



BALANCE SHEET
AND
PROFIT & LOSS ACCOUNT
OF
THE GURGAON CENTRAL
CO-OPERATIVE BANK LTD.
GURGAON
FOR THE YEAR

2015-2016



AUDITORS REPORT

To
The Members
The Gurgaon Central Co-operative Bank Limited,
Civil Lines, Gurgaon

Report on the Financial Statements

1. We have audited the accompanying financial statements of The Gurgaon Central Co-operative Bank Limited, which comprise the Balance Sheet as at 31st March, 2016 and the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information (LFAR).

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with the requirements of the Reserve Bank of India, the provisions of Banking Regulation Act, 1949. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors 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. And audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion. Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the managements, as well as evaluating the overall presentation of the financial statements

5. We believe that our audit provides a reasonable basis for our opinion



Opinion

6. On the basis of audit procedure indicated above and as required by section 31 of the Banking Regulation Act, 1949 (as applicable to State and District Central Co-operative Bank) 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 audit and have found them to be satisfactory.
- ii) The transactions of the bank which have come to our notice have been within the competence of the bank.
- iii) 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 of the Bank, subject to else- where mentioned in our report.
- iv) The Balance sheet and profit & loss Account dealt with by this report are in agreement with the books of account and are drawn up in conformity with the law.
- v) Certain items of income & Expenditure as stated in the Pare of the significant accounting policies are accounted on cash basis as against accrual basis specified under Accounting Standard – 9 on 'Revenue Recognition' issued by "The Institute of chartered Accountants of India".

7. On the basis of audit as indicated in para 1 above and subject to the effects on Financial statements of the matters referred to in Annexure I attached hereto, in our opinion and to the best of our information and according to the explanation given to us and as shown by the books of bank, the said accounts subject to the Significant Accounting Policies and Notes on Accounts and LFAR give the information as required by the Banking Regulation Act, 1949 in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India.

- i. In case of Balance Sheet, of the state of affairs of the bank as on March 31, 2015.
- ii. In case of Profit and Loss Account, of the profit of the Bank for the year ended on that date.

For VRSK & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Reg. No. 011199N


CA Vineet Gupta

Partner

M. No. 089823

Date: 8 JUL 2016

Place: GURGAON

Annexure 1

- 1 Due to increase in the nominal value of each share from Rs.50/- to Rs.100/- and thereafter to Rs.500/-, share suspense account was not created relating to partial amounts collected against share capital.
- 2 As per the bye-law of The Gurgaon Central Co-operative Bank Limited, it is mandatory on the Part of Bank to distribute the Net Profit as per the Audited Balance Sheet in the following manner **with the prior approval of Registrar of Co-operative Societies**:-
 - At least 25% of the Net Profit shall be carried forward to the Reserve funds.
 - At least 15% of the Net Profit shall be carried forward to the Agricultural Credit Stabilization Fund.

Bank has appropriated the profit in the above specified manner up to the financial year 2010-11. No appropriation of the profit was made for the financial years from 2011-12 to 2015-16. Besides above, any other fund has not been utilized / appropriated as the permission for the same has not been granted by appropriate authority as informed by the management.

3 As per Income Recognition Norms, any recovery in the loan account Will first be appropriated towards recovery of interest. But the bank is not following the income Recognition Norms. As stated by Bank As per Memo No. Credit/3/17/95/C-3/1741,4-31 dated 30-8-2000 issued by Registrar of Co-operative Societies, CCBs to recover interest from PACS in the same its manner in which the principal and interest has been recovered by the Primary Society from its members. To enable the CCB to recover of interest in the above explained manner, PACS would give a detailed statement showing recovery of principal and interest separately from its members. But there is no clear cut system lying in the bank to appropriate the total recovery from PACS into principal and interest. Therefore, recovery in loans given to PACS and interest income has been booked by the bank without following the procedure laid down in the said direction. Due to the lack of availability of information, we are unable to quantify the deviation in the interest income booked by bank. Also the imbalance gap with PACS has increased due to this reason.

4. As mentioned in para 2, the bank is not following the prudential norms and income recognition norms issued by NABARD and also the bank is not following the income recognition norms as per clarification by registrar of Co-operative societies. The Bank has not appropriated the recoveries in the PACS loan accounts neither as per NABARD guidelines nor as per registrar of Co-operative Societies guidelines. In View of above deviation, it is not possible for us to comment on the accuracy of clarification of advances.

5. Recapitalization Assistance

State Government wide its letter no. M&P/Instt./200-1.0/Lg256 dated 31.03.2010 has released its share of Rs.1,85,23,988 under package for **revival of Short Term Co-operative Credit** structure (STCCS) scheme in Haryana against overdue amount of 10 ineligible PACS of the Bank. As per the said letter, bank is required to furnish a Utilization certificate of aforesaid amount, duly verified and Countersigned by the Chartered Accountant member of DLIC upto 08.04.2010 for submission to R.O. NABARD, Chandigarh. But till date, bank has not utilized the said amount and as per the written communication with bank officials vide letter no.1355 dated 29.4.2010 bank has submitted Utilization Certificate to Apex bank without adjustment or passing the amount to the PACS.



