

INDEPENDENT AUDITOR'S REPORT

To :

The Members of THE BHARAT CO-OP. BANK (MUMBAI) LTD.,

Report On the Financial Statements

1. We have audited the accompanying financial statements of **The Bharat Co-operative Bank (Mumbai) Limited** ("the Bank") as at 31st March, 2016, which comprise the Balance Sheet as at March 31, 2016, 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 Co-operative Societies Act, 2002 and the Rules made there under, The Banking Regulation Act, 1949 (as applicable to co-operative 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 control relevant to the preparation 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 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 financial statements, give the information required by the Multi-State Co-operative Societies Act, 2002 and Rules framed there under and the Banking Regulation Act, 1949 in the manner so required and give a true and fair view in conformity with 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 2016;
 - 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 the cash flows for the year ended on that date;

Report on Other Legal and Regulatory Requirements

6. As required by the Multi State Co-operative Societies Act, 2002, we report that:
 - i. 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.
 - 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us.

- iii. In our opinion and according to the information and explanations given to us, there is no material impropriety or irregularity in the expenditure or in the realization of money due to the Bank.
- iv. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- v. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
7. In addition to para 6 above as required by Rule 27(2)(d) and (e) of the Multi State Co-operative Societies Rules, 2002 we further report that :
 - i. In our opinion and according to the information and explanations given to us, there has been no material impropriety or irregularity in the expenditure or in the realization of money due to the Bank;
 - ii. In our opinion and according to the information and explanations given to us, the guidelines issued by the Reserve Bank and National Agriculture and Rural Development Bank established under the National Agriculture and Rural Development Bank Act, 1984 (61 of 1981) have generally been adhered to.
8. As required by Rule 27(3)(a) to (f) of the Multi State Co-operative Societies Rules, 2002 we give in the annexure , a schedule on the matters specified in the said Rule.

For **U. G. DEVI & COMPANY**

Chartered Accountants.

FRN: 102427W

Sd/-

(V. U. Devi)

Partner

M. No. : 38973

Place: Mumbai

Dated: 30th April, 2016

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT AS REQUIRED UNDER
THE MULTI-STATE CO-OPERATIVE SOCIETIES RULES 2002.**

(Referred to in our report of even date on the accounts of

The Bharat Co-operative Bank (Mumbai) Limited for the year ended 31st March, 2016)

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

- i. During the course of our audit, we have not come across transactions which appear to be contrary to the provisions of the Act, the rules or the bye-laws of the Bank.
- ii. During the course of our audit, we have not come across transactions which appear to be contrary to the guidelines issued by the Reserve Bank and National Agriculture and Rural Development Bank.
- iii. The undernoted monies due to the bank have been classified as doubtful and loss assets in accordance with the prudential norms and against which a provision of ₹ 6643.42 lacs has been made.

Classification	Amount (₹ in lac)
Doubtful Assets	6237.66
Loss Assets	405.76

- iv. As per the information provided to us and to the best of our knowledge the amount of fund based advances outstanding as at 31st March, 2016 from the members of the Board or their relatives is ₹ 130.58 lacs and overdues is ₹ NIL
- v. During the course of our audit we have not come across any significant and material violations of guidelines, conditions etc issued by the Reserve Bank and National Agriculture and Rural Development Bank.
- vi. To the best of our knowledge there are no other matters specified by the Central Registrar which require reporting under this rule.