provided for Rs.11218.69 lakhs (previous year Rs.9844.92 lakhs)]		
1,691,888,200.01			1,500,247,995.04
	SCHEDULE-"G"		
42,852,768.14	I) <u>FIXED ASSETS</u> <u>FURNITURE & FIXTURES</u> GROSS BLOCK At Original cost Add: Additions during the year Less: Sales / Write off / Trfd. during the year	42,852,768.14 - 11,335,798.12	31,516,970.02
31,495,014.30	Total ACCUMULATED DEPRECIATION Opening Balance Add: Depreciation during the year Less: Depreciation write back during the year	 31,495,014.30 823,148.96 8,209,530.21	
11,357,753.84	NET BLOCK (I)	24,108,633.05	7,408,336.97
19,807,988.11			
16,012,028.54	II) <u>OFFICE EQUIPMENT</u> GROSS BLOCK At Original cost Add: Additions during the year Less: Sales / Write off / Trfd. during the year	19,807,988.11 - 2,347,559.71	17,460,428.40
	Total		
	ACCUMULATED DEPRECIATION Opening Balance Add: Depreciation during the year Less: Depreciation write back during the year	16,012,028.54 496,958.90 1,864,659.34	14,644,328.10
3,795,959.57	NET BLOCK (II)	2,816,100.30	2,816,100.30
46,736,162.00			
46,470,231.34	III) <u>COMPUTER HARDWARE</u> GROSS BLOCK At Original cost Add: Additions during the year Less: Sales / Write off / Trfd. during the year	46,736,162.00 - 6,909,107.44	39,827,054.56
	Total		
	ACCUMULATED DEPRECIATION Opening Balance Add: Depreciation during the year Less: Depreciation write back during the year	46,470,231.34 112,119.32 6,909,059.44	39,673,291.22
265,930.66	NET BLOCK (III)		153,763.34

SCHEDULES TO BALANCE SHEET

AS AT 31 ST MARCH, 2019 ₹ Ps.	PARTICULARS		AS AT 31 ST MARCH, 2020 ₹ Ps.
4,331,955.57	IV) SAFE DEPOSIT LOCKERS GROSS BLOCK At Original cost Add: Additions during the year Less: Sales / Write off / Trfd. during the year	4,331,955.57 - 232,000.00	4,099,955.57
3,828,312.46	Total ACCUMULATED DEPRECIATION Opening Balance Add: Depreciation during the year Less: Depreciation write back during the year	 3,828,312.46 65,227.09 163,204.15	
503,643.11	NET BLOCK (IV)	3,730,335.40	369,620.17
8,221,318.49			
5,178,921.36	V) CIVIL WORK GROSS BLOCK At Original cost Add: Additions during the year Less: Sales / Write off / Trfd. during the year	8,221,318.49 - 3,055,461.33	5,165,857.16
	Total		
	ACCUMULATED DEPRECIATION Opening Balance Add: Depreciation during the year Less: Depreciation write back during the year	5,178,921.36 174,155.29 1,754,616.45	3,598,460.20
3,042,397.13	NET BLOCK (V)	1,567,396.96	1,567,396.96
3,210,391.00			
	VI) MOTOR VEHICLES GROSS BLOCK At Original cost Add: Additions during the year Less: Sales / Write off / Trfd. during the year	3,210,391.00 - -	3,210,391.00
2,100,618.12	Total		
	ACCUMULATED DEPRECIATION Opening Balance Add: Depreciation during the year Less: Depreciation write back during the year	2,100,618.12 166,465.92 -	2,267,084.04
1,109,772.88	NET BLOCK (VI)	943,306.96	943,306.96
13,326,962.63			
13,259,729.67	VII) COMPUTER SOFTWARE GROSS BLOCK At Original cost Add: Additions during the year	13,326,962.63	13,326,962.63
	Total		
	ACCUMULATED DEPRECIATION Opening Balance Less: Sales / Write off / Trfd. during the year	13,259,729.67 67,232.96	13,326,962.63
67,232.96	NET BLOCK (VII)	-	-
2,792,267.73			
	VIII) DEAD STOCK GROSS BLOCK At Original cost Less: Sales / Write off / Trfd. during the year	2,792,267.73 753060.62	2,039,207.11
	Total		