The Gurgaon Central Co-operative Bank Limited


Balance Sheet as on 31st March 2016


(As per The Third Schedule to the Banking Regulation Act, 1949 applicable to co-operative societies U/s 29 & 31)


	Schedule	As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
Capital & Liabilities			
Capital	1	23,65,74,800.00	22,00,98,800.00
Reserves & Surplus	2	38,20,39,403.31	31,59,67,746.68
Deposits	3	7,32,76,77,892.66	7,14,79,87,064.16
Borrowings	4	1,75,65,06,081.86	2,11,08,33,081.86
Other liabilities and provisions	5	59,25,32,754.95	52,30,82,285.31
Total		10,29,53,30,932.78	10,31,79,68,978.01
Assets			
Cash and Balances with Reserve Bank of India	6	8,37,69,406.49	7,41,24,980.24
Balances with banks and money at call and short notice	7	44,50,72,020.65	40,38,21,694.36
Investments	8	3,58,96,94,805.51	4,33,02,93,310.82
Advances	9	6,13,19,97,179.83	5,46,19,19,849.31
Fixed Assets	10	2,15,04,080.84	2,44,00,229.37
Other Assets	11	2,32,93,439.46	2,34,08,913.91
Total		10,29,53,30,932.78	10,31,79,68,978.01
Contingent Liabilities	12	3,57,47,543.00	3,05,50,710.00
Bills for Collection		1,09,64,139.00	51,86,791.00
LPO		19,00,400.00	19,00,400.00
Suspense Interest ABC Societies		62,35,03,622.35	65,80,77,141.11


For the Gurgaon Central Co-operative Bank Limited



(Surender Singh)
Accountant


(Ramesh Kumar)
Senior Accountant


(Satvir Mehta)
General Manager


(Mahender Singh)
Director


(Shakeel)
Director


(Narender Bhardwaj)
Director

As per our report of even date and notes on accounts attached

For VRSK & Associates
Chartered Accountants
Firm Regn. No. 011199N
CA VINEET GUPTA
Partner
Membership No. 089823



Date: 08 JUL 2016

Place: Gurgaon

The Gurgaon Central Co-operative Bank Limited

Schedule 1: Capital

	As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
Authorised Capital		
40,00,000 Shares of Rs. 500/- Each	2,00,00,00,000.00	2,00,00,00,000.00
Issued, Subscribed and paid up Capital		
244476 Shares of Rs.50/- each (Previous year 244476 Shares of Rs.50/- each)	1,22,23,800.00	2,56,57,800.00
14,88,895 Shares of Rs.100/- each (Previous year 14,85,895 Shares of Rs.100/- each)	14,88,89,500.00	14,88,89,500.00
150923 Shares of Rs.500/- each (Previous year : 91103)	7,54,61,500.00	4,55,51,500.00
Total	23,65,74,800.00	22,00,98,800.00

Schedule 2: Reserves & Surplus

	As on 31.3.2016 (Current year)	As on 31.3.201 (Previous year)
I. Statutory Reserves		
Opening Balances	4,63,86,413.61	4,63,83,633.61
Additions during the year	3,030.00	2,780.00
Deductions during the year	-	-
Total (I)	4,63,89,443.61	4,63,86,413.61
II. Agriculture Credit Stabilisation Reserve		
Opening Balances	3,67,97,367.00	3,57,25,599.14
Additions during the year	11,03,921.00	10,71,767.86
Deductions during the year	-	-
Total (II)	3,79,01,288.00	3,67,97,367.00
III. Building Fund		
Opening Balances	1,76,60,102.14	1,76,60,102.14
Additions during the year	-	-
Deductions during the year	-	-
Total (III)	1,76,60,102.14	1,76,60,102.14
IV. Share Transfer Reserve		
Opening Balances	2,63,95,862.12	2,63,96,412.12
Additions during the year	-	-
Deductions during the year	68,500.00	550.00
Total (IV)	2,63,27,362.12	2,63,95,862.12
V. Revenue and Other Reserves		
Opening Balances	30,57,370.77	30,57,370.77
Additions during the year	-	-
Deductions during the year	-	-
Total (V)	30,57,370.77	30,57,370.77



The Gurgaon Central Co-operative Bank Limited

Schedule 2: Reserves & Surplus

VI. Bad & Doubtful Debt Reserve		
Opening Balances	6,20,77,773.08	6,20,77,773.08
Additions during the year	-	-
Deductions during the year		-
Total (VI)	6,20,77,773.08	6,20,77,773.08
VII. Balance in Profit and Loss Account		
As per last Balance Sheet	12,35,92,857.96	9,22,18,734.77
Profit of the current year	6,50,33,205.63	3,13,74,123.19
Total (VII)	18,86,26,063.59	12,35,92,857.96
Grand Total (I, II, III, IV, V, VI and VII)	38,20,39,403.31	31,59,67,746.68

Schedule 3: Deposits

	As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
A. I. Demand Deposits		
(i) From banks	17,28,461.60	16,77,142.60
(ii) From societies	6,08,185.92	3,53,662.92
(iii) From others	4,58,58,682.72	9,30,62,153.71
Total (I)	4,81,95,330.24	9,50,92,959.23
II. Savings Bank Deposits		
(i) From societies	28,41,18,583.93	30,88,36,015.75
(ii) From others	2,75,18,45,948.33	3,01,68,70,262.53
Total (II)	3,03,59,64,532.26	3,32,57,06,278.28
III. Term Deposits		
(i) From societies	2,04,45,87,954.60	2,05,99,26,184.09
(ii) From others	2,19,89,30,075.56	1,66,72,61,642.56
Total (III)	4,24,35,18,030.16	3,72,71,87,826.65
Total (I, II and III)	7,32,76,77,892.66	7,14,79,87,064.16
B. (i) Deposits of branches in India	7,32,76,77,892.66	7,14,79,87,064.16
(ii) Deposits of branches outside India	-	-
Total	7,32,76,77,892.66	7,14,79,87,064.16



The Gurgaon Central Co-operative Bank Limited

Schedule 4: Borrowings

	As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
I. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other banks		
- Short term loans	1,67,60,00,000.00	2,01,00,00,000.00
- Medium term	11,06,200.00	53,200.00
- Long term	7,83,66,800.00	9,97,46,800.00
(iii) State Government	10,33,081.86	10,33,081.86
II. Borrowings outside India	-	-
Total (I & II)	1,75,65,06,081.86	2,11,08,33,081.86
Secured borrowings included in I & II above - Rs.	-	-

