



**Sheth Shri Shantaram Mangesh Kulkarni**  
(Founder Chairman)

## BOARD OF DIRECTORS

### Chairman

**KISHORE KULKARNI**, B.Com. (Hons.), LL.B., ACMA

### Vice-Chairman

**NAGESH PINGE**, B.Com (Hons.), LL.B. (Gen), ACA

### Directors

**RAJAN BHAT**, M.Com.

**NAGESH FOVKAR**, Civil Engineer

**SUNIL GAITONDE**, B.Com., LL.B., FCA

**SHREEDHAR KAMAT**, B.A. (Hons.), LL.B.

**VASUDEV MASUREKAR**, B.Sc., LL.B., D.T.M.

**KAUSHAL MUZUMDAR**, B.Com., FCA, PGDM (IIMB)

**ANIL NADKARNI**, B.Sc., PGDCM

**LAXMIKANT PRABHU**, B.E. (Civil), PG-HRM

**SUJATA RANGNEKAR**, B. Com., LL.B., ACA

### Managing Director

**CHINTAMANI NADKARNI**, B. Com., ACA

### Statutory Auditors

**M/S. A.P. SANZGIRI & CO.**, Chartered Accountants

## COMMITTEES

### ADVANCES & RECOVERY

RAJAN BHAT  
SUNIL GAITONDE  
SHREEDHAR KAMAT  
KAUSHAL MUZUMDAR  
SUJATA RANGNEKAR

### DEVELOPMENT & STAFF

NAGESH FOVKAR  
VASUDEV MASUREKAR  
KAUSHAL MUZUMDAR  
ANIL NADKARNI  
LAXMIKANT PRABHU

### AUDIT

NAGESH FOVKAR  
SUNIL GAITONDE  
LAXMIKANT PRABHU  
SUJATA RANGNEKAR

### INVESTMENT

RAJAN BHAT  
SUNIL GAITONDE  
SHREEDHAR KAMAT  
SUJATA RANGNEKAR

Chairman and Vice-Chairman are members of all the Committees



## NOTICE

Notice is hereby given that the **Ninety-Eighth Annual General Meeting** of the Members of NKGSB Co-operative Bank Ltd., Mumbai, will be held on **SATURDAY, THE 27th JUNE, 2015, AT 4.30 P.M. AT INDIAN EDUCATION SOCIETY'S PRACHARYA B. N. VAIDYA SABHAGRAHA, HINDU COLONY, DADAR (E), MUMBAI- 400 014** to transact the following business :

1. To receive and adopt the Statutory Auditors' Report, the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 2015 and Audited Balance Sheet as on that date.
2. To approve appropriations of Profit and to declare dividend for the year ended 31st March, 2015.
3. To appoint Statutory Auditors up to the date of 99th Annual General Meeting.
4. To approve amendments to Bye-Law Nos. 3, 10 (ii), 36 and 40 as per Annexure II.
5. Any other business that may be brought forward with the permission of the Chair.

May 29, 2015

By order of the Board

Regd. Office : Laxmi Sadan,  
361, V.P. Road,  
Girgaum,  
Mumbai 400 004

**CHINTAMANI NADKARNI**  
Managing Director

- NOTE: \*
- If there is no quorum at the appointed time, the meeting shall stand adjourned to 5 p.m. on the same day at the same venue, at which time the members present shall constitute the quorum in terms of Bye-Law No. 32 (iii) and the agenda of the meeting shall then be transacted.
  - As per Rule No. 18 of the Multi-State Co-op. Societies Rules, 2002, the Minutes of the 97th Annual General Meeting held on 21st June, 2014 were duly approved by the Board of Directors in its meeting held on 18th July, 2014 and copies thereof were made available at the branches and the Registered Office.
  - Copies of the Annual Report are made available at the Registered Office as well as all branches of the Bank.

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## APPEAL TO MEMBERS

1. If any member desires to have any information in connection with the accounts, he is requested to intimate to the Managing Director at the Registered Office, AT LEAST SIX DAYS in advance of the Annual General Meeting so that the necessary explanation or information can be easily made available.
2. In case of members who have Bank accounts in NKGSB Co-operative Bank Ltd., the dividend amount will be credited to their accounts, if written instructions are given to us to that effect. Where the dividend warrant stands in the joint names, such instructions are required to be signed by all the joint holders. Please inform us your account number and the branch where it is operated and mail the form to our Share Department. Members are also requested to intimate change of address to Share Department.
3. Many members have not collected their past dividend amounts for the year 2011-12 and onwards, in spite of repeated notices given in Annual Reports. Members may please note that in terms of Bye-Law No. 54 (iv), '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'. Members are therefore requested to collect the unclaimed dividend for the year 2011-12 on or before 30.06.2015, otherwise the same will be forfeited and credited to Statutory Reserve Fund.
4. Members are requested to avail nomination facility by submitting Nomination form duly completed to the Share Department.



### From Chairman's Desk

To Esteemed Shareholders,

In my last year's statement, I had stated that 'the Indian economy has been facing a period of increased uncertainty owing to the trinity of slowing GDP growth, rising inflation and a depreciating rupee.' The Banking sector in India is mirroring these economic challenges with slowing growth, increased stress on assets and pressures on profitability and capital adequacy.

Contrary to the high expectations of revival in the economy, Banking sector in the year 2014-15 also continued to face problems of lower credit growth, stress on assets resulting in high Non Performing Assets (NPA) and consequently need for higher provisioning. This resulted in pressure on profitability and capital adequacy.

The noted Economist Dr. Rupa Rege-Nitsure, who delivered Shri. Shantaram Mangesh Kulkarni Memorial lecture recently has advised Banks to adopt cautious model in 2015-16 also. To quote from her speech "to summarise, the banks - whether in the commercial banking field or cooperative field - have to adopt cautious business models in 2015-16, as overall risks to the sector remain more or less unchanged from the previous year's level. While the RBI has been managing liquidity well and the flow of deposits to banks has remained healthy, concerns remain on account of deterioration in asset quality along with pressures on earnings and profitability. Higher provisioning burden, pressures to maintain good CRAR (capital adequacy) with a focus on equity capital (rather than borrowed capital) and managing business amid weak investment sentiment will be the key challenges for Indian banks during 2015-16."

### FINANCIAL HIGHLIGHTS OF 2014-15.

The Financial Highlights of the Bank for 2014-15 are as under :-

1. The total Business Mix increased to Rs. 8,972 Cr as against Rs. 7,105 Cr for the previous year, i.e. an increase of 26%
2. Deposits have increased to Rs. 5,335 Cr as against Rs. 4,293 Cr for the previous year i.e. an increase of 24%. Advances have increased to Rs. 3,637 Cr as against Rs. 2,812 Cr for the previous year i.e. an increase of 29%.
3. Operating Profit and Net Profit for 2014-15 have remained more or less at same level of Rs. 78 Crores and Rs. 40 Crores respectively.

The profitability has been affected due to declining Net Interest Margin (NIM) arising out of pressure for reducing interest rates on borrowings on account of competition and higher cost of deposits due to higher rate of interest on long term deposits accepted earlier. Higher provisioning due to increasing NPA and increase in Operational expenditure due to increase in Dearness Allowance, resulting higher Food Index has also contributed significantly on Profitability.

## **BRANCH EXPANSION**

During the year, 14 new branches were opened, taking the Bank's network of branches to 94. We have received approval from RBI for 10 more branches for the year 2014-15 and 5 branches for 2015-16. This will enable the Bank to cross milestone of 100 branches during the current year 2015-16.

## **OTHER HIGHLIGHTS**

Some of the Key accomplishments in other areas during the year are as follows :-

- Bank received the Authorised Dealer I (AD I) license from RBI which enabled us to offer all the Foreign Exchange Facilities to our customers.
- Our Net Banking (Quick Net) became fully operational, allowing customers to do banking from the comfort of their Home or Office.
- Mobile Banking (Quick Mobil) has also added many more features which truly bring banking to our finger tips.
- The launch of International VISA Debit Card, which allows customers to access his account from across the world through ATM and POS.
- We have also joined hands with CRISIL (Credit Risk Solutions) to enable optimization of bank's resources and standardize systems. The tie up with CRISIL certainly will help us to strengthen the credit underwriting process, minimize manual activities and ensure quick turnaround time (TAT) to assist customers.

With the above performance, it has become imperative on the Bank's Management to keep the pace going with the focused team work to achieve all the goals set, improve asset quality and increase CASA deposits.

Bank has set target of crossing Rs. 10,000 Cr Business Mix and network of 100 branches during the Financial year 2015-16.

## **FUTURE PLANS & INITIATIVES**

The initiatives mentioned below were taken during 2014-15 and are expected to be completed by 2015-16.

- Launch of Rupay Debit Card
- Setting up of Centralised Credit Cell
- Migration to new Core Banking Solution (CBS)
- Corporate Office Building
- Full-fledged Training Centre

## **ISSUE OF LONG TERM SUBORDINATED DEPOSITS (LTD) AND PREFERENCE SHARES**

As per RBI Regulations, the Bank has to maintain CRAR consistently, above 12%. During the year, the Bank has issued Long Term Subordinated Deposits (LTD) of Rs. 50 Cr, which has been fully subscribed.

The Bank also received approval from RBI for 2<sup>nd</sup> tranche of Long Term Subordinated Deposits of Rs. 88 Crores and Perpetual Non Cumulative Preference Shares (PNCPS) of Rs. 50 Crores, which will be issued during the year 2015-16.

This will enable the Bank to maintain CRAR at about 13% for the year 2015-16.

## **FULL FLEDGED TRAINING CENTRE**

With increase in business volume and number of Branches and Zonal offices etc., it has become necessary to make training needs more broad based and innovative. With the recruitment of executives and staff at all levels, the scope of internal and external training needs relook. The initiatives taken by Bank are detailed in Directors' Report. This has necessitated Bank to have its own independent and State of the Art Training Centre. The Board of Directors and Management will work towards full fledged Training Centre in near future.

## **CENTENNIAL YEAR CELEBRATION**

The Bank will be completing its 100 years of existence on 26<sup>th</sup> September, 2017. Centennial year is an unique event in the life of any organization and hence broad based thought process is essential. A Committee consisting of present and past Directors and other eminent members has been formed to plan year long centenary year celebration commencing from 26<sup>th</sup> September, 2016.

I am grateful for the active and continuous support of all you members as well as customers, employees, regulators and other associate partners. I am also grateful to my colleagues on the Board of the Bank for their time, contribution and support extended to me, during this challenging year.

I now request you all to approve the Directors' Report, Audited Profit and Loss account and Balance Sheet which are placed before you.

Mumbai  
May 29, 2015

**Kishore Kulkarni**  
**Chairman**



## NKGSB- Banking With EXCELLENCE

“A customer is the most important visitor on our premises,” keeping in mind these golden words, we commit ourselves to deliver the excellence to the customers in all the facets of Banking.

The Bank has always believed in adroit product delivery to suit the financial needs of all the customer segments, thus setting new yardsticks in the field of customer service. A posy of the latest product range is made available to the customers at NKGSB, making it a “ONE STOP BANK” for all.

With a heritage of 97 years and the network of 94 branches, we are carving our way to centenary in 2016-17. The Bank plans for further branch expansion however the parameters of “Business per Branch” and “Profit per Branch” is always there in our mind. This year would witness the wide spread of more than 100 branches of the Bank along with a significant increase in the bottom line.

When we take immense pride in acknowledging the growth of numerous industries, firms, traders and professionals who have soared to heights with the timely and accurate support of the bank, we would like to express our gratitude towards the unflinching trust which they have in us.

As we niche our way to success, we intend to cover the miles of Rs.10,000 crores Business Mix during this financial year. Along with this we are also focusing on reducing our NPA with the speedy recovery as well as improvising the quality of existing assets.

With zeal to deliver the excellence to our customers and make all their financial dreams come true, we assure to perform even better in the ensuing year.

**CHINTAMANI NADKARNI**  
**MANAGING DIRECTOR**



## **DIRECTORS' REPORT**

Your Directors have great pleasure in presenting the Ninety-Eighth Annual Report together with the audited accounts for the financial year ended March 31, 2015.

### **MACROECONOMIC LANDSCAPE**

Global growth remains moderate, with uneven prospects across the main countries and regions. Since the onset of the Financial Crisis in 2008, the global economy has continued to face rough weather and the Indian economy and our banking system have not remained immune. Recovery has been moderate and sometimes uneven. Different jurisdictions continue to be tormented by financial fragilities and macroeconomic imbalances. Geopolitical risks surrounding oil prices and the uneven effects of currency and commodity price movements also pose significant threat to economic stability. According to the International Monetary Fund (IMF), the growth outlook differs significantly across countries and regions. Growth rebounded in advanced economies of US & UK are expected to remain above trend, though the activity is strengthening only gradually. In euro area and Japan, domestic demand is yet to recover fully. Within emerging market economies, India and China are drawing huge benefits from sharp decline in crude oil prices, whereas other BRIC countries – Brazil, Russia and South Africa are expected to bear the brunt, all being commodity exporters.

The agricultural growth in India shows contraction in food-grain production and may turn out to be less than earlier anticipated due to near draught-like condition. The unseasonal rains and hailstorm witnessed in February & March 2015 had adverse impact on the Rabi crops in general and vegetables / fruits / other perishables in particular. This has created a definite upside risk to food inflation. The Industrial sector and in particular, manufacturing appears to be regaining momentum. Mixed signals are coming from service sector.