SCHEDULES TO BALANCE SHEET

AS AT 31 ST MARCH, 2019 ₹ Ps.	PARTICULARS		AS AT 31 ST MARCH, 2020 ₹ Ps.
2,170,151.22	ACCUMULATED DEPRECIATION Opening Balance Add: Depreciation during the year Less: Sales / Write off / Trfd. during the year	2,170,151.22 43362.71 564570.69	1,648,943.24
622,116.51	NET BLOCK (VIII)		390,263.87
606,858,959.74	IX) PREMISES GROSS BLOCK (Including revaluation reserve of Rs. 434,763,024.28) At Original cost Add: Additions during the year Less: Sales / Write off / Trfd. during the year	606,858,959.74 . .	606,858,959.74
326,703,981.32	ACCUMULATED DEPRECIATION Opening Balance Add: Depreciation during the year Add: Revaluation amortised during the year Less: Depreciation on change of Method W/Back	326,703,981.32 1,916,608.89 46,539,548.83 .	375,160,139.04
280,154,978.42	NET BLOCK (IX)		231,698,820.70
300,919,785.08	NET BLOCK TOTAL (I + II + III + IV + V + VI + VII + VIII + IX)		245,347,609.27
	SCHEDULE-"H"		
892,451.28 1,180,877.50 20,209,163.49 524,455.51 5,800.00 - 26,146,505.13 468,616.00	OTHER ASSETS a) Tax Deducted at Source b) Telephone, Electricity & Other Deposits c) Rent & Other Deposits for Premises d) Stock of Stationery e) Postage Stamps & Stamped Documents on Hand f) Income Tax Refund Receivable g) Sundries h) Advance Tax	850,887.28 1,177,377.50 14,213,736.01 452,355.10 5,800.00 . 39,169,331.83 468,616.00	56,338,103.72
49,427,868.91			56,338,103.72

AS AT 31 ST MARCH, 2019 ₹ Ps.	PARTICULARS		AS AT 31 ST MARCH, 2020 ₹ Ps.
1,714,326,242.65	SCHEDULE-"I" नक्षत तोटा भाते PROFIT AND LOSS ACCOUNT गया वर्षना सारवेया मुजब Profit as per last Balance Sheet	2,019,026,133.11	
304,699,890.46	Add: Net Loss for the year as per Profit and Loss A/c.	360,741,242.84	
2,019,026,133.11			2,379,767,375.95

SCHEDULES TO PROFIT AND LOSS ACCOUNT

PREVIOUS YEAR	PARTICULARS		CURRENT YEAR
	SCHEDULE-"J"		
	OTHER EXPENDITURE		
3,509,542.65	i) Miscellaneous Charges	2,766,812.27	
582,330.24	ii) Conveyance Charges	744,789.02	
933778.14	iii) Cash Van / Motor Car Exps.	933,703.83	
2,656,820.00	iv) Security Service Charges	2,757,957.93	
-	v) Customer Meeting Expenses	105,100.00	
1,369,721.30	vi) Demat Expenses	1,083,663.73	
338,662.26	vii) Water Charges	311,288.76	
70,051.64	viii) Bank Charges	60,952.68	
199,552.00	ix) Travelling Expenses	198,530.00	
140,118.16	x) Computer Software Expenses	120,000.00	
1,500.00	xi) Locker Rent	.	
2,400.00	xii) Interest on Tax	14,003.00	
4,859,429.41	xiii) Cenvat Reversal A/c.	4,615,315.44	
39,247.00	xiv) Election Expenses	1,583,407.38	
14,703,152.80			15,295,524.04
			15,295,524.04



SCHEDULE - “ K ”
NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020

1.1) OVERVIEW

The Kapol Co-op. Bank Ltd. (Kapol Bank) was incorporated in 1939 and has completed its 81 years of provision of wide range of Banking and Financial Services including commercial Banking and Treasury Operations.