Schedule 5: Other Liabilities and Provisions

	As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
(i) Bills payable		
(ii) Inter-office adjustments (net) (BRANCH)	-	93,686.97
(iii) Interest accrued	12,32,15,395.86	13,38,08,601.86
(iv) Others (including provisions)		
- Suspense	1,99,58,800.11	2,10,64,823.93
- Draft issued	7,13,526.34	7,13,526.34
- Contingencies	18,39,394.77	14,771.77
- Draft payable	26,84,790.59	26,84,790.59
- LPO payable	-	-
- Godown fund of credit societies	64,68,781.29	63,65,778.29
- Pay order payable	1,10,62,886.54	72,48,780.54
- Subsidy reserve fund	9,45,12,006.00	6,11,80,848.00
- Provision of gratuity	-	6,08,503.00
- Provision of leave encashment	-	82,19,357.00
- Income tax payable	3,68,78,461.00	2,57,22,890.00
- Recapitalisation assistance	1,85,23,918.00	1,85,23,918.00
- Provision for salary (arrear of VI pay commission)	-	-
- Provision for LTC	-	-
- Provision for CBS operations	-	-
- Fund received from NABARD	2,49,684.56	19,446.00
- Provision for loan & advances (NPAs)	25,09,38,304.00	21,29,28,944.00
- Provision for loss assets	1,01,37,549.74	1,01,37,549.74
- Provision against standard assets	1,49,64,661.00	1,31,27,752.13
(iv) Others Miscellaneous Liabilities	3,84,595.15	6,18,317.15
Total	59,25,32,754.95	52,30,82,285.31



The Gurgaon Central Co-operative Bank Limited

Schedule 6: Cash and Balances with Reserve Bank of India

	As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
I. Cash in hand	8,37,69,406.49	7,41,24,980.24
II. Balances with Reserve Bank of India		
(i) in Current Account	-	-
(ii) in Other Accounts	-	-
Total (I & II)	8,37,69,406.49	7,41,24,980.24

Schedule 7: Balance with Banks and Money at Call & Short Notice

	As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
I. In India		
(i) Balances with banks		
(a) in current accounts	44,50,72,020.65	40,38,21,694.36
(b) in other deposit accounts	-	-
(ii) Money at call and short notice		
(a) with banks	-	-
(b) with other institutions	-	-
Total (i & ii)	44,50,72,020.65	40,38,21,694.36
II. Outside India		
(i) in current accounts	-	-
(ii) in other deposit accounts	-	-
(iii) Money at call and short notice	-	-
Total:	-	-
Grand Total (I & II)	44,50,72,020.65	40,38,21,694.36



The Gurgaon Central Co-operative Bank Limited

Schedule 8: Investments

	As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
I. Investments in India in		
(i) Government securities	81,01,42,025.51	39,44,51,360.82
(ii) Other approved securities	-	-
(iii) Shares	4,85,57,100.00	4,85,57,100.00
(iv) Debentures and Bonds	-	-
(v) Subsidiaries and/or joint ventures	-	-
(v) Other (Fixed Deposits)		
- For SLR	93,75,52,000.00	1,34,30,19,000.00
- Non - SLR	1,79,34,43,680.00	2,54,42,65,850.00
Total	3,58,96,94,805.51	4,33,02,93,310.82
II. Investments Outside India in		
(i) Government securities (including local authorities)	-	-
(ii) Subsidiaries and/or joint ventures abroad	-	-
(iii) Other investments (to be specified)	-	-
Total	-	-
Grand Total (I & II)	3,58,96,94,805.51	4,33,02,93,310.82

As per our report of even date and notes on accounts attached

For VRSK & Associates
Chartered Accountants
Firm Regn. No. 011199N
CA VINEET GUPTA
Partner
Membership No. 089823



Date: 08 JUL 2016

Place: Gurgaon

The Gurgaon Central Co-operative Bank Limited

Schedule 9: Advances

		As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
A.	(i) Bills purchased and discounted	-	-
	(ii) Cash credits, overdrafts and loans repayable on demand	-	-
	- Considered to be bad and doubtful of recovery	50,65,59,345.00	53,21,46,301.00
	- Others	5,19,92,76,669.66	4,46,62,23,701.32
	(iii) Term loans	-	-
	- Considered to be bad and doubtful of recovery	17,86,62,271.00	18,30,35,840.00
	- Others	24,74,98,894.17	28,05,14,006.99
	Total	6,13,19,97,179.83	5,46,19,19,849.31
B.	(i) Secured by tangible assets	82,81,83,266.59	1,15,14,67,012.66
	(ii) Covered by bank/Government guarantees	-	-
	(iii) Unsecured	5,30,38,13,913.24	4,31,04,52,836.65
	Total	6,13,19,97,179.83	5,46,19,19,849.31
C.	I. Advances in India	-	-
	(i) Priority sectors	6,10,12,16,702.89	5,42,40,88,515.60
	(ii) Public sector	-	-
	(iii) Banks	-	-
	(iv) Others (Staff)	3,07,80,476.94	3,78,31,333.71
	Total	6,13,19,97,179.83	5,46,19,19,849.31
	II. Advances outside India	-	-
	(i) Due from banks	-	-
	(ii) Due from others	-	-
	(a) Bills purchased and discounted	-	-
	(b) Syndicated loans	-	-
	(c) Others	-	-
	Total	-	-
	Grand Total (C.I. & C.II)	6,13,19,97,179.83	5,46,19,19,849.31

Schedule 10: Fixed Assets

		As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
I.	Premises		
	At cost as on 31st March of the preceding year	2,11,86,078.67	2,11,86,078.67
	Additions during the year	-	-
	Deductions during the year	-	-
	Depreciation to date	1,15,75,095.48	1,08,97,072.88
	W.D.V. as on 31st March 2016	96,10,983.19	1,02,89,005.79
II.	Other Fixed Assets		
	(including furniture and fixtures)		
	At cost as on 31st March of the preceding year	3,53,90,868.52	3,16,29,628.44
	Additions during the year	3,33,181.00	37,61,240.08
	Deductions during the year	-	-
	Depreciation to date	2,38,30,951.87	2,12,79,644.94
	W.D.V. as on 31st March 2014	1,18,93,097.65	1,41,11,223.58
	Total (I & II)	2,15,04,080.84	2,44,00,229.37