### **BANKING SCENARIO**

- During the year, Reserve Bank of India (RBI), reduced the Repo rate from 8% to 7.75% in January 2015 and again to 7.50% in March 2015. SLR was also reduced twice by 100 bps from 22.5% to 21.5%.
- According to RBI, banking sector in India is sound, adequately capitalized and well-regulated. Indian financial and economic conditions are much better than in many other countries of the world. Credit, market and liquidity risk studies show that Indian banks are generally resilient and have withstood the global downturn well.
- The recent announcements of RBI, it is felt, are a clear pointer to the future of the restructured domestic banking industry.
- The Government has announced a capital infusion of ₹ 6,990 crore in 9 Public Sector Banks based on new efficiency parameters such as return on assets and return on equity.
- The Union cabinet has approved the establishment of the US\$ 100 billion New Development Bank (NDB) envisaged by the five-member BRICS group as well as the BRICS “Contingent Reserve Arrangement” (CRA).
- Long awaited Banking Licenses were issued to two of the applicants viz. Bandhan Financial Services Pvt. Ltd. and IDFC Ltd.



- Proposed approval for Payment Banks and Small Banks is expected to open up more challenges.
- The RBI has decided to allow nominated banks to import gold, including coins, on a consignment basis, extending its clarification issued in November 2014, which had eased certain categories of gold imports.
- To help Micro, Small and Medium Enterprises (MSME), RBI has permitted setting up of an exchange-based trading platform to facilitate financing of bills raised by such small entities to corporate and other buyers, including government departments and PSUs.

The Indian economy seems now to be on the threshold of a major transformation, with various policy initiatives implemented by the new Government so far and expectations of more radical initiatives being implemented in near future. However, though on the whole, the banking system has remained resilient to the global downturn, asset quality has seen sustained pressure due to continued economic slowdown. Concerns have been raised about the ability of banks to raise additional capital to support their business. Higher level of capital adequacy is needed due to higher provisioning requirements resulting from deterioration in asset quality, kicking in of the Basel III Capital norms, capital required to cover additional risk areas under the risk based supervision framework as also to sustain and meet the impending growth in credit demand, going forward. Liquidity Coverage Ratio (LCR) regime has kicked in for the banks from January 1, 2015 with a minimum requirement of 60% to be gradually increased to 100% by January 1, 2019 in a phased manner. Unhedged foreign currency exposure can affect repayment capacities of such corporate borrowers which in turn will affect their repayments to domestic lenders as well. All these challenges call for continuing cautious approach in 2015-16.

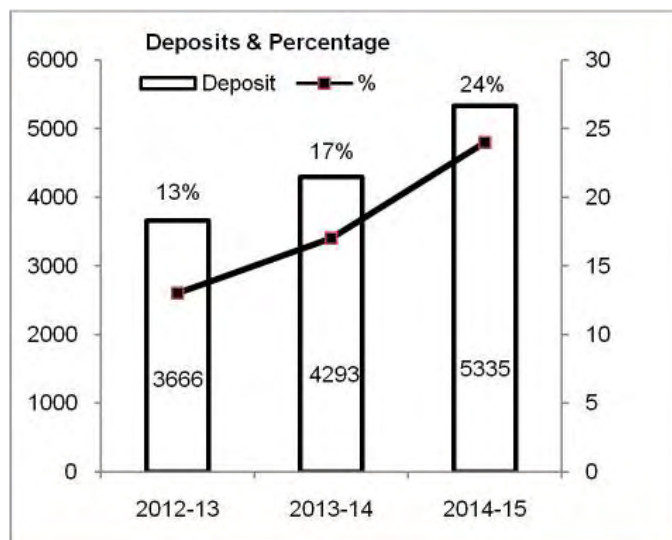
## KEY PERFORMANCE HIGHLIGHTS OF F. Y. 2014 - 15

The performance of the Bank at a glance is as follows:

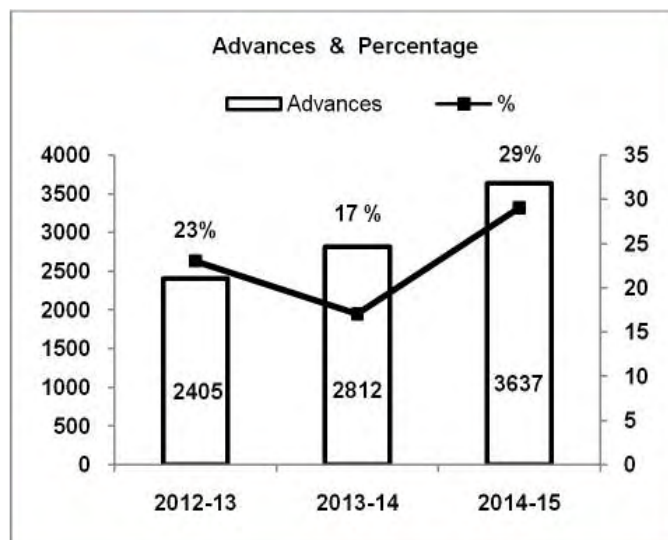
(₹ in Cr.)

Particulars	2014-15	2013-14	2012-13
Deposits	5,335	4,293	3,666
% growth	24	17	13
Advances	3,637	2,812	2,405
% growth	29	17	23
Business-mix	8,972	7,105	6,071
% growth	26	17	16
Operating Profit	78.22	77.59	63.53
Net Profit	40.13	40.32	43.46
Gross NPA	170.50	113.34	94.48
% of Advances	4.69	4.03	3.93
Net NPA	98.26	61.06	52.56
% of Net Advances	2.76	2.21	2.22

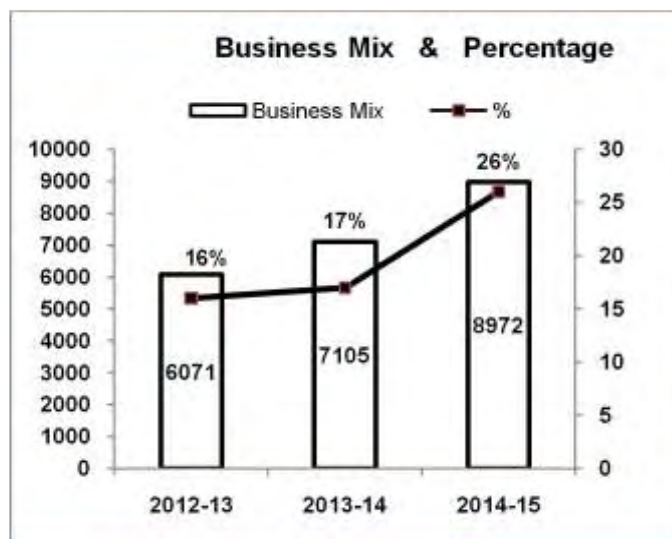




Deposits witnessed a growth of 24% i.e. ₹ 1,042 Cr as against 17% i.e. ₹ 627 Cr in the previous year

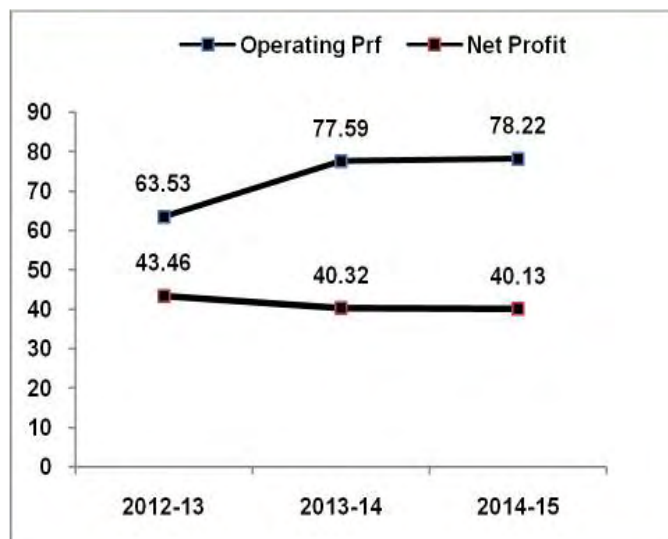


Advances increased by 29% i.e. ₹ 825 Cr, as against 17% i.e. ₹ 407 Cr in the previous year. CD ratio improved from 66% to 68%.



The business mix has grown by 26% i.e. ₹ 1,867 Cr in 2014-15 as against 17% i.e. ₹ 1034 Cr in the previous year. The Bank is close to reaching the milestone of ₹ 9,000 Cr in Business Mix.

Business per employee has gone up from ₹ 7.90 Cr to ₹ 8.51 Cr.



Operating Profit has increased from ₹ 77.59 Cr to ₹ 78.22 Cr. Net Profit after tax and provisions marginally reduced from ₹ 40.32 Cr to ₹ 40.13 Cr.

With increase in manpower, profit per employee is reduced from ₹ 4.53 Lac to ₹ 3.80 Lac.



- Gross Non Performing Assets (NPAs) increased from ₹ 113.34 Cr to ₹ 170.50 Cr.
- The spurt in deposits in the first half had to be contained with conscious pricing decisions. With this, the Bank was able to meet satisfactory Net Interest Margin of 3.00% (P.Y. 3.30%)
- Owned funds increased from ₹ 506.59 Cr to ₹ 634.22 Cr.
- One of the prerequisites for Foreign Exchange Authorized Dealer Category I license is to maintain Capital to Risk Asset Ratio (CRAR) at minimum 12%. The Bank's CRAR is at 12.62 % which is well above the minimum required benchmark.

## APPROPRIATIONS

The following appropriations are recommended for the financial year 2014-15 for your approval under item No. 2 of the Notice:

(₹ Lacs)

A)	Statutory Appropriations :-	2014-15	2013-14
1	Statutory Reserve Fund	1,003	1,009
2	Contingency Reserve Fund	402	404
3	Education Fund	41	41
B)	Other Appropriations :-		
1	Building Fund	-	540
2	Bad and Doubtful Debts Fund	800	-
3	Donation Fund	3	2
4	Investment Fluctuation Reserve	248	403
5	Dividend @ 12% p.a. (pro-rata)	1,057	881
6	Ex-Gratia to Staff	545	460
7	Staff Loan Fund	24	22
8	Staff Welfare Fund	35	40
9	Members' Welfare Fund	16	15
10	Centenary Fund	2	10
11	Special Reserve u/s 36 (1) (viii) of I. T. Act 1961	239	245
		4,415	4,072
	<b>NET PROFIT CARRIED TO BALANCE SHEET</b>	-	1
	<b>TOTAL</b>	<b>4,415</b>	<b>4,073</b>

## CAPITAL TO RISK ASSET RATIO (CRAR)

On receiving AD I license, the Bank is now required to maintain consistent CRAR at 12%. As against the same, your Bank's Capital adequacy ratio stood at a level of 12.62%. The Bank's Risk Weighted Assets at the end of March 2015 amounted to ₹ 3,730.42 Cr against which Capital Funds stood at ₹ 470.62 Cr.

As one of the measures for consistently maintaining CRAR over 12% with sufficient buffer, option to raise Tier II capital through Long-term Subordinated Deposit (LTD) was explored. Bank has issued LTD to the extent of Rs. 50 Cr. To further strengthen the CRAR, the Bank will issue second series of LTD and also Preference Shares in the current year.

**DIVIDEND**

The year gone by has not been much different from the past few challenging years for the Banking environment. Bank cannot delay investing in the best technologies. Similarly, though not at the speed with which we have been expanding our branch network, we still need to continue our expansion for a year or two before we reach a phase of consolidation. Hence Board of directors has recommended to maintain the dividend of 12% for the year ended March 31, 2015.

**SHARE CAPITAL**

The paid up capital of your Bank as on 31.03.2015 was ₹ 91.68 Cr subscribed by 49,110 members, with addition of 4,773 members and cessation of 815 members during the year.

**RESOURCE MOBILISATION**

The Bank's deposits stood at ₹ 5,335 Cr as on March 31, 2015 registering a growth of 24% with an accretion of Rs. 1,042 Cr over previous year.

The deposit mix is as under:

(₹ Cr.)

Type	March 31, 2015	%	March 31, 2014	%
Savings	960	18.00	853	19.90
Current	261	4.90	220	5.10
Fixed	4,114	77.10	3,220	75.00
<b>Total</b>	<b>5,335</b>	<b>100.00</b>	<b>4,293</b>	<b>100.00</b>

With contributions from new branches opened in the recent past and concerted efforts in reaching to the masses through various promotional initiatives has enabled garnering of good deposits. The 24% growth in deposits is much above the banking industry growth of 12.60%. However, with large number of new branches where the composition of deposit is generally skewed towards term deposit, the CASA composition has reduced to 23% from 25%. Bank has formed teams exclusively for garnering CASA accounts and has revisited various existing CASA products for improving the features in addition to launching new products. All these efforts are to improve the composition of deposits for achieving beneficial impact on the NIM.

**RESOURCE DEPLOYMENT**

With incremental CD ratio of 79%, the Bank has deployed the funds effectively registering volume growth of Rs. 825 Cr at 29% as against average industry growth of 12.60%. This growth has been on the back of retail lending, very much in line with the industry.

The composition of Credit portfolio is as under:

(₹ Cr.)