2) BASIS OF PREPARATION

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

3) USE OF ESTIMATES

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts 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. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively.

II. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

The financial statements are drawn up keeping in mind the historical costs and going concern concept and in accordance with generally accepted accounting principles and practices prevailing in Co-Operative Banks in India except otherwise stated.

2. Revenue Recognition

Income and expenditure are accounted on accrual basis except as stated below:

- a. Interest on Advances classified as Sub-standard, Doubtful or Loss Assets are recognized on realization. Unrealized interest on non-performing advances are shown under “Overdue Interest Reserve” and correspondingly shown under “Interest Receivable” in the Balance Sheet.
- b. Commission, Exchange and Locker Rent is recognized as income on receipt basis.
- c. Interest on Fixed Income Securities is recognized on accrual basis in case it is serviced regularly.
- d. Broken period interest in respect of investments is treated as an item of revenue in Profit and Loss Account.

3. Investments

- a) The Bank has classified the investments in accordance with the RBI guidelines applicable to Urban Co-Operative Banks. Accordingly, classification of investments for the purpose of valuation is done under the following categories:
 - i) Held to Maturity (HTM)
 - ii) Held for Trading (HFT)
 - iii) Available for Sale (AFS)
- b) Investments under HTM category are valued at face value. Premium, if any, on investments under HTM category is amortized over the residual life of the particular investment.
- c) Investments under “HFT” and “AFS” categories have been marked to market on the basis of guidelines issued by Reserve Bank of India. While net depreciation, if any, under each classification has been provided for, net appreciation, if any, has been ignored.
- d) For the purpose of valuation, market value in the case of State Govt. and other Securities, for which quotes are not available, is determined on the basis of the “Yield to Maturity” indicated by Primary Dealers Association of India (PDAI) jointly with Fixed Income and Money Market Derivates Association of India (FIMMDA).

4. Advances

- a) Advances are classified into Standard, Sub-Standard, Doubtful and Loss Assets in accordance with the guidelines issued by the Reserve Bank of India from time to time.
- b) Provision on Advances categorized under Sub-Standard, Doubtful and Loss Assets is made in accordance with the guidelines issued by the Reserve Bank of India. In addition, a general provision on standard assets is made as per RBI guidelines.

5. Property, Plant & Equipment (AS 10)

- a) Property, Plant and Equipment are stated at historical cost less accumulated depreciation in accordance with AS 10 issued by Institute of Chartered Accountants of India (ICAI). Fixed Assets include incidental expenses incurred on acquisition and installation of the assets.
- b) Depreciation is provided on written down value on all the fixed assets except computers and premises. Depreciation on computers is calculated under Straight Line Method @ 33 1/3%.
- c) Depreciation on premises is calculated on the basis of rate determined with reference to residual life of each item of premises. Estimated life of premises is considered as 60 years.
- d) Fixed Assets are depreciated on written down value basis at the rates and in the manner prescribed by the Management of the Bank as under:

Furniture & Fixtures	10%
Vehicles	15%
Office equipment	15%
Safe Deposit Vault	15%
Civil Work	10%

- e) Depreciation on assets purchased are charged on pro-rata basis to the extent of asset put to use. Depreciation on assets sold is also charged on pro-rata basis till the asset is held in possession of the Bank.
- f) Profit/Loss on sale or disposal of asset is recognized in the year in which such sale or disposal takes place.

6. Staff Retirement Benefits

- a) Privilege leave is the defined benefit scheme. The Bank has taken policy for its employees under the Employees Group Leave Encashment cum Life Assurance Scheme managed by Life Insurance Corporation of India. In terms of Accounting Standard-15 (Revised), interest cost, current service cost and net actuarial gain/loss is charged to the Profit and Loss account and net assets/liability is recognized in Balance Sheet based on actuarial valuation done by an independent actuary as at the year end, using the Projected Unit Credit Method.
- b) Provident fund contributions are made to Government Provident Fund on actual basis.
- c) Gratuity payable to staff is provided on the basis of actuarial valuation determined by LIC by way of premium.