Schedule 11: Other Assets

		As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
		-	-
I.	Inter-Office adjustments (net)	-	22,388.89
II.	Interest accrued	34,46,934.00	34,46,934.00
III.	Tax paid in advances/tax deducted at source	10,98,569.32	18,21,303.64
IV.	Stationery and stamps	-	-
V.	Non-banking assets acquired in satisfaction of claims	1,74,18,836.14	1,81,18,287.38
VI.	Others	13,29,100.00	-
VII.	Service Tax Input	2,32,93,439.46	2,34,08,913.91
	Total		

Schedule 12: Contingent Liabilities

		As on 31.3.2016 (Current year)	As on 31.3.2015 (Previous year)
I.	Claims against the bank not acknowledged as debt	-	-
II.	Liability for partly paid investments	-	-
III.	Liability on account of outstanding forward exchange contracts	-	-
IV.	Guarantees given on behalf of constituents		
	(a) In India	-	3,05,50,710.00
	(b) Outside India	-	-
V.	Acceptances, endorsements and other Obligations	-	-
VI.	Other items for which the bank is contingently liable- For Outstanding Traces Demand and Appeal Filed	3,57,47,543.00	-
	Total:	3,57,47,543.00	3,05,50,710.00

As per our report of even date and notes on accounts attached

For VRSK & Associates
Chartered Accountants
Firm Regn. No. 011199N
CA VINEET GUPTA
Partner
Membership No. 089823




Date: 08 JUL 2016
Place: Gurgaon


The Gurgaon Central Co-operative Bank Limited


Profit & Loss Account for the year ended 31st March 2016

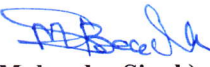
	Schedule	Year Ended 31.3.2016 (Current year)	Year ended 31.03.2015 (Previous year)
I. Income			
Interest earned	13	85,58,62,325.73	82,60,18,003.25
Other income	14	99,21,185.90	48,46,080.80
Total		86,57,83,511.63	83,08,64,084.05
II. Expenditure			
Interest expended	15	58,79,32,965.41	55,62,48,162.97
Operating expenses	16	17,29,71,071.72	17,85,12,765.76
Provisions and contingencies		3,98,46,268.87	6,47,29,032.13
Total		80,07,50,306.00	79,94,89,960.86
III. Profit/Loss			
Net profit/loss (-) for the year		6,50,33,205.63	3,13,74,123.19
Profit/Loss (-) brought forward		12,35,92,857.96	9,22,18,734.77
Total		18,86,26,063.59	12,35,92,857.96
IV. Appropriations			
Transfer to statutory reserves		-	-
Transfer to agriculture credit stabilisation fund		-	-
Transfer to Bad & Doubtful Reserve		-	-
Transfer to building fund		-	-
Transfer to share transfer fund		-	-
Proposed dividend		-	-
Transfer to Employee Welfare fund		-	-
Transfer to rehabilitation fund		-	-
Balance carried over to balance-sheet		18,86,26,063.59	12,35,92,857.96
Total		18,86,26,063.59	12,35,92,857.96


For the Gurgaon Central Co-operative Bank Limited



(Surender Singh)
Accountant


(Ramesh Kumar)
Senior Accountant


(Satvir Mehta)
General Manager


(Mahender Singh)
Director


(Shakeel)
Director


(Narender Bhardwaj)
Director

As per our report of even date and notes on accounts attached

For VRSK & Associates
Chartered Accountants
Firm Regn. No. 011199N
CA VINEET GUPTA
Partner
Membership No. 089823



Date: 08 JUL 2016

Place: Gurgaon

The Gurgaon Central Co-operative Bank Limited

Schedule 13: Interest Earned

	Year ended 31.03.2016 (Current year)	Year ended 31.03.2015 (Previous year)
I. Interest/discount on advances/bills	47,52,50,988.62	33,35,05,524.25
II. Income on investments	-	-
III. Interest on balances with Reserve Bank of India and other Inter-bank funds	38,06,11,337.11	49,25,12,479.00
IV. Others	-	-
Total	85,58,62,325.73	82,60,18,003.25

Schedule 14: Other Income

	Year ended 31.03.2016 (Current year)	Year ended 31.03.2015 (Previous year)
I. Commission, exchange and brokerage	41,18,441.90	22,67,093.80
II. Income earned by way of dividends etc.	25,57,160.00	22,70,848.00
III. Miscellaneous income	32,45,584.00	3,08,139.00
Total	99,21,185.90	48,46,080.80

Schedule 15: Interest Expenses

	Year ended 31.03.2016 (current year)	Year ended 31.03.2015 (previous year)
I. Interest on deposits	48,98,92,519.41	46,04,34,744.97
II. Interest on Reserve Bank of India/interbank borrowings	9,80,40,446.00	9,58,13,418.00
III. Others		
Total	58,79,32,965.41	55,62,48,162.97



The Gurgaon Central Co-operative Bank Limited
Schedule 16: Operating Expenses

	Year ended 31.03.2016 (Current year)	Year ended 31.03.2015 (Previous year)
I. Payments to and provisions for employees	10,52,39,520.01	11,57,69,386.49
II. Rent, taxes and lighting	36,49,493.79	33,02,988.00
III. Printing and stationery	12,08,302.32	2,90,206.85
IV. Advertisement and publicity	2,99,784.00	2,43,225.00
V. Depreciation on bank's property	32,29,329.53	38,49,864.49
VI. Directors fees, allowances and expenses	19,430.00	66,580.00
VII. Auditors fees and expenses (including branch auditors fees and expenses)	3,58,647.00	2,62,150.00
VIII. Law charges	11,74,136.00	11,36,563.00
IX. Postage, telegrams, telephones, etc	4,06,991.00	5,27,220.00
X. Repairs and maintenance	42,367.00	8,53,031.00
XI. Insurance	81,37,111.00	85,96,170.00
XII. Income Tax	3,68,56,580.00	3,01,99,260.00
XII. Other expenditure	1,23,49,380.07	1,34,16,120.93
Total	17,29,71,071.72	17,85,12,765.76

As per our report of even date and notes on accounts attached

For VRSK & Associates
Chartered Accountants
Firm Regn. No. 011199N
CA VINEET GUPTA
Partner
Membership No. 089823



Date: 08 JUL 2016
Place: Gurgaon

GURGAON CENTRAL CO-OPERATIVE BANK LIMITED

NOTES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2016 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2016

A) SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The financial statements are prepared and presented under the historical cost convention on going concern basis following the Hybrid concept of accounting. The financial statements comply with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve bank of India (RBI) from time to time, Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI) and current practices prevailing within the banking industry in India.