Sector	2014-15	%	2013-14	%
Personal / Retail	1,153	31.70	819	29.10
Trade / Services	1,747	48.00	1,352	48.10
Manufacturing	737	20.30	641	22.80
<b>Total</b>	<b>3,637</b>	<b>100.00</b>	<b>2,812</b>	<b>100.00</b>

**ASSET QUALITY**

The Bank's Gross NPA and Net NPA stood at 4.69% and 2.76% respectively as at the end of March 2015. In order to ensure check on the scenario, Bank has consciously increased its exposure to retail segment which is less susceptible. Besides this,



the Bank has undertaken stringent measures to curtail fresh accretions through diligent follow-up by Credit Monitoring Cell and the Recovery Department. With these measures, the Bank expects to put a check on rising NPAs.

However, overall banking sector's asset quality woes have further worsened in the last one year. GNPA's for public sector banks as on March 2015 stood at 5.17 percent. MSME segment has been under stress resulting in the increased stressed assets in banking sector.

Keeping this in mind, as an abundant precaution, in addition to the requisite provisions made towards NPAs in accordance with the guidelines issued by RBI, Bank has created Bad and Doubtful Debts Fund (BDDF) of ₹ 8 Cr during F.Y. 2014-15 (P.Y. ₹ Nil) by way of appropriation out of net profits.

## **INVESTMENTS**

Bank's Treasury Department is primarily responsible for complying with CRR / SLR requirements, management of liquidity and mitigating interest rate risk of investment portfolio. The Bond market responded favorably to policy rate cuts by RBI. This, along with sound and consistent strategies has helped the Bank to achieve trading profit of Rs. 11.06 Cr. Aggregate investment of the Bank stood at 1,743.33 Cr.

## **FORMATION OF E-CHANNEL DEPARTMENT AND INITIATIVES OF BUSINESS DEVELOPMENT DEPARTMENT**

Bank had set up a Business Development Department to primarily focus on ensuring consistency in achievement of targets through regular monitoring and mentoring the front desk. This has had an impact visible in the high growth of top-line. Besides this, e-Channel department set-up has taken steps to streamline & initiate technology based products & services ensuring to provide the products & services to our customers on par with the banking sector.

Summary of initiatives taken by the Bank is given below:

1. International VISA Debit Cards: The facilities of VISA cards launched last year are now expanded to cover usage for e-Commerce in addition to the same on POS (Point of Sales) and ATMs internationally.
2. Mobile Banking: Features of 'QuickMobil' launched last year are expanded to enable creation of fixed deposits, making utility bill payments, 24 x 7 fund transfers through IMPS and many more.
3. Net Banking: Immediately on receiving approval from RBI, the Bank activated the fund transfer facility through net banking which was long awaited.
4. Foreign Exchange Business: Bank made a soft launch of Foreign Exchange Department on the foundation day i.e. September 26, 2014. Bank now offers entire gamut of foreign exchange related products and services at par with all the leading banks, to facilitate smooth, efficient and stress-free conduct of both, personal and business related Foreign Exchange transactions including facility for hedging. Exchange rate risk run by the importers and exporters by booking forward contracts is also offered.
5. New Products and Services Launches: To keep pace with the specific offerings in the market, the Bank has launched different liability products :
  - a. Maitreyi Account specially designed for women.
  - b. Salfina Account for salary accounts with built-in preapproved overdraft limit.

## **CORPORATE GOVERNANCE**

The Bank has a long history of managing very ethically, with the highest standards of corporate governance, continuously evaluating and adopting the best practices within the industry.

The Bank has a team of experienced directors with credibility and expertise in their chosen fields, bringing in valuable experience and ensuring sound corporate governance mechanism to achieve objectives that are in the interest of the stakeholders and the organization.



Details of various meetings of Board and Committees, held during the year are given below

	<b>No. of Meetings</b>	<b>No. Of Directors in the committee</b>	<b>Average Attendance</b>
Board	19	12/11*	8
Advances & Recovery Committee	46	8/7*	4
Development & Staff Committee	37	7	5
Audit Committee	10	7/6*	4
Investment Committee	10	7/6*	4

\*w.e.f. 22.09.2014

## **AUDIT & INSPECTION**

During the year, RBI carried out its customary on-sight inspection of the Bank with respect to financial position as on 31st March, 2014.

The Bank has system in place for internal / concurrent audit. 80 branches are following the system of concurrent audit and the remaining branches are put under internal audit system. The Audit Committee of the Board gives directions, oversees the total audit function of the Bank and follows-up on the statutory / concurrent audit of the Bank. The Committee is headed by the Chairman of the Bank and comprises of Directors with Banking, Audit and Accounting Experience.

## **REAPPOINTMENT OF STATUTORY AUDITORS**

In the 97th Annual General Meeting held on 21st June, 2014, M/s. A. P. Sanzgiri & Co., Chartered Accountants were appointed as statutory auditors. Being eligible, Board of directors recommends their reappointment up to the date of next Annual General Meeting. They have signified their willingness to be reappointed.

## **EXPANSION**

Beginning the year with a network of 80 branches, your Bank has opened 14 more branches this year. Bank has entered the new region with a branch in Udupi and plans to open a branch in Mangalore and two in Bangalore soon. With further approvals in hand, Bank is contemplating opening of its 100th branch by September 26, 2015.

## **HUMAN RESOURCE**

To cope up with the vast expansion, introduction of new services and technologies and to transform the Bank in all the three key areas of performance viz. Business size, technology and geographical spread, Bank took up organisational restructuring exercise keeping in mind the market trends.

The Bank continues to focus on training its employees regularly, both on the job and through training programs conducted by internal and external faculty. E-learning training is also imparted on varied topics like KYC, Forex etc to all the staff members. Besides, a select team of 25 middle-level managers was imparted training at N. L. Welingkar Management School as a part of Management Development Program. The extensive training was imparted to these potential leaders on Personality Development, Banking & Economics, & Customer Centricity etc. The Bank proposes to develop more staff in different cadres to equip them for the next rung of the ladder.

74 employees took initiative in upgrading their academic qualifications. 44 employees attained their post graduation / professional qualifications and as many as 32 employees completed various courses of Indian Institute of Bankers. They have



also excelled in sports, the cricket team winning the Inter Coop. Bank cricket tournament, Chess geniuses winning the first and the runner-up prize in chess tournament and winning 'Black-to-finish' prize in Carrom tournament.

Your Directors would like to place on record their appreciation for the commitment of the employees.

### **Technology**

As indicated previously, the Bank's infrastructure is in need of an upgrade in numerous respects. Across the Bank's IT infrastructure there are varying levels of resilience and recoverability and whilst a basic level of resilience to a significant data center outage is in place, the Bank needs to improve upon end-to-end disaster recovery capability. Migration of Core Banking System is already underway and the Bank is contemplating various options for a major revamping of the IT infrastructure.

### **BRAND BUILDING**

Marketing department handles activities through various media to ensure the campaigns are impact effective and the visibility of our brand is ensured through extensive marketing. Bank continued effective promotions through Television commercials, other out of home media viz. bus back panels, hoardings, gantry on Mumbai-Pune express way were also effectively used.

### **DEPOSIT INSURANCE**

The Bank has been regularly paying premium to Deposit Insurance and Credit Guarantee Corporation (DICGC) covering Bank's deposits.

### **SHETH SHRI SHANTARAM MANGESH KULKARNI MEMORIAL LECTURE**

On 4th April 2015, a talk on 'Emerging Macroeconomic & Banking Sector Outlook' was delivered by eminent Group Chief Economist in L & T Financial Services, Dr. Rupa Rege Nitsure. The event was organized as a part of Sheth Shri Shantaram Mangesh Kulkarni Memorial Lecture Series. Awards to the branches for excelling in performance in 2013-14 were given at the hands of Dr. Rupa Rege Nitsure. Dindoshi branch won the Best Branch award, followed by Mulund (West) and Bandra Branch winning the first and second runner-up trophies. Winners in the Cricket, Chess & Carrom tournament were also felicitated during the event.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your bank has been felicitating the meritorious wards of the members encouraging them by recognizing their achievements in academics & sports. This year 72 students were felicitated rewarding them Rs. 0.96 lacs through members welfare fund in a function held on 28.02.2015.

Bank has been contributing to the welfare funds of various charitable trusts working in the field of health, education, art and culture and various other social needs of the downtrodden strata of the society.

This year in all, 28 members have availed the benefits of the scheme for reimbursement of hospitalization expenses, resulting in disbursing an amount of ₹ 4.02 Lac. During the year, 78 members also availed the facility for reimbursement of medical check-up amounting to ₹ 1.06 Lac.

### **MANAGEMENT**

Mr. Ganpati Nadkarni, Vice Chairman resigned from the Board of directors with effect from 22.09.2014. The Board accepted the resignation. The Board acknowledges his contribution as Director since 2003. Consequent to the above, the Board unanimously elected Mr. Nagesh Pinge as Vice Chairman of the Bank with effect from 07.03.2015. Mr. Pinge is a Chartered Accountant and a Law Graduate and is a Chief Internal Auditor of a public listed company. He is also an All India president of the Institute of Internal Auditors.

**BYE-LAW AMENDMENT**

The Board of Directors has proposed amendments to Bye-Laws of the Bank, reasons for which are given in Annexure II

1. Bye-Law No. 3 – Area of Operations to be extended to the entire Union of India.
2. Bye-Law No. 10 (ii) – Deletion of provision of Society registered under Societies Registration Act, 1860 becoming an ordinary member.
3. Bye-Law No. 36 – To enable co-option of two directors in addition to the maximum number of directors specified in the Bye-Law.
4. Bye-Law No. 40 – To authorize the Board of Directors to fill the casual vacancy.

Board requests the members to approve the amendments.

**OBITUARY**

Shri M. A. Bhat, former Director of the Bank passed away on 24th October, 2014. He has served the Bank on the Board for five years. Mr. Parshuram Samant, staff member passed away on 31st May, 2014.

The Board of Directors and the management of the Bank express their profound grief at the sad demise of Mr. Bhat & Mr. Samant.

**ACKNOWLEDGEMENT**

The bank expresses deep gratitude to our members, customers, staff members, well wishers, patrons and various institutions, officials and dignitaries for their co-operation, guidance and advice from time to time. To mention specially,

- Chief General Managers, General Managers and other Officials of Reserve Bank of India.
- Central Registrar of Co-operative Societies, New Delhi.
- Commissioner of Co-operation of Maharashtra State, Divisional Jt. Registrar & other officials of Co-op. Department at Pune & Mumbai.
- President of Co-op Bank's Employees Union.
- M/s. A. P. Sanzgiri, Chartered Accountants, Statutory Auditors.
- Internal Auditors, Concurrent Auditors and Stock Auditors.
- College of Agricultural Banking, Pune.
- National Institute of Bank Management, Pune.
- Indian Banks' Association, Mumbai.
- National Federation of Urban Banks & Credit Societies Ltd., New Delhi.
- Maharashtra State Co-op. Banks' Federation.
- Maharashtra State Co-op. Banks' Association, Mumbai.
- Brihan Mumbai Co-op. Banks' Association, Mumbai.
- Legal Advisors, Consulting Architects, Engineers and Contractors.
- Press, T.V. and other Media, Artists and Printers.
- All those inadvertently missed, who helped us directly or indirectly.

For and on behalf of the Board,

PLACE: MUMBAI  
DATE: May 29, 2015

**KISHORE KULKARNI**  
CHAIRMAN



## **INDEPENDENT AUDITOR'S REPORT**

To,  
The Shareholders of **NKGSB Co-Op. Bank Ltd.**

**(Report on the Financial Statements as required under Section 30 of Banking Regulation Act, 1949 & Section 73(4) of Multi State Co-operatives Societies Act, 2002 and Rule 27 of Multi State Co-operative Societies Rule 2002.)**

1. We have audited the accompanying financial statements of the **NKGSB Co-Op. Bank Ltd. (The Bank)**, which comprise the Balance Sheet as at 31st March, 2015 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.

### **Management's Responsibility for the Financial Statements**

2. 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 prepared in accordance with the Multi-state Cooperative Societies Act, 2002 and the Rules made thereunder, the Banking Regulation Act, 1949 (as applicable to cooperative societies) and the accounting principles generally accepted in India, including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 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 the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as Multi State Co-operative Societies Act, 2002 and rules made thereunder, in the manner so required, for the Urban Co-Operative Bank 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, 2015;
  - (ii) in the case of the Profit and Loss Account of the profit for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of cash flows for the year ended on that date.



**Report on Other Legal and Regulatory Matters**

6. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and the Multi State Co-operatives Societies Act, 2002 and rules made there under.
7. 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 them to be satisfactory.
  - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
  - (c) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, to the extent applicable.
8. We further report that:
- (i) the Balance Sheet and Profit and Loss Account dealt with by this report, are in agreement with the books of account.
  - (ii) 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.