7. Taxation:

Tax expense comprises both deferred and current taxes. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

8. Segment Reporting

In accordance with the guidelines issued by RBI, Segment Reporting is made as under:

- i) Treasury includes all investment portfolio, profit / loss on sale of investments, profit / loss on foreign exchange transactions, equities and money market operations. 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 category investments.
- ii) Other Banking Operations include all other operations not covered under Treasury operations.

9. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Bank has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimates can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a. A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non occurrence of one or more uncertain future events not within the control of the Bank; or
 - b. A present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- When there is a possible or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually

III. NOTES ON ACCOUNTS

- 1) Board of Directors of the was superseded by RBI w.e.f. 20th June, 2014. RBI vide its letter No.DCBS.CO.BSD-1/D-9/12.22.111/2016-17 dated 30.03.2017 and also vide its letter no. DCBR.CO.AID No-D- 16/12.22.111/2017-18 dated 25/09/2017 issued directions to the bank under section 35A and allowed the Bank to extend period of its operations till 31.03.2018 initially. In the said communication, under directions from RBI, the customers were permitted to withdraw upto Rs.10,000/- per depositor. Further, the Bank was permitted to adjust term deposits pledged to loan accounts of the Borrowers of the Bank.
 - 2) A new Board of Directors as directed by the Reserve Bank of India has taken over charge of the Bank from 11.06.2019.
 - 3) RBI has by various communications dated 20.03.2018, 23.07.2018 and 24.01.2019, 29.01.2020 and 31.07.2020 has allowed the Bank to extend its period of operations till 31.07.2018, 31.01.2019, 31.07.2019 and 31.01.2021 respectively with other terms & conditions of Directions remaining unchanged.
 - 4) In view of deteriorating financial health of the Bank, continuing operating losses, erosion of network and erosion of deposits to the extent of more than 50%, concerns were raised regarding continuance of “Going Concern” status of the Bank. However, the Bank feels that it continues to remain a “Going Concern” in view of the following:
 - The Banking licence issued to the Bank is still in force and Bank is allowed to undertake Banking business with restrictions till its financial position improves.
 - The Bank is permitted to operate the accounts of customers and make permitted payments and also to recover NPA/ interest on loans and advances. The amounts so recovered are invested in Government Securities.
 - The Bank has recovered more than Rs.11.00 crores during the year 2019-20 and efforts are on for recovery in other NPA accounts.
 - The Bank has sufficient liquidity and has not defaulted in maintenance of statutory liquidity requirements like SLR and CRR.
 - The Bank has submitted detailed business plan to Reserve Bank of India for revival of the Bank and the Reserve Bank of India has extended the period of operation of the Bank upto 31.01.2021. As a part of the business plan, among others, the Bank has initiated the process for conversion of deposits into equity in a bid to improve the capital adequacy ratio and consent for conversion of deposits into equity from 3918 depositors aggregating deposits of Rs.184.00 crores has been received. Process of obtaining further approvals is on.
- In view of the above, the Bank has prepared the accounts on “Going Concern” basis.
- 5) In view of losses as per the books and as per the computation of income, there is no tax liability and hence, no provision for income tax is made in the accounts. Deferred tax arising out of timing difference between Book profit and taxable profit has also not been recognized due to uncertainty about realization of deferred tax asset out of future taxable profits.
 - 6) The Bank has calculated upto date compounded interest on various loans and advances for which recovery measures have been initiated or legal action has been taken for recovery in various courts / arbitration process. Such amount of Rs.74,71,46,356.00 has been accounted under Interest Receivable on Non-Performing Assets and corresponding provision has been made under Overdue Interest Reserve. Most of these loans are doubtful of recovery for several years and there is serious doubt and uncertainty of recovery of these amounts in the absence of any tangible securities or assets of the borrowers to fall back upon.
 - 7) The Bank has not restructured any loans during the year. As such, disclosure of restructured loans as required by RBI guidelines is not given.
 - 8) Miscellaneous receipts of Rs.24,85,125.68 include Demat Service Charges of Rs.20,03,619.70, Service Charges of Rs. 80,359.67 and others Rs.3,97,664.31.