2. USE OF ESTIMATES

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

3. INVESTMENTS

(a) Classification

For the purpose of disclosure in the Balance Sheet, Investments are classified under four groups as required under RBI guidelines, i.e., Government Securities, Other Approved Securities, Shares with Co-operative Institutions and Other Investments.

(b) Valuation

Valuation investments are carried at their acquisition cost.

4. ADVANCES

Advances are classified into Standard, Sub-Standard, Doubtful and Loss Assets and provisions are made in accordance with the prudential norm prescribed by RBI. In addition, general provisions on standard assets are made at 0.25% and 0.40% of the outstanding amount as at 31st March 2016.

5. FIXED ASSETS & DEPRECIATION

(a) Fixed assets are carried at historical cost less accumulated depreciation. Cost includes incidental expenses incurred on acquisition of assets.

(b) Depreciation on Fixed Assets purchased during the year is charged for the full year if the assets is purchased on or before 30th September, otherwise it is charged 50% of the normal rate. No depreciation is charged on fixed assets sold during the year.

(c) Depreciation is provided as per W.D.V. method. Depreciation on Fixed Assets are provided at the rates prescribed in Income Tax Rules.



6. RECOGNITION OF INCOME/EXPENDITURE

- (a) Items of Income & Expenditure are recognized on cash basis except in case to those whose provisions has been made.
- (b) Interest income is recognized in the Profit & Loss Account when it is realized. As per Memo No. Credit/3/17/95/C-3/17414-31 dated 30.08.2000 issued by Registrar of Co-operative Societies, CCBs shall recover interest from PACS in the same manner in which the principal and interest has been recovered by the Primary Society from its members. To enable the CCB to recover the interest in the above explained manner, PACS would give a detailed account showing recovery of principal and interest separately from its members, but there is no such statement provided by PACS to bank. At present no clear cut system is implemented by the bank to appropriate the total recovery from PACS into principal and interest. Therefore recovery in loans given to PACS and interest income has been booked by the bank suo moto without following the procedure laid down in the said Memo.
- (c) Income from non-performing assets are recognized to the extent realized, as per the directives issued by RBI. However there is no system in the bank to ensure proper and periodic recording of unrealized interest in individual NPA Accounts.
- (d) Interest income on Fixed Deposits has been recognized as and when received.
- (e) Dividend income is accounted on cash basis.

7. EMPLOYEE BENEFITS

- (a) The bank contributes to Provident Fund to Employees Provident Fund Organisation. Employees Contribution to Provident Fund is accounted for on payment basis with corresponding contribution by the bank.
- (b) Bank's contribution to Pension Fund is accounted for on payment basis.
- (c) The bank contributes to Approved Gratuity Scheme administered by independent trustees. Gratuity fund trust have taken the policy of gratuity from LIC and SBI Life Insurance. Amount of gratuity payable to employees at the year end in excess of the amount receivable from LIC and SBI Life Insurance as per the scheme are being provided for as provision for gratuity expenses
- (d) The bank contributes to the policy of Leave Encashment Scheme taken from LIC and SBI Life Insurance. The amount of leave encashment payable to employees at the year end in excess of the amount receivable from LIC and SBI Life Insurance as per the scheme are being provided for as provision for leave encashment expenses
- (e) No actuarial valuation of the liability towards employee benefits such as Gratuity, Leave Encashment, Staff Pension etc. is done. Bank recognize the liability towards the Gratuity and Leave Encashment as and when Gratuity and Leave Encashment are paid to the employees. Hence, no provision has been made by bank during the year in respect of above.



8. PROVISIONS

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

9. TAXATION

Tax expenses comprise of Income Tax. Income tax is provided for in accordance with the applicable provisions of the Income Tax Act, 1961 and Rules framed there under.

10. CONTINGENT LIABILITIES AND ASSETS

Contingent Liabilities are not recognized as expenditure. These are, however, disclosed by way of Notes.

A disclosure of contingent liability is made when there is:

- i. A possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non occurrence of one or more uncertain future events not within the control of the bank; or
- ii. A present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- iii. Contingent assets are not recognized in the financial statements.

11. EARNING PER SHARE

Earning per share (EPS) reported is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

12. PROVISIONS/ WRITE-OFF LOANS AND OTHER FACILITIES

Amounts recovered against debts written off in earlier years and provisions no longer considered to be necessary in context of current status of Borrowers are recognized in the Profit & Loss Account.

13. TRANSFER TO RESERVES

The bank is required to appropriate profits towards various statutory and non statutory reserves under Co-operative Societies Act and Banking Regulation Act. However such appropriation is made only after obtaining the approval from the Registrar of Cooperative Societies.