**For and on behalf of**  
**A.P. Sanzgiri & Co.**  
**Chartered Accountants**  
**Firm Regn. No.:116293W**

**Satish Kumar Gupta**  
**Partner**  
**Membership Number: 101134**

Place: Mumbai  
Date: 29<sup>th</sup> May, 2015

**Balance Sheet**

(₹ in Lacs)

<b>CAPITAL AND LIABILITIES</b>	<b>Schedule</b>	<b>As at 31-Mar-15</b>	<b>As at 31-Mar-14</b>
SHARE CAPITAL	1	9,168	8,334
RESERVE FUND, OTHER FUNDS & RESERVES	2	54,254	42,325
PROFIT & LOSS ACCOUNT		-	1
DEPOSITS	3	5,33,453	4,29,306
BORROWINGS (Long Term subordinated (Tier II) Deposits)		5,000	-
PROVISION FOR INTEREST CAPITALISED ON NPA		264	169
OVERDUE INTEREST RESERVE ON LOANS AND ADVANCES (As per Contra)		7,408	5,618
BILLS FOR COLLECTION BEING BILLS RECEIVABLE (As per Contra)		1,851	36
INTEREST ACCRUED ON DEPOSITS		434	557
OTHER LIABILITIES	4	6,285	5,877
SETTLEMENT CREDIT ACCOUNT (As per Contra) (Refer Schedule 13, Note no. 4)		89	114
BRANCH ADJUSTMENT ACCOUNT		7	-
<b>GRAND TOTAL</b>		<b>6,18,213</b>	<b>4,92,337</b>
<b>CONTINGENT LIABILITIES</b>	11	17,768	12,689
Significant Accounting Policies	12		
Notes to Accounts	13		

Schedules referred to above form an integral part of Balance Sheet

As per our report of even date attached  
For and on behalf of**A. P. SANZGIRI & CO.**

Chartered Accountants,

Firm Regn. No.: 116293W

**SATISH KUMAR GUPTA****PARTNER (MEMBERSHIP NO: 101134)**

Mumbai, 29th May, 2015

**as at 31st March, 2015**

(₹ in Lacs)

PROPERTY AND ASSETS	Schedule	As at 31-Mar-15	As at 31-Mar-14
CASH AND BANK BALANCES	5	78,444	61,307
MONEY AT CALL & SHORT NOTICE		7,268	2,497
INVESTMENTS	6	1,16,914	1,11,020
ADVANCES	7	3,63,719	2,81,201
INTEREST RECEIVABLE			
a) on Investments and Staff loans	8	5,410	4,144
b) on Loans and Advances		7,408	5,618
(As per Contra)			
BILLS RECEIVABLE		1,851	36
BEING BILLS FOR COLLECTION			
(As per Contra)			
FIXED ASSETS	9	30,262	21,169
OTHER ASSETS	10	5,750	4,281
SETTLEMENT DEBIT ACCOUNT (As per Contra)		89	114
(Refer Schedule 13, Note no. 4)			
DEFERRED TAX ASSET (NET)		1,098	950
(Refer Schedule 13, Note no. 15)			
<b>GRAND TOTAL</b>		<b>6,18,213</b>	<b>4,92,337</b>

**KISHORE KULKARNI**  
Chairman  
**NAGESH PINGE**  
Vice-Chairman  
**CHINTAMANI NADKARNI**  
Managing Director  
**SAMIR REGE**  
Chief Manager (Finance)

**RAJAN BHAT**  
Director  
**NAGESH FOVKAR**  
Director  
**SUNIL GAITONDE**  
Director  
**SHREEDHAR KAMAT**  
Director  
**VASUDEV MASUREKAR**  
Director

**KAUSHAL MUZUMDAR**  
Director  
**ANIL NADKARNI**  
Director  
**LAXMIKANT PRABHU**  
Director  
**SUJATA RANGNEKAR**  
Director



## 98<sup>th</sup> Annual Report

### Profit and Loss Account

(₹ in Lacs)

EXPENDITURE	Year Ended 31-Mar-15	Year Ended 31-Mar-14
Interest on Deposits	38,961	30,185
Interest on Borrowings	209	8
Staff Salaries, Allowances and Benefits	5,212	4,523
Rent, Rates, Taxes, Service Charges, Insurance and Electricity	1,797	1,535
Legal and Professional Charges	17	27
Postage, Telegram and Telephone Charges	215	205
Travelling, Lodging and Conveyance	71	55
Audit Fees	91	81
Repairs and Maintenance	305	277
Depreciation on Fixed Assets	1,379	1,060
Premium on Securities amortised	289	228
Printing and Stationery	107	108
Advertisement	240	242
Sundry Expenses	1,652	1,171
Bad Debts Written Off	175	212
<b>Operating Profit before provisions &amp; contingencies c/f</b>	<b>7,822</b>	<b>7,759</b>
	<b>58,542</b>	<b>47,676</b>
<b>Provisions and Contingencies:</b>		
A) Bad and Doubtful Debts Reserve	1,965	1,836
B) Contingent Reserve against Standard Assets	260	112
C) Contingent Provision against Depreciation in Investment	-	58
D) Interest Transferred to Leave Encashment Fund	72	64
E) Provision for Restructured Advances	-	37
<b>Profit Before Tax c/f</b>	<b>5,584</b>	<b>5,687</b>
	<b>7,881</b>	<b>7,794</b>
<b>Provision for Taxes:</b>		
Income Tax	1,912	1,950
Deferred Tax	(147)	(295)
Income tax for earlier years	(194)	-
<b>Net Profit for the year</b>	<b>4,013</b>	<b>4,032</b>
<b>TOTAL</b>	<b>5,584</b>	<b>5,687</b>

As per our report of even date attached  
For and on behalf of

**A. P. SANZGIRI & CO.**

Chartered Accountants,

Firm Regn. No.: 116293W

**SATISH KUMAR GUPTA**

**PARTNER (MEMBERSHIP NO: 101134)**

Mumbai, 29th May, 2015

**for the year ended 31st March, 2015**

(₹ in Lacs)

<b>INCOME</b>	<b>Year Ended 31-Mar-15</b>	<b>Year Ended 31-Mar-14</b>
Interest and Discount		
a) Interest on Advances	38,902	32,021
b) Income from Investments	9,841	8,698
c) Interest on Deposits with Banks	4,726	2,742
Commission, Exchange & Brokerage	2,212	1,653
Rent on Safe Deposit Lockers	146	132
Bad Debts Provision Reversed	864	844
Profit on Sale of Investments	1,106	1,208
Profit on Sale of Mutual Fund	145	7
Amortisation of Revaluation Reserve	570	352
Profit on Sale of Fixed Assets	2	1
Miscellaneous Income	28	18
	<b>58,542</b>	<b>47,676</b>
Operating Profit before provisions & contingencies b/f	<b>7,822</b>	<b>7,759</b>
<b>Provision no longer required written back from :</b>		
Contingent Provision against Depreciation in Investment	49	-
Election Fund	-	35
Restructured Advances	10	-
	<b>7,881</b>	<b>7,794</b>
Profit Before Tax b/f	<b>5,584</b>	<b>5,687</b>
<b>TOTAL</b>	<b>5,584</b>	<b>5,687</b>

**KISHORE KULKARNI**  
Chairman  
**NAGESH PINGE**  
Vice-Chairman  
**CHINTAMANI NADKARNI**  
Managing Director  
**SAMIR REGE**  
Chief Manager (Finance)

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Director  
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Director  
**VASUDEV MASUREKAR**  
Director

**KAUSHAL MUZUMDAR**  
Director  
**ANIL NADKARNI**  
Director  
**LAXMIKANT PRABHU**  
Director  
**SUJATA RANGNEKAR**  
Director

**Profit and Loss Appropriation Account**

(₹ in Lacs)

<b>EXPENDITURE</b>	<b>Year Ended 31-Mar-15</b>	<b>Year Ended 31-Mar-14</b>
<b>Appropriations subject to Approval in AGM</b>		
<b>A) Statutory Appropriations :-</b>		
1 Statutory Reserve Fund (25% of Net Profit)	<b>1,003</b>	<b>1,009</b>
2 Contingency Reserve Fund (10% of Net Profit)	<b>402</b>	<b>404</b>
3 Education Fund (1% of Net Profit)	<b>41</b>	<b>41</b>
<b>B) Other Appropriations :-</b>		
1 Building Fund	<b>-</b>	<b>540</b>
2 Bad & Doubtful Debts Fund	<b>800</b>	<b>-</b>
3 Reserve for Donations	<b>3</b>	<b>2</b>
4 Investment Fluctuation Reserve	<b>248</b>	<b>403</b>
5 Proposed Dividend @ 12% p.a. (pro-rata)	<b>1,057</b>	<b>881</b>
6 Ex-Gratia to Staff	<b>545</b>	<b>460</b>
7 Staff Loan Fund	<b>24</b>	<b>22</b>
8 Staff Welfare Fund	<b>35</b>	<b>40</b>
9 Members' Welfare Fund	<b>16</b>	<b>15</b>
10 Centenary Fund	<b>2</b>	<b>10</b>
11 Special Reserve u/s 36 (1) (viii) of I.T. Act, 1961	<b>239</b>	<b>245</b>
	<b>4,415</b>	<b>4,072</b>
<b>PROFIT CARRIED TO BALANCE SHEET</b>	<b>0</b>	<b>1</b>
<b>TOTAL</b>	<b>4,415</b>	<b>4,073</b>

As per our report of even date attached  
For and on behalf of

**A. P. SANZGIRI & CO.**

Chartered Accountants,

Firm Regn. No.: 116293W

**SATISH KUMAR GUPTA**

**PARTNER (MEMBERSHIP NO: 101134)**

Mumbai, 29th May, 2015



(₹ in Lacs)

INCOME	Year ended 31-Mar-15	Year ended 31-Mar-14
Profit of last year b/fd	1	1
Net Profit for the year	4,013	4,032
Excess Appropriation of previous year written back		
a) From IFR	389	29
b) Ex-gratia	8	8
c) Dividend	4	3
TOTAL	4,415	4,073

**KISHORE KULKARNI**  
Chairman  
**NAGESH PINGE**  
Vice-Chairman  
**CHINTAMANI NADKARNI**  
Managing Director  
**SAMIR REGE**  
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**KAUSHAL MUZUMDAR**  
Director  
**ANIL NADKARNI**  
Director  
**LAXMIKANT PRABHU**  
Director  
**SUJATA RANGNEKAR**  
Director



## Schedules

(₹ in Lacs)

	As at 31-Mar-15	As at 31-Mar-14
<b>Schedule - 1</b>		
<b>Share Capital</b>		
Authorised Share Capital	20,000	20,000
20,00,00,000 shares of ₹ 10/- each		
Issued Subscribed and Paid up Capital	9,168	8,334
9,16,84,857 shares of ₹ 10/- each		
(Previous Year 8,33,38,290 shares)		
<b>Schedule - 2</b>		
<b>Reserve Fund, Other Funds &amp; Reserves</b>		
<b>I Reserves as per Multi-State Co.Op.Soc.Act</b>		
(i) Statutory Reserve Fund	9,466	8,447
(ii) Contingency Reserve Fund	3,266	2,864
(iii) Building Fund	7,907	7,907
(iv) Reserve for Donation	17	15
<b>II Reserves as per RBI guidelines</b>		
(i) Investment Fluctuation Reserve	1,363	1,505
(ii) Contingent Reserve against Standard Assets	1,347	1,087
(iii) Bad and Doubtful Debts Reserve	6,160	5,059
(iv) Provision for Restructured Advances	38	48
<b>III Other Funds as per Bye Laws</b>		
(i) Election Fund	10	10
(ii) Members' Welfare Fund	171	162
(iii) Centenary Fund	174	172
<b>IV Others</b>		
(i) Special Reserve u/s 36(1) (viii) of I.T. Act	1,231	992
(ii) Capital Reserve	4	4
(iii) Revaluation Reserve	20,818	12,673
(iv) Share Forfeited Fund	21	21
(v) Deferred Tax Reserve	292	292
(vi) Bad and Doubtful Debt Fund	800	-
<b>V Funds for the benefit of staff</b>		
(i) Staff Welfare Fund	105	101
(ii) Staff Loan Fund	272	248
(iii) Staff Leave Encashment Fund	792	718
<b>TOTAL RESERVES (I+II+III+IV+V)</b>	<b>54,254</b>	<b>42,325</b>





## Schedules

(₹ in Lacs)

	As at 31-Mar-15	As at 31-Mar-14
<b>Schedule - 3</b>		
<b>Deposits</b>		
<b>I Current Deposits</b>		
i) Individuals (Other than Societies)	20,124	16,328
ii) Societies	158	70
<b>II Savings Deposits</b>		
i) Individuals (Other than Societies)	91,469	81,615
ii) Societies	4,533	3,661
<b>III Term Deposits</b>		
i) Individuals (Other than Societies)	3,74,636	2,96,210
ii) Societies	36,754	25,827
<b>IV Matured Deposits</b>	5,779	5,595
<b>Total ( I+II+III+IV)</b>	<b>5,33,453</b>	<b>4,29,306</b>

<b>Schedule - 4</b>		
<b>Other Liabilities</b>		
i) Unclaimed Dividend	46	47
ii) Proposed Dividend	1,057	881
iii) Pay orders Issued A/c	2,844	2,593
iv) Others	2,338	2,356
<b>Total (i+ii+iii+iv)</b>	<b>6,285</b>	<b>5,877</b>

<b>Schedule - 5</b>		
<b>Cash and Bank Balances</b>		
<b>(A) Cash and Current Accounts With Banks</b>		
(i) Cash in Hand	3,153	2,097
(ii) Balances with Reserve Bank of India	23,506	23,770
(iii) Balances with State Bank of India & its subsidiary	33	192
(iv) Current Deposits with Banks	1,601	1,279
	<b>28,293</b>	<b>27,338</b>
<b>(B) Fixed Deposits with Banks</b>		
(i) Reserve Fund Investment	12,729	11,171
(ii) Investment against Earmarked Funds	1,579	1,300
(iii) Other FDRs	35,843	21,498
	<b>50,151</b>	<b>33,969</b>
<b>Total (A+B)</b>	<b>78,444</b>	<b>61,307</b>