9) AS-5 - Prior Period Adjustment

There are no material prior period expenditure / income requiring disclosure by the Bank during the year.

10) AS-10 - Property, Plant and Equipment:

The Bank has disclosed property, plant and equipment at historical cost and depreciation thereon in accordance with AS 10 issued by ICAI.

11) AS -15 – Retirement Benefits

- a) The Bank has paid Rs. 38.14 lakhs to LIC towards liability of leave encashment on actuarial basis.
- b) Since present value of obligations is in excess of fair value of plan assets by Rs150.85 lacs, there is no liability on the bank towards gratuity. However, the Bank has paid Rs. 3.15 lacs to LIC to keep the policy live. The details as required by Accounting Standard 15 (AS 15) (Revised) -issued by ICAI pertaining to Gratuity is as under:



(₹ in Lakhs)

Sr. No.	Particulars	Gratuity (Funded) 31.03.2019	Gratuity (Funded) 31.03.2020
1.	Discount rate	7.50%	7.25%
2.	Expected Return on plan assets	7.50%	7.25%
3.	Salary escalation rate	7.00%	8.00%
4.	Reconciliation of opening and closing balance of the present value of the defined benefit obligation:		
	i. Present value of obligation as at 01.04.2019	659.05	1015.55
	ii. Interest cost	49.43	76.16
	iii. Current service cost	11.63	33.72
	Liability transfer in		
	iv. Benefits paid	(36.25)	(10.16)
	v. Actuarial (gains) / loss on obligations	331.69	(14.57)
	vi. Present value of obligation as at 31-03-2020	1015.55	1100.70
5.	Reconciliation of opening & closing balance of fair value of fair plan assets:		
	i. Fair value of plan assets as at 01-04-2019	1117.04	1178.83
	ii. Expected return on plan assets	98.04	82.88
	iii. Contributions	Nil	Nil
	iv. Benefits paid	(36.25)	(10.16)
	v. Actuarial (gain) / loss on plan assets	Nil	Nil
	vi. Fair value of plan assets as at 31-03-2020	1178.83	1251.55
6.	Fair Value of Plan Assets		
	Fair value of plan assets at beginning of year	1117.04	1178.83
	Actual return on plan assets	98.04	82.88
	Contributions	Nil	Nil
	Benefits Paid	(36.25)	(10.16)
	Fair value of plan assets at the end of year	1178.83	1251.55
	Funded status	163.26	151.70
	Excess of actual over estimated return on plan assets	Nil	Nil
7.	Amount recognized in Balance Sheet		
	i. Present value of obligations as at 31-03-2020	1015.55	1100.70
	ii. Fair value of Plan Assets as at 31-03-2020	1178.33	1251.55
	iii. Funded status	163.28	150.85
	iv. Assets / (liability) as at 31-03-2020	163.28	150.85
8.	Expenses recognized in Profit & Loss Account		
	i. Current service cost	11.63	33.72
	ii. Interest cost	49.43	76.17
	iii. Expected Return on planned Assets	(98.04)	(82.88)
	iv. Net actuarial (gain) / loss	331.70	(14.57)
	v. Expenses to be recognized in Profit & Loss Account	294.72	12.43

12) AS-17–Primary Segment Reporting (By Business Segments)

	Treasury	Other Banking Operations	Total
Segment Revenue	783.20	788.20	1,571.40
Segment Revenue	(852.98)	(748.14)	(1,601.12)
Less: Segment Cost	535.61	3,188.20	3,723.81
	(656.66)	(3,191.46)	(3,848.11)
Result Profit/ (loss)	247.59	(2,400.00)	(2,152.41)
	(196.32)	(-2443.32)	(-2246.99)
(Less): Provisions	-	—	1,455.00
			(800.00)
(Less): Income Tax expense	-	-	Nil
	(-)	(-)	(Nil)
Net Profit (Loss)	-	-	(3,607.41)
	-	-	(-3,046.99)
OTHER INFORMATION			
Segment Assets	11,819.32	41,184.32	53,003.64
	13,972.00	33,153.66	47,125.66
Unallocated Assets	(-)	(-)	24,268.61
			21,179.79
Total Assets			77,272.25
			68,305.45
Segment Liabilities	129.36	59,226.58	59,355.94
	129.36	52,002.87	52,132.23
Unallocated Liabilities	(-)	(-)	17,916.31
			16,173.22
Total Liabilities			77,272.25
			68,305.45