B. NOTES ON ACCOUNTS

1. The figures of the last year have been regrouped or rearranged as required.
2. As per the position of Linkage of Shares with the total borrowings by Societies as on 31.03.2016, there is deficit of Rs.60.39 Lacs in collection of Share Capital.
3. Out of total Advances of Rs.61319.97 Lacs, total NPA is Rs. 6807.93 Lacs.
4. Gross NPA has come down from 13.09% to 11.10% of total advances and total NPA has decreased from Rs.7151.83 Lacs to Rs. 6807.93 Lacs due to recoveries in NPA Accounts.
5. Amounts "considered to be bad and doubtful of recovery" (as shown in the Schedule 9 "Advances of the Balance Sheet) reflects the total amount of loss assets and doubtful assets as per prudential norms by RBI.
6. Insurance expenditure includes Deposit Insurance Premium of Rs.81,37,111/- paid to Deposit Insurance & Credit Guarantee Corporation.
7. State Government vide its letter No. M&P/Instt./200-10/19256 dated 31.03.2010 has released its share of Rs.1,85,23,918.00 under Package for revival of Short Term Co-operative Credit Structure (STCCS) Scheme in Haryana against overdue amount of 10 ineligible PACS of the bank. As per the said letter, bank is required to furnish a Utilisation Certificate of the aforesaid amount, duly verified and countersigned by Chartered Accountant member of DLIC upto 08.04.2010 for submission to R.O. NABARD, Chandigarh. But till date, bank has not utilized the said amount and as per the written communication with bank officials vide letter no. 1355 dated 29.04.2010 bank has submitted Utilization Certificate to Apex Bank without adjusting or passing the amount to the PACS.
8. No Foreign Currency Transactions took place during the year under audit.
9. Realizable value of Other Assets
 - a. Current assets except doubtful in nature would realize at least the amount at which these are stated in the Balance Sheet.
 - b. As per the Information and Explanation given to us, since the following assets are having NIL realizable value as on the Balance Sheet date, so provisions for the same has been provided in books

Sr. No.	Assets	Op. Bal (in Lacs)	Cl. Bal (in Lacs)
1.	Bank Robbery	40.00	40.00
2.	ARDD Recoverable	33.83	33.83
3.	Sundries Recoverable	2.71	2.71
4.	Books for sale	0.55	0.55
5.	Secy. Pay Fund recoverable from Apex Bank	23.66	23.66

Note : A Robbery took place in 1996 and the bank had lodged the insurance claim in that year. The insurance claim has been received in the June 2016 for Rs. 15.00 Lakhs towards insurance Claim and an amount of Rs. 17.50 Lakhs towards interest on insurance claim.



Bank has advanced major portion of its total loans to PACS which in turn advances to farmers. But accounts with PACS are still not reconciled. Branch wise details of the Imbalance with PACS are as under:

SI No	Branch Name	Amount (in Lacs)
1.	Basai	67.42
2.	Sancholi	106.21
3.	Manesar	34.69
4.	Toaru	404.45
5.	Nuh	25.40
6.	Malab	361.83
7.	Ghasera	20.85
8.	Ujina	532.80
9.	Nagina	45.65
10.	Mandikhera	225.61
11.	Pinangwan	16.77
12.	Tigaon	4.52
13.	Sikrawa	745.91
14.	F.P. Jhirka	28.65
15.	Kameda	135.71
16.	Rawli	476.27
17.	Punahana	6.35
18.	Bisru	704.99
19.	Jamalgarh	203.94
20.	Singar	410.36
	Total	4558.28

Note :- The above mentioned figures have been compiled from the information provided by the management.

10. The bank is a Co-operative Society, registered under the Haryana Co-operative Society Act, 1984 and there had been no fresh advance to directors or other related parties requiring a disclosure under Accounting Standard – 18 issued by the Institute of Chartered Accountants of India. Shri Satvir Mehta, General Manager of the Bank is the Key Managerial Personnel who is holding additional charge and holding main charge of Rewari CCB

11. Calculation of Basic E.P.S. & Diluted E.P.S.

PARTICULARS	As on 31.03.2016 (Current Year)	As on 31.03.2015 (Previous Year)
a) E.P.S. for the class of shares @ 50	14.64	7.48
b) E.P.S. for the class of shares @ 100	29.28	14.96
c) E.P.S. for the class of shares @ 500	146.43	74.80

12. During the year no amount has been transferred to reserves namely Statutory Reserves, Credit stabilization fund, Bad & Doubtful Reserve etc,. As such apportionments are made only after obtaining the approval from the Registrar of Cooperative Societies. The bank has not apportioned its profits to these reserves since 2011-12 due to non receipt of approvals from Registrar of Co-operative Societies.
13. There is reduction in Share Capital Amount in the class of share of Rs. 50/- for an amount of Rs.1,34,34,000/- due to the amount withdrawn by the Government of Haryana, as required by the Assistant Registrar of Cooperative Societies Gurgaon vide letter no. 537 dated 23/02/2015.



14. The bank had discharged its service tax liability without considering the available input credit of service tax on various service availed. However, the bank, at the time of finalization of balance sheet, has recognized the input service tax available and adjustable against its service tax liabilities to the tune of Rs. 13,29,100/- and accordingly revised the service tax returns for the half year ended on 31.03.2016 for utilization of such input credit of service tax in the subsequent period(s).

15. The bank has paid sums amounting to Rs. 4,62,500/- on behalf of Dundahera Branch during the year ended on 31.03.2015 against the demands raised by Income Tax Department. This amount is recoverable from the branch manager. Besides this individual employees have paid total amount of Rs. 6,03,897/-

16. SUBSIDY

The Branches have outstanding balances of subsidy received from various government departments for onward disbursement to the eligible borrowers. However some of the borrowers did not fulfill the terms of subsidy eligibility. Thus the unutilized subsidy amounts should be remitted back to the concerned departments. The details of such unutilized subsidy which are to be remitted back to the concerned department are yet to be compiled by the Bank.

17. DEAF Scheme

It was observed that the branches are not reviewing the accounts and not filing the returns on monthly basis as desired under the DEAF Scheme 2014.