## Schedules

(₹ in Lacs)

	As at 31-Mar-15	As at 31-Mar-14
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### Schedule - 6

#### Investments

(i) Government Securities	1,16,414	1,10,520
(ii) Shares in Co-op. Institutions & Co-op. Hsg. Societies	0.40	0.40
(iii) P.S.U. Bonds & Bonds of all India Financial Institutions	500	500
<b>Total (i+ii+iii)</b>	<b>1,16,914</b>	<b>1,11,020</b>

### Schedule - 7

#### Advances

<b>I Short Term Loans, Cash Credit, Bills Discounted and Purchased:</b>	<b>1,20,180</b>	<b>1,02,173</b>
<b>Of which secured against:</b>		
(i) Govt. and Other Approved Securities	60	58
(ii) Other Tangible Securities	1,19,774	1,01,967
(iii) Personal Sureties	346	148
<b>II Medium Term Loans :</b>	<b>29,750</b>	<b>29,252</b>
<b>Of which secured against:</b>		
(i) Govt. and Other Approved Securities	45	33
(ii) Other Tangible Securities	28,821	28,588
(iii) Personal Sureties	884	631
<b>III Long Term Loans :</b>	<b>2,13,789</b>	<b>1,49,776</b>
<b>Of which secured against:</b>		
(i) Govt. and Other Approved Securities	1,401	1,431
(ii) Other Tangible Securities	2,11,186	1,47,495
(iii) Personal Sureties	1,202	850
<b>Total (I+II+III)</b>	<b>3,63,719</b>	<b>2,81,201</b>
(includes interest capitalised on NPA)	264	169

### Schedule - 8

#### Interest Receivable

(i) On Investments	4,823	3,542
(ii) On Staff Advances	530	453
(iii) On Investments against Earmarked Funds	57	149
<b>Total (i+ii+iii)</b>	<b>5,410</b>	<b>4,144</b>



## Schedules

(₹ in Lacs)

	As at 31-Mar-15	As at 31-Mar-14
<b>Schedule - 9</b>		
<b>Fixed Assets</b>		
<b>I Premises ( Including Land )</b>		
Opening Balance as on 01.04.2014	21,534	18,715
Add : Additions during the year	9,652	2,848
Less : Sales during the year	(1)	(29)
	<b>31,185</b>	<b>21,534</b>
Less : Depreciation upto last year	2,354	1,807
Depreciation for the current year	810	563
Depreciation on assets sold	(1)	(16)
	<b>3,163</b>	<b>2,354</b>
<b>Sub-Total</b>	<b>28,022</b>	<b>19,180</b>
<b>II Furniture and Fixtures</b>		
Original Cost as on 01.04.2014	2,245	1,922
Add : Additions during the year	425	354
Less : Sales during the year	(51)	(31)
	<b>2,619</b>	<b>2,245</b>
Less : Depreciation upto last year	1,002	830
Depreciation for the current year	232	187
Depreciation on assets sold	(43)	(15)
	<b>1,191</b>	<b>1,002</b>
<b>Sub-Total</b>	<b>1,428</b>	<b>1,243</b>
<b>III Other Fixed Assets</b>		
Original Cost as on 01.04.2014	2,669	2,376
Add : Additions during the year	424	338
Less : Sales during the year	(109)	(45)
	<b>2,984</b>	<b>2,669</b>
Less : Depreciation upto last year	1,923	1,655
Depreciation for the current year	337	310
Depreciation on assets sold	(88)	(42)
	<b>2,172</b>	<b>1,923</b>
<b>Sub-Total</b>	<b>812</b>	<b>746</b>
<b>Total Fixed Assets (I+II+III)</b>	<b>30,262</b>	<b>21,169</b>

**Schedules**

(₹ in Lacs)

	As at 31-Mar-15	As at 31-Mar-14
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**Schedule - 10****Other Assets**

(i) Security Deposits	28	27
(ii) Lease Deposits	600	471
(iii) Deferred Revenue Expenditure	12	31
(iv) Intangible Assets (Software)	415	109
(v) Others	4,695	3,643
<b>Total (i+ii+iii+iv+v)</b>	<b>5,750</b>	<b>4,281</b>

**Schedule - 11****Contingent Liabilities**

(i) Guarantees and Acceptance	17,191	12,653
(ii) Income Tax Demand	131	35
(iii) DEAF Account	445	-
(iv) Others	1	1
<b>Total (i+ii+iii+iv)</b>	<b>17,768</b>	<b>12,689</b>



## Cash Flow For The Year Ended 31st March, 2015

(₹ in Lacs)

Particular	2014-15	2013-14
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit as per Profit and Loss Account	4,013	4,032
Add: Previous year excess provision written back	12	40
Add: Opening balance as per Profit & Loss Account	1	1
Add:- Investment Fluctuation Reserve Reversal	389	-
<b>Profit Available for Appropriations</b>	<b>4,415</b>	<b>4,073</b>
<b>Less : Appropriations</b>	<b>4,415</b>	<b>4,072</b>
Net Profit as per Balance sheet	0	1
<b>Add:</b>		
Depreciation On Assets	809	708
Software written-off (including DRE)	248	109
<b>Add:</b>		
Loss (Profit) on Sale of Assets	(2)	(1)
<b>Adjustments for:</b>		
(Increase )/ Decrease in Investments	(5,895)	(13,249)
(Increase )/ Decrease in Other Investments	(8,174)	(1,578)
(Increase)/ Decrease in Advances	(82,517)	(40,748)
(Increase )/ Decrease in Interest receivable and OIR	(2,762)	(1,452)
(Increase )/ Decrease in Other Assets	(1,330)	(1,491)
Increase/( Decrease )in Funds	4,822	4,791
Increase/( Decrease )in Deposits	1,04,148	62,734
Increase /( Decrease) in Borrowings	5,000	(1,399)
Increase/ (Decrease) in Interest Payable	(123)	77
Increase /( Decrease) in Other Liabilities	1,824	1,538
Branch Adjustment	7	-
<b>Net Cash Generated from Operating Activities (A)</b>	<b>16,055</b>	<b>10,041</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,763)	(3,540)
Payment of DRE	(2)	(16)
Payment for Software	(532)	(117)
Sale Proceeds of Fixed Assets	7	33
<b>Net Cash Generated from Investing Activities (B)</b>	<b>(2,290)</b>	<b>(3,640)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase in Share Capital	835	1,957
Dividend Paid	(864)	(853)
<b>Net Cash generated from Financing Activities (C)</b>	<b>(29)</b>	<b>1,104</b>

**Cash Flow For The Year Ended 31st March, 2015**

(₹ in Lacs)

Particular	2014-15	2013-14
<b>Net increase in cash &amp; cash equivalents (A+B+C)</b>	<b>13,736</b>	<b>7,505</b>
Cash & Cash Equivalents at the beginning of the year	35,515	28,009
Cash & Cash Equivalents at the end of the year	<u>49,251</u>	<u>35,515</u>
	<b>13,736</b>	<b>7,505</b>
<b>Cash &amp; Cash Equivalents</b>		
Cash in hand & Balances with Notified Banks	26,693	26,059
Balances with Other Banks	15,290	6,959
Money at Call and Short Notice	<u>7,268</u>	<u>2,497</u>
	<b>49,251</b>	<b>35,515</b>

As per our report of even date attached  
For and on behalf of

**A. P. SANZGIRI & CO.**

Chartered Accountants,  
Firm Regn. No.: 116293W

**SATISH KUMAR GUPTA**

**PARTNER (MEMBERSHIP NO: 101134)**

Mumbai, 29th May, 2015

**KISHORE KULKARNI**

Chairman

**NAGESH PINGE**

Vice-Chairman

**CHINTAMANI NADKARNI**

Managing Director

**SAMIR REGE**

Chief Manager (Finance)

**RAJAN BHAT**

Director

**NAGESH FOVKAR**

Director

**SUNIL GAITONDE**

Director

**SHREEDHAR KAMAT**

Director

**VASUDEV MASUREKAR**

Director

**KAUSHAL MUZUMDAR**

Director

**ANIL NADKARNI**

Director

**LAXMIKANT PRABHU**

Director

**SUJATA RANGNEKAR**

Director

**Background:**

NKGSB Co-op Bank Ltd. was incorporated under Maharashtra Co-operative Societies Act in 1917. Subsequently in 1996, the same was brought under Multi State Co-operative Societies Act 2002, upon opening branches outside the State of Maharashtra. Bank is designated a Scheduled Bank under Schedule II of the R.B.I. Act. Presently the Bank has 94 branches spread over in the States of Maharashtra, Goa, Karnataka & Gujarat. The Bank provides various banking products which cater to the needs of both corporate and retail customers.

**Schedule No. 12:-****SIGNIFICANT ACCOUNTING POLICIES: -****1. ACCOUNTING CONVENTION:**

The accompanying Financial statements have been prepared and presented under the historical cost convention as a going concern on accrual basis of accounting, unless otherwise stated, 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, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, the applicable Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and the current practices prevailing amongst the Co-operative Banks in India.

**2. USE OF ESTIMATES:**

The presentation of 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 estimated. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

**3. INVESTMENTS :**

For presentation in the Balance sheet, investments are classified under the following heads as required under RBI guidelines – Government securities, Other approved securities, Shares in Co-operative institutions/Financial Corporations, Bonds of Public Sector undertaking and other Investments.

**3.1 Classification**

Investments other than shares in Co-operative Banks and Societies are classified into three categories viz; 'Held To Maturity' (HTM), 'Available For Sale' (AFS) and 'Held For Trading' (HFT) in accordance with the guidelines issued by the RBI on "Classification and Valuation of Investments by Primary (Urban) Co-operative Banks (Primary UCBs).

**3.2 Valuation and Accounting of Investments**

- a) Investments in HTM category are valued at acquisition cost unless it is more than the face value in which case the premium (if any) paid on the investments under this category is shown under "Other Assets" and is amortised over the period remaining to maturity.
- b) Investments under AFS and HFT categories are valued scrip-wise at lower of Book Value and Market Value and depreciation/appreciation is aggregated for each classification. Net depreciation, if any, is provided for, while net appreciation, if any, is ignored. Net Depreciation for the year under these categories is charged to the Profit and Loss Account and shown under Other Liabilities as "Contingent Provisions against Depreciation in Investment".



- c) Treasury Bills under all categories/classifications are valued at carrying cost.
- d) Shares of Co-operative Institutions and Financial Corporations are valued at cost unless there is a diminution in the value thereof in which case the diminution is fully provided for.
- e) Market Value of Securities is determined in terms of Yield To Maturity (YTM) method indicated by Fixed Income Money Market & Derivatives Association of India (FIMMDA).
- f) Broken period interest in respect of investments purchased is treated as an item of expenditure under the Profit and Loss account.
- g) Realized gains if any, on sale of investments under HTM category are recognised in the Profit and Loss Account and subsequently appropriated to the Investment Fluctuation Reserve (IFR) in accordance with RBI guidelines. Loss, if any, on sale is recognised in the Profit and Loss Account.

### **3.3 Transfer between categories :**

Reclassification of investments from one category to another, is done in accordance with RBI guidelines and any such transfer is accounted for at the acquisition cost/book value/market value, whichever is lower, as at the date of transfer. Depreciation, if any, on such transfer is fully provided for.

## **4. ADVANCES:**

- a) The classification of advances into Standard, Sub Standard, Doubtful and Loss assets as well as provisioning on Standard Advances, Restructured Advances and Non Performing Advances is arrived at in accordance with the Income Recognition, Assets Classification and Provisioning Norms prescribed by the RBI for Primary UCBs. Certain advances have been kept outstanding at nominal amounts to continue the charge on securities in respect of other standard facilities enjoyed by them with the Bank. Accordingly, these advances are classified as Standard Assets.
- b) Any lending under the Collateralised Borrowing and Lending Obligations (CBLO) facility which is repayable beyond 15 days is classified under Advances (Short Term) Secured against Government and Other Approved Securities. Other CBLO lending repayable within 15 days is classified under "Money at Call and Short Notice".
- c) The Bank also makes provision for diminution in fair value of Restructured Advances as per norms issued by RBI.

## **5. FIXED ASSETS AND DEPRECIATION:**

- a) Fixed Assets, other than those that have been revalued, are carried at historical cost less depreciation accumulated thereon. Cost includes incidental stamp duty, registration charges and civil work in case of ownership premises, and in case of other fixed assets, amounts incurred to put the asset in a working condition.
- b) Depreciation is provided on a straight line basis over the estimated useful life of the asset at the rates mentioned below:

<b>Assets</b>	<b>% of Depreciation</b>
Computer	33.33%
Land and Building	2.50%
Furniture and Fixture	10.00%
Glow Sign Board	20.00%
Office Machinery (including Air-conditioner)	15.00%
Vehicles	20.00%
Leasehold Improvements	Equally over the primary period of lease





- c) Depreciation on vehicle as well as fixed assets acquired in newly opened branches is charged pro-rata on completed month basis.
- d) Assets disposed off during the year are depreciated up to the quarter before the date of disposal.
- e) Books are capitalised and depreciated to Re.1/- per book in the year of its purchase.
- f) Depreciation on the revalued portion of such assets is included in Depreciation expenses and the same amount is correspondingly reversed from Revaluation Reserve and credited to the Profit & Loss Account.
- g) Fixed Assets which have been fully depreciated but are still in use, are carried in the books at Re.1/-.
- h) Assets individually costing less than Rs. 5,000/- are not capitalised but charged to Profit and Loss Account in the year of purchase.