13) AS-18 – Related Parties and Disclosure

The Bank is a Co-operative Society under the Multi State Co-operative Societies Act, 2002 and there are no related parties requiring disclosure under Accounting Standard 18 issued by I.C.A.I., other than Key Management Personnel Mr. Sandeep Seth (w.e.f. 01.12.2019) the Chief Executive Officer(s) of the Bank. However, in terms of the Reserve Bank of India Circular dated 29.03.2003, he being a single party covered by this category, no further details thereon need to be disclosed.

14) AS 19 - Leases

The Bank has cancellable operating leases and the disclosures under AS 19 on “Leases” issued by The Institute of Chartered Accountants of India (ICAI) are as follows:

	(₹ in Lakhs)	
	31.03.2019	31.03.2020
Future lease rental payable as at the end of the year:	570.22	1071.40
- Not later than one year	298.09	214.28
- Later than one year and not later than five year	272.13	857.12
- Later than five years	0.00	0.00
Total of minimum lease payments recognized in the profit and loss account for the year:	386.69	359.65
Total of future minimum sub-lease payment expected to be received under non-cancellable sub-lease	Nil	Nil
Sub-lease payments recognized in the profit and loss account for the year	Nil	Nil

16) EPS

Bank's EPS disclosure is as under:

Particulars	2018 -19	2019 -20
Net Profit/(Loss) after tax (Rs. In Lakhs)	(3,047.00)	(3,607.41)
Face value per share (Rs.)	10	10
Weighted average no. of equity shares	15565118	15565118
Basic / Diluted EPS (Rs.)	(19.57)	(23.18)

16) AS-21 – Consolidated Financial Statements

Since Bank does not have any Subsidiary Companies/ Co-Operative Societies, the Accounting Standard 21 (AS-21) regarding consolidated financial statements is not applicable to the Bank.

17) AS-22—Deferred Tax:

The Bank has **decided not to recognize timing differences** between book profit and taxable profits and consequent Deferred tax for the current year due to uncertainty about realization of deferred tax asset out of future taxable profits.

18) AS-26 - Details of Expenditure on Computer Software

Details of Computer Software Expenses in accordance with Accounting Standard 26 on Intangible Assets issued by ICAI are as under:

	31.03.2019	31.03.2020
Carrying amount at the beginning of the year	1.89	0.67
Add: Additions during the year	- -	- -
Less: Amortization during the year	1.22	0.67
Carrying amount at the end of the year	0.67	Nil

19) AS-28 – Impairment of Asset

The Bank has ascertained that there is no impairment in the fixed assets of the Bank and as such, no disclosure in compliance with Accounting Standard 28 issued by the ICAI is given.

20) AS - 29 – Provisions Contingent Liabilities and Contingent Assets

	31.03.2019 Rs.	31.03.2020 Rs.
Bank Guarantees	5,38,94,550.00	4,99,96,550.00

21) Contingent Liabilities – Others

Due to imposition of various restrictions on the operation of the bank vide RBI Directive no.DCBS.CO BSD-4/2224/12.22.111/2016-17,the bank is not permitted to deposit/transfer credit balances of unclaimed liabilities to RBI in terms of DBOD Circular No. DEAF Cell.BC.114/30.01.002/2013-14 dated May 27, 2014 and hence bank has not transferred any amount towards credit balances of unclaimed liabilities to RBI during the year. The required disclosure as per the said circular is as under:

	(₹ in Lakhs)	
Particulars	31.03.2019	31.03.2020
Opening balance of amounts transferred to DEAF	465.57	465.57
Add: Amounts transferred to DEAF during the year	- - -	0.76
Less: Amounts reimbursed by DEAF towards claims	- - -	- - -
Closing balance of amounts transferred to DEAF	465.57	466.33

22) Previous year's figures have been regrouped/ rearranged wherever necessary to conform to the layout of the accounts of the current year.