18. Following additional disclosures are made:

(Rs. In Lacs)

Sr. No.	Particulars			
1	Investments :			
		S.L.R. Investment :	Face Value	Market Value
	a)	Permanent Category :		
	i)	Fixed Deposit with Apex Bank	9375.52	9375.52
	ii)	Government securities	8101.42	8101.42
		Total	17476.94	17476.94
	b)	Non S.L.R. Investment		
	i)	Shares	485.57	485.57
	ii)	Fixed Deposit with Apex Bank	5927.67	5927.67
	iii)	Fixed Deposit with PNB	1000.00	1000.00
	iv)	Fixed Deposit with Punjab & Sindh Bank		
	v)	Fixed Deposit with IDBI Bank	6550.00	6550.00
	vi)	Fixed Deposit with CORPORATION BANK		
	vii)	Fixed Deposit with DCB	3938.77	3938.77
	viii)	Fixed Deposit with NABARD	518.00	518.00
		Total :	18420.01	18420.00
		Grand Total :	35896.95	35896.95



2	Advances to directors, their relatives, Companies/Firms in which they are interested.	As on 31.03.2016	As on 31.03.2015
	a) Fund-Based	16.90 Lacs	16.90 Lacs
	b) Non fund based (Guarantees, L/C, etc.)	Nil	Nil

This Vehicle Loan pertains to son of one of the director extended in 2009 when the director was not holding office of director with the bank.

3	Cost of deposits - Average cost of deposits (%)	6.69	6.44
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4	NPA's		
	a) Gross NPA's	6807.93	7151.83
	b) Net NPA's	6807.93	7151.83
	c) Percentage of gross NPA's to total advances and	11.10	13.09
	d) Percentage of net NPA's to net advances	11.10	13.09

5	Movement of NPA's	-343.91	1347.83
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6	Profitability		
	a) Interest income as a percentage of working funds	8.68	8.44
	b) Non interest income as a percentage of working funds	0.10	0.05
	c) operating profit as a percentage of working funds	1.00	0.96
	d) Return on Assets	0.63	0.30
	e) Business (Deposits + Advances) per employee	1085.46	907.18
	f) Profit per employee	5.19	2.25

7	Provisions		
	a) Provisions on NPA's required to be made	2509.38	2129.29
	b) Provisions on NPA's actually made	2509.38	2857.78
	c) Provisions required to be made in respect of overdue interest taken into income account, gratuity fund, leave encashment, provident fund arrears in reconciliation of inter-branch account etc.	-	88.28
	d) Provision actually made in respect of overdue interest taken into income account, Gratuity fund, provident fund, leave encashment and arrears in reconciliation of inter-branch account.	-	88.28
	e) Provisions required to be made on depreciation in Investment	-	0.01
	f) Provisions actually made on depreciation in Investment	-	0.28

8	Movement in Provisions		
	a) Towards NPA's	380.09	636.02
	b) Towards Standard Assets	18.37	11.28

9	Payment of insurance premia to the DICGC, including arrears, if any	79.67	83.69
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10	Penalty imposed by RBI for any violation	Nil	Nil
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11 **Information on extent of arrears in reconciliation of inter-bank and inter-branch accounts**

Proper procedure for the reconciliation of H.O & branch a/c has not been followed .it is observed that reconciliation of H.O a/c with branch a/c is done after combining the balance of intersol transaction a/c & branch a/c together . There was no periodical review of the same. It was therefore, necessary that the bank should introduce an effective system for the reconciliation of H.O & branch a/c , keeping separate from intersol transaction to provide safeguard against possible irregularities & fraudulent practices, in the present scenario.

12 **Internal control & checks**

The banks management had not given proper importance to systems, procedures, internal checks and controls. There was no periodical review of the same. It was therefore, necessary that the bank should introduce an effective system of checks and proper procedures, to ensure smooth working ,for the finalization of the financial statements and also to provide built-in safeguards against possible irregularities and fraudulent practices. This system should be review periodically so as to make necessary changes as and when required.

13. **Contingent Liability :-**

The Income Tax Department had raised liability on account of Penalties, interest & TDS due for an amount of Rs.9,55,76,582 /-. The bank had filed appeal with Commissioner of Income Tax (Appeal) Gurgaon against these demands. The bank has already been granted relief against such demand to the extent of Rs. 5,98,29,039/- for many of the cases pertaining to the Assessment Years 2011-12 to 2014-15. However as the Income Tax Department has filed appeal with ITAT against the relief given by CIT(A). The Bank expects that the ITAT shall also give relief and dismiss the appeal of ITD. Hence no contingent liability has been recognized against the appeal made by the ITD.

The bank is in appeal with Commissioner of Income Tax (Appeal) Gurgaon for some more cases involving total demand of Rs. 3,57,47,543/- . Based on the appeal orders already decided in favour of the bank, The bank expects the relief against such demands. Thus the contingent liability to the extent of 3,57,47,543/- has been disclosed in the Balance Sheet.

For **VRSK & ASSOCIATES**

Chartered Accountants (FRN: 011199N)