#### **6. RESERVE FUND AND OTHER RESERVES:**

- a) As per the requirement of Multi State Co-op. Soc. Act. 2002, the Statutory Reserve Fund has been bifurcated into 3 Categories viz.  
Statutory Reserve Fund (Comprising 25% of Net Profit of each year transferred)  
Contingency Reserve Fund (Comprising 10% of Net Profit of each year transferred)  
Co-operative Education Fund maintained by National Co-operative Union of India (Comprising 1% of Net Profit of each year transferred).
- b) Membership Entrance Fees and Dividend payable remaining unclaimed for over 3 years are taken directly to the Statutory Reserve Fund.
- c) Interest accruing on investments against certain earmarked funds viz. Members Welfare Fund, Staff Loan Fund, Staff Welfare Fund is credited initially to Profit and Loss Account and subsequently transferred to the respective funds through appropriation of profits for the year.
- d) Bank follows a policy of transferring surplus arising on account of revaluing of fixed assets over their book value to Revaluation Reserve.

#### **7. REVENUE RECOGNITION:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Items of income and expenditure are accounted for on accrual basis except the following items:-

- a) Interest income on Non-Performing Advances is recognised on cash basis in accordance with guidelines issued by RBI.
- b) Commission, Exchange, Brokerage and Locker Rent are recognized as income on upfront basis.
- c) Income from investments is accounted for on accrual basis except dividend on shares of Corporates and Mutual Funds, if any, which is accounted for on cash basis.

#### **8. OVERDUE INTEREST RESERVE:**

- a) Overdue Interest Reserve (OIR) represents unrecovered interest on Non-Performing Advances, which is correspondingly shown under Interest Receivable as per RBI directives.
- b) Provision for Interest Capitalised on Non-Performing Assets represents unrecovered interest on Non-performing Advances which was reversed from Profit & Loss Account as per RBI directives.

#### **9. DEFERRED REVENUE EXPENDITURE (DRE):**

Stamp Duty & Registration expenses in respect of leased premises are written off equally over the primary period of the lease.

**10. FOREIGN EXCHANGE TRANSACTIONS:**

In accordance with the guidelines issued by RBI, Bank has adopted following policies:

- a) Transactions denominated in foreign currency are accounted for at the rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities reflected in the balance sheet on the date are translated at the rates notified by Foreign Exchange Dealers Association of India (FEDAI). The profit / loss due to revaluation are recognised in the Profit and Loss account.
- b) The outstanding spot and forward contracts are revalued at the rates notified by FEDAI. The resulting profit / loss is included in Profit and Loss account as per FEDAI / RBI guidelines.
- c) Premium/discount in respect of foreign exchange hedge contract is amortised over the period of contract.
- d) Contingent liabilities on account of foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at closing rates of exchange notified by FEDAI.

**11. EMPLOYEE BENEFITS:****a) Gratuity**

Retirement Benefit in the form of Gratuity is a Defined Benefit Plan. The Bank has a Gratuity Trust for its Employees under the group Gratuity cum Life Assurance Scheme managed by Life Insurance Corporation of India (LIC). Gratuity is provided for on the basis of actuarial valuation done by an independent actuary as at the year end, using the Projected Unit Credit Method in accordance with AS-15 (revised) on Employee Benefit as issued by ICAI.

**b) Compensated Absences (Leave Encashment)**

Employee Leave Benefits in the nature of Privilege Leave is a defined benefit plan. Employees are not entitled to encashment of sick leave. Casual leave is encashed at the year end and not carried forward. Privilege leave which is encashable is provided for on the basis of actuarial valuation done by an independent actuary as at the year end using the Projected Unit Credit Method in accordance with the guidelines on AS-15 (revised) on Employee Benefits as issued by ICAI.

**c) Provident Fund contribution**

Retirement Benefit in the form of Provident Fund is a 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.

**d) Superannuation Contribution**

Contribution towards superannuation scheme of LIC is accounted for on accrual basis as a Defined Contribution Plan.

**12. SEGMENT REPORTING:**

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) money market operations and foreign exchange transactions including trade finance. The expenses of this segment consist of interest expenses on funds borrowed from external sources and depreciation/ amortization of premium on Held To Maturity investments.
- b) Other banking operations include all other operations not covered under Treasury operations. It primarily comprises of Loans and Advances to Wholesale and Retail Customers and other banking services to such customers. The revenue consists of interest earned on Loans and Advances, fee income on various services and foreign exchange products to corporates.

**13. OPERATING LEASES:**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are



classified as Operating Leases. Operating Lease payments are recognized as an expense in the Profit and Loss Account during the year as per lease agreement.

**14. EARNING PER SHARE (EPS):**

Basic Earning per share is calculated by dividing the Net Profit or Loss for the period by the weighted average number of shares outstanding during the year. The weighted average numbers of shares are calculated on monthly basis.

**15. DEPOSITS FOR SERVICES:**

Security Deposits for electricity and telephone services are written off equally over a period of 5 financial years.

**16. INCOME TAX:**

- a) Income Tax expense comprises of Current Tax and Deferred Tax. Current Tax is provided for and Deferred Tax is accounted for in accordance with the applicable provisions of the Income Tax Act, 1961 and Rules framed there under.
- b) Provision for Current Tax is made on the basis of estimated taxable income for the year.
- c) Deferred Tax is recognised on account of timing differences between the book profits and the taxable profits. The tax effect of timing differences between the book profits and taxable profits measured using the tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date are reflected through Deferred Tax Asset (DTA)/Deferred Tax Liability (DTL). DTA is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such DTA can be realised.

**17. INTANGIBLE ASSETS:**

Intangible Assets consist of Computer Software Expenses which are amortised equally over a period of 3 financial years. In respect of new branches, same are amortised on pro-rated basis for completed months.

**18. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

The Bank makes provisions when it has a present obligation as a result of past event(s), where it is probable that an outflow of resources embodying economic benefit to settle the obligation will be required and a reliable estimate can be made of such an obligation.

Contingent assets are not recognized in the Financial Statements.

Contingent Liabilities of the Bank are in respect of guarantees, acceptances and letters of credit with customers under approved limits and the liability thereon is dependent upon terms of contractual obligations, devolvement and raising of demand by the concerned parties. These amounts are partly collateralised by margins/guarantees/secured charges. A disclosure of Contingent Liability is made when there is a possible obligation, arising from a past event(s), 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 any present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation cannot be made.

**19. IMPAIRMENT OF ASSETS:**

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired and provides for impairment loss, if any, in the Profit and Loss Account.

**Schedule No. 13 :-****NOTES FORMING PARTS OF THE ACCOUNTS**

1. **Appropriation of Profits:-** The Bank has made the following appropriations of profits for the year ended March 31, 2015 in the financials which are subject to shareholders' approval in the ensuing Annual General Meeting:

Particulars	Amount (₹ in Lacs)
Net Profit for F.Y. 2014-15	4,013
Add: Opening Balance in Profit and Loss Account	1
Add: Write-back of excess provision for expenses, IFR, Education Fund	401
<b>Total Profit available for appropriation</b>	<b>4,415</b>
<b>Appropriations :-</b>	
Statutory Reserve Fund	1,003
Contingency Reserve Fund	402
Education Fund	41
Bad & Doubtful Debts Fund	800
Reserve for Donations	3
Investment Fluctuation Reserve	248
Special Reserve u/s 36 (1) (viii) of I.T. Act 1961	239
Proposed Dividend @ 12% p.a. (pro-rata)	1,057
Ex-Gratia to Staff	545
Staff Loan Fund	24
Staff Welfare Fund	35
Members' Welfare Fund	16
Centenary Fund	2
<b>Balance carried forward</b>	<b>-</b>
<b>Total</b>	<b>4,415</b>

2. During the year, the Bank has transferred an amount of ₹ 224.17 lacs, being profit on sale of investments held under HTM category, to IFR. In view of the amount held under IFR being more than the RBI suggested upper cap of 10% of investments held under AFS and HFT category, the excess over 10% amounting to Rs. 389 Lacs has been written back to the Profit and Loss Appropriation Account.

Besides, a contingent provision for depreciation on investments held under AFS and HFT category was reversed during the year amounting to Rs. 24 Lacs [net of taxation and transfer to statutory reserve] and has been transferred to and retained under IFR.

3. **Long Term Subordinated (Tier-II) Deposits:**

In accordance with the approval granted by RBI vide its letter no. UBD.MRO.BSS1/7741/12.07.163/ 2013-2014 dated April 17, 2014 and the Deputy Director to Central Registrar of Co-operative Societies vide its letter no. R-11017 / 6 / 2004 - L&M (Pt.) dated July 18, 2014 , and Board Approval dated June 22, 2013, during the year 2014-2015, the Bank has raised Rs. 50 crores by way of Long Term Subordinated (Tier-II) Deposits.



The said amount after applying relevant discounting factors is included in the Tier-II capital of the Bank for Capital Adequacy purposes as per RBI guidelines.

**4. Settlement Credit/Debit Account:**

Settlement Debit and Credit Accounts (Contra) represents mirror impact of the cost of acquisition of Shree Shahu Co-operative Bank Ltd. (SSCBL) and the entries pertaining to the Gains / Losses incurred post merger on assets and liabilities taken over.

5. During the year, the Bank has written off an amount of ₹ 175.28 lacs (previous year ₹ 212.15 lacs) towards bad debts which is identified by the Management as irrecoverable, approved by the Board Of Directors and certified as such by the Statutory Auditors. The said amount had been fully provided for in the earlier years and accordingly an equivalent amount has been written back from the Bad and Doubtful Debt Reserve.

**6. Shares Forfeited Fund:**

The existing share holders who had not complied with the criteria of the minimum share holding of 50 shares as required under Bye-Law No. 11 (ii) have ceased to be a member after June 30, 2012. Consequently, Bank had transferred the related share money from share capital to a separate reserve fund account viz. "Shares Forfeited Fund". The Bank has provided an option to such members to claim their money from the aforesaid account by June 30, 2015.

**7. Disclosure under AS - 15 "Employee benefits" Provident Fund :**

(₹ in Lacs)

Particulars	Provident Fund	
	31.03.2015	31.03.2014
Bank's contribution to Provident Fund debited to Profit and Loss Account	448.10	371.18

**8. Disclosure under AS - 15 "Employee Benefits" Gratuity:**

The following table sets out the status of the Gratuity Plan as required under AS-15. Reconciliation of opening and closing balances of the present value of the defined benefit obligation:



(₹ in Lacs)

Sr. No.	Particulars	Gratuity Funded	
		31.03.2015	31.03.2014
<b>1</b>	<b>Principal actuarial assumptions as at the date of balance date</b>		
	Discount Rate	8.00%	9.15%
	Salary Escalation	4.00%	6.00%
	Expected Return on Plan Assets	9.30%	9.30%
<b>2</b>	<b>Reconciliation of opening and closing balance of present value of obligation</b>		
	Present value of obligation as at beginning of the year	<b>1,452.65</b>	<b>1,299.73</b>
	Interest cost	128.63	104.00
	Current service cost	96.68	89.51
	Benefit Paid	(111.19)	(78.24)
	Actuarial (Gain)/ Loss on obligations	(69.92)	37.65
	Present value of obligation as at end of the year	<b>1,496.85</b>	<b>1,452.65</b>
<b>3</b>	<b>Reconciliation of opening and closing balance of present value of plan assets</b>		
	Fair value of plan assets at beginning of year	<b>1,377.56</b>	<b>1,137.34</b>
	Adjustment to Opening Fund	-	-
	Expected return on plan assets	121.42	108.20
	Contributions	200.06	210.42
	Benefits paid	(111.19)	(78.24)
	Actuarial Gain/ (Loss) on plan assets	10.67	(0.16)
	Fair value of plan assets at end of the year	<b>1,598.52</b>	<b>1,377.56</b>
<b>4</b>	<b>Amount to be recognised in the balance sheet</b>		
	Present value of obligation as at the end of the year	<b>1,496.85</b>	<b>1,452.65</b>
	Present value of plan assets as at the end of the year	<b>1,598.52</b>	<b>1,377.56</b>
	Funded Status	(101.67)	(75.09)
	Net Asset/(Liability) in balance sheet	(101.67)	(75.09)
<b>5</b>	<b>Expenses Recognised in the Profit and Loss Account</b>		
	Current service cost	96.68	84.83
	Interest cost	128.63	104.00
	Expected return on plan assets	(121.42)	(108.20)
	Net Actuarial (Gain)/ Loss recognised in the year	(80.59)	37.81
	Expenses recognised in statement of Profit and Loss	<b>23.30</b>	<b>118.43</b>



**9. Disclosure under AS - 15 “Employee Benefits” Leave Encashment:-**

(₹ in Lacs)