IV. Disclosure as per RBI Circular No. UBD CO BPD(PCB) Cir. No.52/12.05.001/2013-14 dated 25.03.2014: (₹ in Lakhs)

Sr. No.	Particulars	31.03.2019	31.03.2020
1)	Capital to Risk Asset Ratio (CRAR)	-139.44	-221.51
2)	Movement of CRAR (Basis Point)	(48.02)	(82.07)
	Risk Weighted assets	12217.21	9,318.90
3)	Values of Investments are as under:		
	Government / Approved Securities-(SLR)		
	Face Value	10550.00	11,800.00
	Book Value	13804.84	11,679.63
	Market Value	10117.02	11,622.41
	Total Face Value	10557.16	11807.16
	Total Market Value	10117.02	11622.41
	Fixed Deposits with State, District, Central Co operative Banks and other banks	2.60	2.60
	Bonds of Public Sector Undertakings (Covered under cash and Balances with other banks)	---	---
	Shares in Co-operative Institutions	4.56	4.56
	Total of book value	13812.00	11686.79

* Composition of Non SLR Investments as on 31st Mar 2020: (₹ in Lakhs)

Sr. No.	Issuer	Amount	Extent of 'below Investment grade' Securities	Extent of 'unrated securities	Extent of 'unlisted' securities
1	PSUs	Nil	Nil	Nil	Nil
2	FIs	Nil	Nil	Nil	Nil
3	Public, Private Banks & Co-op bank	Nil	Nil	Nil	Nil
4	Others (shares in co-op institutes)	4.56	Nil	Nil	Nil
5	Provision held towards depreciation	Nil	Nil	Nil	Nil
	Total	4.56	Nil	Nil	Nil

There were no Repo / Reverse Repo Transactions during the year.

* Non performing Non-SLR Investments:

Particulars	31.03.2019 Amount	31.03.2020 Amount
Opening Balance		
Additions during the year since 1st April	Nil	Nil
Reductions during the above period	Nil	Nil
Closing Balance *	Nil	Nil
Total provisions held	Nil	Nil

Particulars	31-03-2019	31-03-2020
4) Advances against Real Estate, Construction Business, Housing		
A.Housing	715.85	526.76
B.Construction business & Other Real Estate	2198.46	2015.93
C.Mortgage other than individual Housing Loans	1250.07	1280.70
5) Advances against Shares & Debentures	1.84	Nil
6) Advance to Directors, their relatives and Companies / Firms in which they are interested	N.A.	Nil
7) Cost of Deposits		
Average cost of deposits	4.57%	4.07%
8) NPAs		
a)Gross NPAs	14138.24	13820.04
b)Net NPAs	4293.32	2520.12
c)Non Performing investments	Nil	Nil
9) Movement in Gross NPAs		
Opening Balance	13963.96	14138.24
Add: Additions during the year	814.73	570.99
	14778.69	14709.23
Less: Closed / Recovered / Written Off	640.45	889.19
Closing Balance	14138.24	13820.04
10) Disclosure of Net NPAs		
Gross NPAs	14138.24	13820.04
Less: Reduction during the year		
Less: Provision for bad and doubtful debts	9844.92	11299.92
Net NPA	4293.32	2520.12
11) Profitability		
a)Interest income as a percentage of working funds	2.41%	2.37%
b)Non-interest income as a percentage of working funds	0.33%	0.36%
c)Operating profit/(loss) as a percentage of working funds	(3.79%)	(3.74%)
d)Return on Assets (Net Profit/ Average of working funds)	Nil	Nil
e)Business (Deposits + Advances) per employee (Rs. In lacs)	333.78	320.81
f)Profit per employee (Rs. in lacs)	Nil	Nil
12) Provisions made towards NPAs, depreciation on investments and Standard Assets		
NPAs	800.00	1455.00
Depreciation on Investments	-	-
Standard Assets	Nil	Nil
13) Movement in provisions		
A. Towards NPAs		
Opening Balance	9044.92	9844.92
Add: Additions during the year	800.00	1455.00
Less: Closed/ Recovered/ Written Off/Transfer	-	-
Closing Balance	9844.92	11,299.92
B. Towards Standard Assets		
Opening Balance	38.87	38.87
Add: Additions during the year	-	-
Less: Written back to Profit & Loss account	-	-
Closing Balance	38.87	38.87
C. Towards Depreciation on Investments		
Opening Balance	19.41	19.41
Add: Additions during the year	—	—