Sr. No.	Particulars	Leave Encashment	
		31.03.2015	31.03.2014
<b>1</b>	<b>Principal actuarial assumptions as at the date of balance date:</b>		
	Discount Rate	8.00%	9.15%
	Salary Escalation	4.00%	6.00%
	Expected Return on Plan Assets	8.88%	10.15%
<b>2</b>	<b>Reconciliation of opening and closing balance of present value of obligation</b>		
	Present value of obligation as at beginning of the year	<b>717.50</b>	<b>535.72</b>
	Interest cost	63.66	41.39
	Current service cost	31.10	28.49
	Benefit Paid	(77.78)	(68.08)
	Actuarial (Gain)/ Loss on obligations	57.96	179.99
	Present value of obligation as at end of the year	<b>792.44</b>	<b>717.50</b>
<b>3</b>	<b>Reconciliation of opening and closing balance of present value of plan assets</b>		
	Fair value of plan assets at beginning of year	<b>785.00</b>	<b>559.00</b>
	Adjustment to Opening Fund	-	-
	Expected return on plan assets	71.58	64.02
	Contributions	79.42	161.98
	Benefits paid	-	-
	Actuarial Gain/ (Loss) on plan assets	-	-
	Fair value of plan assets at end of the year	<b>936.00</b>	<b>785.00</b>
<b>4</b>	<b>The amounts to be recognised in the balance sheet</b>		
	Present value of obligation as at the end of the year	<b>792.44</b>	<b>717.50</b>
	Present value of plan assets as at the end of the year	<b>936.00</b>	<b>785.00</b>
	Funded Status	(143.56)	(67.50)
	Net (Asset)/Liability in balance sheet	(143.56)	(67.50)
<b>5</b>	<b>Expenses Recognised in the statement of Profit and Loss</b>		
	Current service cost	31.10	28.49
	Interest cost	63.66	41.39
	Expected return on plan assets	-	(64.02)
	Net Actuarial (Gain)/ Loss recognised in the year	(13.62)	179.99
	Expenses recognised in statement of Profit and Loss	<b>81.14</b>	<b>185.85</b>



**10. Disclosure under AS - 17 on "Segment Reporting":-**

Information about Primary Business Segments:

(₹ in Lacs)

BUSINESS SEGMENTS	For 2014-15			For 2013-14		
	Treasury & Forex	Other Banking operations	Total	Treasury & Forex	Other Banking operations	Total
Revenue	16,655.29	42,528.04	59,183.33	12,908.05	34,802.63	47,710.68
Expenses	14,456.30	38,768.24	53,224.54	11,712.38	30,071.71	41,784.09
Result	<b>2,198.99</b>	<b>3,759.80</b>	<b>5,958.79</b>	<b>1,195.67</b>	<b>4,730.92</b>	<b>5,926.59</b>
Unallocated expenses			181.36			240.06
Operating profit			<b>5,777.43</b>			<b>5,686.53</b>
Income Tax			1,764.75			1,654.90
Extraordinary profit/loss			-			-
Net Profit			<b>4,012.68</b>			<b>4,031.62</b>
Other Information						
Segment assets	1,82,649.17	4,12,396.86	5,95,046.03	1,53,297.63	3,24,853.50	4,78,151.12
Unallocated assets			23,166.95			14,185.72
Total assets			<b>6,18,212.98</b>			<b>4,92,336.84</b>
Segment liabilities	1,83,552.21	3,94,406.82	5,78,159.03	1,54,060.24	3,07,427.66	4,61,487.90
Unallocated liabilities			21,529.41			13,414.57
Shareholders' Funds			18,524.54			17,434.37
Total liabilities			<b>6,18,212.98</b>			<b>4,92,336.84</b>

**Notes: -**

The Bank is engaged into two main business segments, namely:

- Treasury-primarily comprising of Dealing Room operations, trading/investments in Bonds and Government securities, money market operations and foreign exchange transactions. The revenue consists of interest earned on investments, gain/ (loss) on investments, gain/(loss) on foreign exchange ,commission on trade finances business. Expenses consist of interest on funds borrowed. Expenses also include directly attributable costs like staff costs and overhead expenses.
- Other Banking Operations – primarily comprising of Loans and Advances to Wholesale and Retail Customers and other Banking services to such customers. The revenue consists of interest earned on loans and advances, fee income on various services and foreign exchange products to borrowers. Expenses include directly attributable costs like staff costs and overhead expenses.

The above segments are based on the currently identified segments taking into account the nature of services provided, the risks and returns, overall organisation structure of the Bank and the internal financial reporting system.

Segment revenue, results, assets and liabilities include the respective amounts directly identifiable to each of the segments and also amounts apportioned/allocated on a reasonable basis.



**11. Disclosure under AS - 18 on “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 (ICAI) other than of the Key Management Personnel.

There being only one Managing Director Shri. Chintamani V. Nadkarni for the financial year 2014-15, in terms of RBI circular dated March 29, 2003, he being a single party coming under the category, no further details thereon need to be disclosed.

**12. Disclosure under AS - 19 “Leases”:**

The Bank has entered into cancellable operating leases for the branches except initial lock in period for the branches. The disclosures under AS 19 on 'Leases' issued by ICAI are as follows:

- a) Lease payments of Rs. 740.86 lacs (P.Y. Rs.534.42 lacs) has been recognised during the year in the profit and loss account.
- b) The lease agreements entered into pertain to use of premises at the branches. The lease agreements do not have any undue restrictive or onerous clauses other than those normally prevalent in similar agreements regarding use of assets, lease escalations, renewals and a restriction on sub-leases.

**13. Depositor Education and Awareness Fund ( DEAF ):**

As required under RBI circular DBOD no. DEAF.Cell.BC.101/30.01.002/2013-14 dated March 21, 2014, the Bank has transferred the following funds to DEAF with RBI. The movement of the DEAF a/c is as follows:

(₹ in Lacs)		
Particulars	2014-15	2013-14
Opening Balance of amounts transferred to DEAF	0.00	0.00
Add : Amounts transferred to DEAF during the year	453.79	0.00
Less : Amounts reimbursed by DEAF towards claims*	8.75	0.00
Closing Balance of amounts transferred to DEAF	445.04	0.00

\*does not include an amount of Rs. 1.68 Lacs that has already been paid by the Bank to the eligible depositors, claim for which has been lodged with the RBI and reimbursement of which is expected.

**14. Earning Per Share (EPS):**

(₹ in Lacs)		
Particulars	2014-15	2013-14
Net Profit/(loss) after income tax	4,012.68	4,031.62
Weighted average number of shares	866.31	708.75
EPS	4.63	5.69

**15. Accounting for Taxes on Income :**

Disclosure of major components of DTA (net) are as under :

(₹ in Lacs)

	<b>AS AT 31.03.2014</b>	<b>DURING THE YEAR 2014-15</b>	<b>AS AT 31.03.2015</b>
<b>DTA</b>			
Provision for Advances	1248.79	297.35	1546.14
Provision for leave encashment	243.88	25.47	269.35
Lease equalisation account	0.60	(0.18)	0.42
<b>TOTAL</b>	<b>1493.27</b>	<b>322.64</b>	<b>1815.91</b>
<b>DTL</b>			
Depreciation on Fixed Assets	211.06	94.18	305.24
Others (Special Reserve u/s 36 (1)(viii) of the Income Tax Act, 1961)	332.07	81.21	413.28
<b>TOTAL</b>	<b>543.13</b>	<b>175.39</b>	<b>718.52</b>
<b>NET DTA/(DTL)</b>	<b>950.14</b>	<b>147.25</b>	<b>1097.39</b>

**16. Intangible Assets :**

Details of Computer Software Expenses (Intangible Asset) are as under :

(₹ in Lacs)

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Carrying Amount at the Beginning of the Year	109.13	81.39
Additions during the Year	532.21	116.81
	<b>641.34</b>	<b>198.20</b>
Amortisation during the Year	226.47	89.07
Carrying Amount at the End of the Year	<b>414.87</b>	<b>109.13</b>

**17. Impairment of Assets:**

The Bank has ascertained that there is no material impairment of any of its assets and as such no provision under Accounting Standard 28 issued by ICAI is required.

- 18.** The Bank has taken Group Mediciam Policy covering its Directors, Executives and Staff. The Bank has paid premium of Rs. 30.33 lacs (P.Y. Rs. 53.93 lacs) on this account.

**19. Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account as at March 31, 2015 aggregate to Rs. 59.28 Lacs.

**20. Change in Accounting Policy:**

Hitherto the Bank had a policy of transferring all unpaid/unclaimed DDs, POs drawn on itself and outstanding for a period of 3 years to Statutory Reserve Fund. However, in view of the RBI guidelines issued during the year on transfer of unclaimed liabilities to DEAF a/c, the Bank has now discontinued the said policy. Had the earlier policy have been followed, the Statutory Reserve Fund as at the end of the year would have been higher by Rs. 13.18 lacs.

- 21.** Previous year figures are re-grouped or re-arranged wherever necessary to conform to the presentation of the current year.



**Schedule No. 14**

**Disclosures as per RBI Guidelines**

( ₹ In Lacs)

Sr. No.	Capital to Risk Asset Ratio (CRAR)	31.03.2015	31.03.2014
1.	A. Tier I Ratio	8.04%	10.09%
	B. Tier II Ratio	4.58%	3.00%
	<b>CRAR</b>	<b>12.62%</b>	<b>13.09%</b>
2.	<b>Movement of CRAR</b>		
	A. Tier I Capital	29,983.00	27,920.99
	B. Tier II Capital	17,078.88	8,294.70
	Capital Funds	47,061.88	36,215.69
	C. Risk weighted assets	3,73,041.70	2,76,599.75

3.	<b>Values of Investments is as under:</b>	<b>31.03.2015</b>	<b>31.03.2014</b>
	Government/ Approved Securities (Market value)	1,16,920.46	1,04,272.84
	Bonds of Public Sector Undertakings (Market value)	NIL	NIL
	Other investments (Cost Value or Market Value whichever is less)	500.09	499.53
	Shares in Co-operative Institution (Cost Value)	0.31	0.31
	<b>TOTAL MARKET VALUE</b>	<b>1,17,421.14</b>	<b>1,04,772.67</b>
	<b>TOTAL FACE VALUE</b>	<b>1,17,843.64</b>	<b>1,12,843.64</b>
	<b>TOTAL BOOK VALUE</b>	<b>1,16,914.49</b>	<b>1,11,019.81</b>

Investment of Face Value ₹ 2,000.00 (Lacs) (previous year ₹ 2,000.00 (Lacs) and Market Value ₹ 2,068.44 (Lacs) as on 31<sup>st</sup> March, 2015 (previous year ₹ 1,881.00 (Lacs)) have been lodged with CCIL as Collateral/Settlement Guarantee Fund.

Further, Investment of Face Value ₹ 5,000.00 (Lacs) as on 31<sup>st</sup> March, 2015 (Face Value P.Y. ₹ 5,000.00 (Lacs)) and Market Value ₹ 4,722.20 (Lacs) as on 31<sup>st</sup> March, 2015 (Market Value P.Y. ₹ 4,456.39 (Lacs)) have been lodged with CBLO as Collateral/Settlement Guarantee Fund.

( ₹ In Lacs)

Sr. No.	Particulars	31.03.2015	31.03.2014
4.	A. Foreign Currency Liabilities	456.39	NIL
	B. Foreign Currency Assets	444.73	NIL

**5. There have been no transactions in Repo and Reverse Repo during the current and the previous financial year.**



6. Disclosure regarding Non SLR Investments in Bonds as on 31.03.2015.

A. Issuer Composition

(₹ in Lacs)

No.	Issuer	Amount	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)
A.	PSUs	NIL	NIL	NIL	NIL
B.	FIs	500	NIL	NIL	NIL
C.	Nationalised Banks	NIL	NIL	NIL	NIL
D.	Mutual Funds	NIL	NIL	NIL	NIL
E.	Others	0.40	NIL	0.40	0.40
F.	Provisions held towards Depreciation	NIL	NIL	NIL	NIL
	<b>Total</b>	<b>500.40</b>	<b>NIL</b>	<b>0.40</b>	<b>0.40</b>

B. Non Performing Investments

(₹ in Lacs)

Particulars	2014-15	2013-14
Opening Balance	NIL	NIL
Additions during the year since April 1, 2015	NIL	NIL
Reduction during the above period	NIL	NIL
Closing Balance	NIL	NIL
Total Provisions held	NIL	NIL

(₹ in Lacs)

7.	Advances to Sensitive Sectors	31.03.2015	31.03.2014
	<b>Against -</b>		
	a. Housing*	55,711.79	40,934.93
	b. Construction business (excluding rent discounting)	9,944.97	9,637.78
	c. Other real estate (including Mortgage Loans)	152,505.50	100,161.22
	d. Against Shares & Debentures	28.76	28.77
	<b>*Includes staff housing loans of ₹ 3,896.64 lacs (P.Y. ₹ 2,952.75 Lacs)</b>		

8. There have been no sanctioned limits to directors (Funded and Non funded) as at 31.03.2015 (P.Y.- Nil). Advances to directors outstanding as at 31.03.2015 is Nil (P.Y.- Nil)

	31.03.2015	31.03.2014
9. Average cost of deposits	8.03%	7.80%

(₹ in Lacs)

	31.03.2015	31.03.2014
10. <b>NPA's at the end of the year</b>		
a. Gross NPAs	17,049.91	11,334.22
b. Net NPAs**	9,825.66	6,105.69



\*\* During the year, the Bank has proposed appropriation of an amount of ₹ 800 Lacs (Previous Year NIL) towards Bad and Doubtful Debts Fund over and above the existing provision made towards Bad and Doubtful Debts. The proposed amount in the said fund is netted off against NPAs in arriving at the figure of Net NPAs.

(₹ in Lacs)

		31.03.2015	31.03.2014
<b>11.</b>	<b>Movements in NPA</b>		
	Opening Balance – Gross NPA's	11,334.22	9,448.26
	Add: Additions during the year	8,007.50	8,668.72
	Less: Closed/ Recovered/ Written Off/Upgraded	2,291.81	6,782.76
	<b>Closing Balance</b>	<b>17,049.91</b>	<b>11,334.22</b>

		31.03.2015	31.03.2014
<b>12.</b>	<b>Profitability</b>		
	A. Interest income as a percentage of working funds	8.78%	8.93%
	B. Non-interest income as a percentage of working funds	0.60%	0.62%
	C. Operating profit as a percentage of working funds	1.28%	1.59%
	D. Return on Assets (Net Profit /Average of working funds)	0.73%	0.89%
	E. Business (Deposits + Advances) per employee (₹ in Lacs)	851.21	790.33
	F. Profit per employee (₹ in Lacs)	3.81	4.48

(₹ in Lacs)

		31.03.2015	31.03.2014
<b>13.</b>	<b>Provisions made towards NPA during the year</b>	<b>1,964.73</b>	<b>1,835.91</b>

(₹ in Lacs)

		31.03.2015	31.03.2014
<b>14.</b>	<b>Contingent provision made/(written back) during the year against depreciation in investments</b>	<b>(49.01)</b>	<b>58.27</b>

(₹ in Lacs)

		31.03.2015	31.03.2014
<b>15.</b>	<b>Movement in provisions</b>		
	<b>A. Towards NPAs</b>		
	Opening Balance	5,059.37	4,067.61
	Add: Provision during the year	1,964.72	1,835.91
	<b>Total</b>	<b>7,024.09</b>	<b>5,903.52</b>
	Less: W/b of Prov. on Closed/Recovered/Written Off of NPAs	864.00	844.15
	<b>Closing Balance</b>	<b>6,160.09</b>	<b>5,059.37</b>
	**Amount proposed to be appropriated from profits after tax to Bad and Doubtful Debts Fund	800.00	-
	<b>B. Towards standard assets</b>		
	Opening Balance	1,087.31	975.31
	Add: Additions during the year	260.02	112.00
	Less: Written back during the year	-	-
	<b>Closing Balance</b>	<b>1,347.33</b>	<b>1,087.31</b>



(₹ in Lacs)

		31.03.2015	31.03.2014
<b>16.</b>	<b>Movements in Contingent provisions against depreciation in investment</b>		
	Opening Balance	65.31	7.04
	Add: Provision made during the year	-	58.27
	Less: Excess provision reversed	49.01	-
	<b>Closing Balance</b>	<b>16.30</b>	<b>65.31</b>
<b>17.</b>	<b>Movements in Investment Fluctuation Reserve</b>		
	Opening Balance	1,504.54	1,130.39
	Additions during the year	NIL	(28.85)
	<b>Appropriations:</b>		
	Amount Transferred	248.00	403.00
	Less : Excess amount reversed	389.00	-
	<b>Closing Balance</b>	<b>1,363.54</b>	<b>1,504.54</b>

**18. Disclosure in respect of Restructured Accounts as per RBI master circular no. RBI/2009-10/93UBD. PCB.MC.No. 3 / 09.14.000 / 2009-10 July 1, 2009 (Annexure - VIII)**

(₹ in Lacs)

Restructured Accounts during FY 2014-2015				
		Housing Loans	SME Debt Restructuring	Others
Standard Advances	No of Borrowers	0	1	1
	Amount Outstanding	0	83.35	63.94
Restructured	Sacrifice *	0	0	0
Substandard Accounts Restructured	No of Borrowers	0	0	0
	Amount Outstanding	0	0	0
	Sacrifice*	0	0	0
Doubtful Accounts Restructured	No of Borrowers	0	0	0
	Amount Outstanding	0	0	0
	Sacrifice *	0	0	0
<b>Total</b>	<b>No of Borrowers</b>	<b>0</b>	<b>1</b>	<b>1</b>
	<b>Amount Outstanding</b>	<b>0</b>	<b>83.35</b>	<b>63.94</b>
	<b>Sacrifice</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Diminution in Fair Value

**Note:** There are no accounts pending for restructuring where applications have been received and not approved.

**19. Revaluation Reserve**

Para 13 of AS-10 contains Provisions for Revaluation of Fixed Assets which should be appraised by competent valuers who will value the current market prices on selective basis. Revaluation should be done for an entire class of Fixed Assets. Accordingly, Bank had done Revaluation for the entire class of buildings to their Fair Market Value (FMV) on December 31, 2010 through approved valuers.

During the current year, the Bank has freshly conducted a valuation of its 42 owned premises as at December 31, 2014. The Market Value of these revalued premises as on December 31, 2014 stood at ₹ **24,907 Lacs**. The WDV of all such owned premises was ₹ **16,192 Lacs**, thus creating a Revaluation Reserve of ₹ **8,715 lacs** which is accounted for in the current financial year. The said Revaluation is also amortised for ₹ **218 Lacs** in the current financial year.

**20.** DICGC Insurance Premium paid for the current financial year is ₹ 500.16 lacs (P.Y. ₹ 416.02 lacs).

**21.** No penalty has been charged by the RBI for the current financial year.

**22. Capital Charge on Market risk :****Market risk in Trading book - Standardized Modified Duration Approach :****Qualitative Disclosures :**

The general qualitative disclosure requirement for market risk -

**Strategies and Processes :**

Investment Policy which includes Market Risk Management is in line with the RBI regulations vide circular UBD.BPD.(PCB). Cir. No. 42/09.11.600/2009-10 dated February 8, 2010 and business requirements.

The overall objective of market risk management is to enhance profitability by improving the bank's competitive advantage and mitigate loss from all types of market risk loss events.

**Scope and Nature of Risk Reporting / Measurement Systems:**

The Bank has regulatory / internal limits for various Instruments in place.

Various exposure limits for market risk management such as Overnight limit, Aggregate Gap limit & Investment limit etc. are in place.

The portfolio covered by Standardised Modified Duration Approach for computation of Capital charge for Market Risk includes investment portfolio held under AFS and Forex Open positions.

**Quantitative Disclosures:**

(₹ in Lacs)

Particulars	Amount of Capital Required
• Interest rate risk	12.42
• Equity position risk	0.00
• Foreign exchange risk	31.50



**23. Information under Micro Small and Medium Enterprises (Development) Act, 2006 (MSMED Act, 2006)**

The information from suppliers/service providers regarding their registration under MSMED Act, 2006 is not received by the Bank. Therefore, information relating to cases of delays if any, in payment to such enterprises or of interest payments due to such delays is not given.

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**ANNEXURE 'I'**

<b>NAME OF THE BANK</b>	: NKGSB CO-OPERATIVE BANK LTD.
<b>REGISTERED OFFICE ADDRESS</b>	: 'LAXMI SADAN', 361, V.P. ROAD, GIRGAUM, MUMBAI 400 004
<b>DATE OF REGISTRATION</b>	: SEPTEMBER 26, 1917
<b>NO. &amp; DATE OF RBI LICENCE</b>	: UBD MH 493 P,DT. JULY 26, 1986
<b>AREA OF OPERATION</b>	: STATES OF MAHARASHTRA, KARNATAKA, GUJARAT, GOA AND UNION TERRITORY OF DAMAN, DIU, DADRA & NAGAR HAVELI

<b>ITEMS</b>	<b>AS ON MARCH 31, 2015</b>
No. of Branches (including Head Office)	95
<b>Membership</b>	
No. of Regular Members	49,110
No. of Nominal Members	9,251
Paid Up Share Capital	₹ <b>91.68</b>
Total Reserves and Funds	₹ <b>542.54</b>
<b>Deposits</b>	
Current	₹ 260.61
Savings	₹ 960.02
Term	₹ 4,113.90
Total	₹ <b>5,334.53</b>
<b>Advances</b>	
Secured	₹ 3,612.87
Unsecured	₹ 24.32
Total	₹ <b>3,637.19</b>
Total % of Priority Sector	41.11%
Total % of Weaker Section	3.43%
Overdues	₹ 128.96
Overdue Percentage	3.55%
<b>Borrowings</b>	₹ <b>50</b>
<b>Investments</b>	₹ <b>1,743.33</b>
<b>Audit Classification</b>	'A'
<b>Profit for the year</b>	₹ <b>40.13</b>
<b>Working Capital</b>	₹ <b>6,088.65</b>
<b>Total Staff</b>	1054

## Foreign Exchange Service



**Authorized Dealer (AD 1) of Forex**



Avail of all Foreign Exchange Solutions at NKGSB Bank  
Now you can open **NRE / NRO** And **FCNR Account** too, at any branch.

### Benefits

- ◆ Foreign Currency Sale and Purchase
- ◆ Travel Card
- ◆ Inward Outward Remittances
- ◆ Export Collection
- ◆ Pre-shipment and Post- Shipment Credit in USD as well as in INR (Indian Rupees)
- ◆ Foreign Currency Term Loan
- ◆ Import Services ( Import Payments/ Outward Remittances, Import Letter of Credit, Arranging Buyer's Credit and Import Collection Bills )
- ◆ Booking of Forward Contracts



PROGRESS REPORT OF THE BANK (1917-2015)

Year	Members	Paid up Capital *	Reserves *	Deposits *	Advances *	Investments *	Cash & Bank *	Working Capital *	Net Profit *	Total Dividend Amount	Rate of Dividend
<b>1917-18</b>	<b>104</b>	<b>2881</b>	<b>112</b>	<b>1494</b>	<b>3593</b>	-	<b>915</b>	<b>4487</b>	<b>22</b>	-	-
1920	183	5404	512	14587	19106	190	1967	21468	870	352	5%
1930	334	6699	4782	36395	31346	12567	7208	51768	1409	594	6 ¼%
1940	716	15960	15288	224314	125638	101065	38675	268656	3610	905	6 ¼%
<b>1942</b>	<b>800</b>	<b>0.24</b>	<b>0.18</b>	<b>3.39</b>	<b>1.19</b>	<b>2.34</b>	<b>0.39</b>	<b>3.97</b>	<b>0.03</b>	<b>0.01</b>	<b>6 ¼%</b>
1950	1335	0.72	0.99	17.34	1.61	17.21	0.33	20.17	0.15	0.04	6 ¼%
1960	2206	1.25	1.74	26.63	17.01	13.09	0.42	31.39	0.36	0.08	6 ¼%
<b>1967</b>	<b>3530</b>	<b>2.15</b>	<b>3.78</b>	<b>63.68</b>	<b>46.84</b>	<b>14.05</b>	<b>10.65</b>	<b>73.20</b>	<b>0.69</b>	<b>0.18</b>	<b>9%</b>
1977	17357	12.12	17.41	335.81	190.01	79.88	101.18	383.58	3.50	1.35	12%
1980	24361	17.93	34.96	631.30	312.58	150.74	229.84	715.89	8.76	1.96	12%
1990	41439	97.88	279.58	4764.95	2931.95	1001.74	1280.81	5410.51	48.33	10.80	12%
<b>1992</b>	<b>45393</b>	<b>136.47</b>	<b>475.90</b>	<b>6563.33</b>	<b>4560.83</b>	<b>1746.97</b>	<b>919.01</b>	<b>7575.84</b>	<b>84.01</b>	<b>14.50</b>	<b>12%</b>
2001	57388	806.20	4030.05	54423.11	28294.75	25180.01	5327.62	61730.47	632.43	103.18	15%
2002	60017	1042.65	4882.23	66116.13	35433.75	30497.71	5025.95	75302.70	695.05	128.20	14%
2003	62810	1294.28	6017.92	74705.35	40626.75	26990.41	14090.44	85618.10	863.90	162.38	14%
2004	65127	1553.19	7398.20	84819.00	45354.59	35533.12	12684.13	97719.94	1164.89	197.73	14%
2005	66373	1734.40	8585.41	96738.57	50387.21	42965.86	12222.15	110821.76	1207.75	231.07	14%
2006	67613	1925.95	9833.88	111213.44	58710.04	44158.81	18769.64	127094.06	1250.79	253.87	14%
2007	69715	2278.11	10193.84	128499.71	78870.39	40563.85	20930.12	145586.40	1503.34	293.94	14%
2008	71461	2699.03	10838.93	154986.27	99518.13	46944.62	22947.74	174748.49	2068.07	341.54	14%
2009	72990	3131.74	12694.04	184025.12	108901.45	59998.08	32904.96	207836.87	2717.20	438.00	15%
2010	74396	3541.19	14071.71	229798.45	136979.83	68382.68	44293.90	258067.27	2740.87	496.00	15%
2011	75663	4090.93	29772.07	264764.88	174895.38	91617.90	16779.35	305584.43	3060.42	584.00	15%
2012	77675	5327.64	32561.60	325365.65	196124.31	132208.34	19764.25	372355.21	3600.50	700.00	15%
2013	42345	6376.45	38756.83	366571.56	240453.06	132010.36	20480.44	419600.13	4,345.95	865.00	15%
2014	45152	8333.83	42324.64	429305.57	281201.28	147485.74	27337.33	486568.14	4031.62	881.00	12%
<b>2015</b>	<b>49110</b>	<b>9168.49</b>	<b>54253.56</b>	<b>533453.27</b>	<b>363718.74</b>	<b>174333.13</b>	<b>28294.16</b>	<b>608864.81</b>	<b>4012.68</b>	<b>1057.00</b>	<b>**12%</b>

\* 1917-1940 : Actual  
1942-2015 : in lacs of ₹

\*\* (Recommended)

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- Recharge your Mobile plan easily.