	Less: Closed / Reversed / Transferred / written back during the year Closing Balance	19.41	19.41
	D. Towards Investment Fluctuation Reserve		
	Opening Balance	109.95	109.95
	Add: Additions during the year	—	—
	Less: Closed / Reversed / Transferred / written back during the year	—	—
	Closing Balance	109.95	109.95
14)	Foreign currency assets & liabilities	Nil	Nil
15)	Payment to DICGC premium including arrears	41.79	40.45

16) No penalty has been imposed on the bank by RBI during the year.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

(₹ in Lakhs)

PARTICULARS	Rs. In Lacs	Cash (Cash Inflow / cash outflow)	Net Flow
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit as per Profit & Loss A/c.	(3,607.41)		(3,607.41)
Add: Notional Entries/Adjustment Entries			
Depreciation on Fixed Assests	38.65		
Cenvat Reversal	-		
Loss on Sale of Assets	48.90		
Provisions	1,455.00		
Prior Period Adjustment			
Amortisation of premium on Investment	17.08	1,559.64	
Less:			
Profit on sale of fixed assets	(1.02)		
Profit on sale of Investment	(2.25)		
		(3.27)	1,556.37
[increase] in Reserve for BDDR			
Decrease in Reserve for Standard assets		-	
(Increase) Decrease in operating assets			
(Increase) / Decrease in Deferred tax			
Advances	1,916.40		-
Other Assets	(69.10)		
Interest on Advances	(9.17)		
Deposits and Other Accounts	(608.06)		
Branch Adjustment (Net)	(21.14)		
Interest Payable On Terms Deposits	(55.94)		
Other Liabilities	(932.41)	220.58	220.58
Net Cash Flow from Operating Activities (A)			(1,830.46)
CASH FLOW FROM INVESTING ACTIVITIES			
Investments	2,125.22		
Interest on Investment	24.97		
Fixed Assets	246.33	2,396.52	
Net Cash Flow from Investing Activities (B)			2,396.52
CASH FLOW FROM FINANCING ACTIVITIES			
Decrease in Share Capital			
Increase in reserve			
Net Cash Flow from Financing Activities (C)			-
NET CASH OUT FLOWS ON ACCOUNT OF OPERATING, INVESTING AND FINANCING ACTIVITIES (A + B + C)			566.05
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			2,542.12
CASH AND CASH EQUIVALENT AT THE END OF THE YEAR			3,108.17
NET OUT FLOW IN CASH AND CASH EQUIVALENTS WITHIN THE YEAR			566.05

Details of cash and cash equivalents

In hand and with RBI, State and District Co-op. Banks

Balance with other banks

Money at call and at short notice

PER OUR REPORT OF EVEN DATE

For YARDI PRABHU & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

FRN: 111727W/ W100101

Sd/-

(S. D. YARDI)

PARTNER

M. NO.: 022887

(STATUTORY AUDITORS)

PLACE : Mumbai

DATED : 22/10/2020

31.03.20	31.03.19
1,810.11	1,929.45
1,298.06	612.66
-	-
3,108.17	2,542.12

FOR THE KAPOL CO-OPERATIVE BANK LTD.,

SANDEEP SETH
CHIEF EXECUTIVE OFFICER

PLACE : Mumbai
DATED : 22/10/2020