CA VINEET GUPTA
Partner
M.NO. 089823

Date : 8 JUL 2016

Place: Gurgaon

THE GURGAON CENTRAL COOPERATIVE BANK LIMITED GURGAON

Assets Classification and Provisioning statement for the year 31 March, 2016

Sr. No.	Particulars	S.A.O.		S.T. (Others)	Bills discounted purchased	Term Loan (All types)		Total amount
		Short Term	Cash Credits			Agri.	Non. Agri.	
I	Amount Outstanding	47761.01	0.00	9297.35	0.00	166.31	4095.30	61319.97
II	Assets Classification							
1	Standard	45601.87	0.00	6350.80	0.00	162.28	2352.30	54467.26
2	Sub-Standard	2159.14	0.00	1132.92	0.00	0.00	455.02	3747.08
3	Doubtful							
i)	Secured Loans							
a)	D 1	0.00	0.00	500.72	0.00	0.44	335.23	836.39
b)	D 2	0.00	0.00	212.71	0.00	0.00	218.23	430.94
c)	D 3	0.00	0.00	1084.33	0.00	0.00	506.08	1590.41
ii)	Unsecured Loans	0.00	0.00	3.72	0.00	3.59	228.43	235.75
4	Loss Assets	0.00	0.00	12.14	0.00	0.00	0.00	12.14
	Total	47761.01	0.00	9297.35	0.00	166.31	4095.30	61319.97
III	Provisioning required							
1	Standard Assets (0.25,0.40%)	114.00	0.00	25.56	0.00	0.65	9.43	149.64
2	Sub-Standard 10% of item II (2)	215.91	0.00	113.29	0.00	0.00	45.32	374.53
3(i)	Doubtful Assets							
ii)	20% of item II (3) (i) (a)	0.00	0.00	100.14	0.00	0.09	67.05	167.28
iii)	30% of item II (3) (i) (b)	0.00	0.00	63.81	0.00	0.00	65.47	129.28
iv)	100% of item II (3) (i) ©	0.00	0.00	1084.33	0.00	0.00	506.08	1590.41
v)	100% of item II (3) (ii)	0.00	0.00	3.72	0.00	3.59	228.43	235.75
4	Loss assets 100% of item II (4)	0.00	0.00	12.14	0.00	0.00	0.00	12.14
	Total of item III (1) to (4)	329.92	0.00	1403.00	0.00	4.33	921.78	2659.03
IV.	Provision actually made by the bank for							
	(i) Standard Assets							149.64
	(ii) Impaired credits							2509.39
	Total:							2659.03
B.	Income Recognition							
(i)	Total interest/dividend on loans and advances and investments taken to P&L account							8584.195
(ii)	Of item (i) above, interest accrued but not due							0
(iii)	Of item (i) above, overdue interest accrued and not realised.							0
(iv)	Other income taken to P&L account but not realised.							0
(v)	Provision required to be made for overdue interest and other income taken to P&L a/c							0
(vi)	Provision for overdue interest and other income actually made.							0
C.	Other Assets/Liabilities							
	Particulars					Provision		
(i)	Depreciation on investments					Required	Made	
	(a) Govt. Securities/bonds, etc.					0.00	0.00	
	(b) Share in other Co.op. Institutions					0.01	0.28	
	(c) Other investments -shares, etc.					0.00	0.00	
	Total of (i)					0.01	0.28	



iii)	Frauds, embezzlements etc.				40.00	40.00
iii)	P.F., Gratuity, etc.				0.00	0.00
iv)	Other liabilities like rent, rates, taxes, etc.				0.00	0.00
v)	Contingent/off-balance sheet exposures				0.00	0.00
vi)	Interest on deposits and borrowings outstanding as liability				0.00	0.00
vii)	Depreciation on other assets like land, building, furniture, fixtures, etc.				0.00	0.85
viii)	Other assets				61.38	61.38
	Grand Total:				101.39	102.51
D.	(i) Total provision required to be made in Balance Sheet					2761.54
	(Items III (4) (Col. 8) + B(v) + Total of Col. 2 of part)					
	(ii) Actually made					3383.22
	(iii) Deficit (-) / Surplus (+)					621.68

	Detail of other Assets					
1	A.R. D.Rs recoverable					33.83
2	Sundries recoverable					3.68
3	Books for sale					0.20
4	Secretary pay fund recoverable from Apex bank					23.66
5	Service area approach training expenses recoverable					0.00
6	Entry outstanding in C.B. Delhi sine long					0.01
	Total:					61.38

As per our Report of even date and notes on account attached
For VRSK & Associates
Chartered Accountants
Firm Regn. No. 011199N
CA VINEET GUPTA
Partner
Membership No. 089823



Date: 08 JUL 2016
Place: Gurgaon

THE GURGAON CENTRAL COOPERATIVE BANK LIMITED GURGAON
CAPITAL ADEQUACY STANDARD

R.B.I letter No. RPCD.Co.RF.BC.40/07.38.03/2007-08 Dec 4, 2007

Capital Funds, Risk Assets Exprsures and Risk Assets ratio

Part: Capital Funds and Risk Assets Ratio as on 31.3.2016

A:

Sr. No.	Items	
A:	<u>Tier I Capital elements</u>	
	a) Paid up Share Capital	2,365.75
	b) Statutory Reserves	463.89
	c) Capital Reserves	0.00
	d) Other Disclosed free reserves	1004.76
	e) Un disbursed profit	1886.26
	<u>Total of A</u>	5720.67
	Less: Intangible Assets and Losses:	
B	<u>Tier II Capital elements</u>	
	a) Undisclosed Reserves	
	b) Revaluation Reserves	
	c) General Provisions and loss provision	149.65
	d) Subordinatd debts	
	<u>Total of B</u>	149.65
C	<u>Grand Total (A+B)</u>	5870.32
	<u>Risk Assets:</u>	
	a) Adjusted value of funded risk assets on B/S items (Part-B)	66468.54
	b) Adjusted value of Non-funded and Off balance sheet items (Part-C)	357.48
	<u>Total Risk Weighted Assets (a+b)</u>	66826.02
	Percentage of Capital funds to risk weighted assets	8.78

As per our Report of even date and notes on account attached

For VRSK & Associates

Chartered Accountants

Firm Regn. No. 011199N

CA VINEET GUPTA



Partner

Membership No. 089823

Date: 08 JUL 2016

Place: Gurgaon

Part - B:

Risk Weighted Assets on Balance Sheet - Items

Sr. No.	Description of	Book Value	Margins and Provisions	Net Book Value of Assets	Risk Weight %	Total risk weighted assets (adjusted value)
1	Cash-in-hand	837.69	0.00	837.69	0	0.00
2	Balance with					
i)	R.B.I.					
ii)	Banks (Current A/C)	4450.72	0.00	4450.72	20	890.14
3	Money at call and notice					
4	All claims on Banks	27309.96	0.00	27309.96	22.5	6144.74
5	Investment					
I	Investment in Govt. Guarantee & other Trustee securities	8101.42	0.00	8101.42	2.5	202.54
II	Investment in Bonds/Debentures of public financial Institutions	0.50			22.5	0.11
III	All other investments (SHARE)	485.07	0.28	484.79	102.5	496.91
6	Advances :					
I	Advances guaranteed by Govt.					
II	Advances to Staff	307.80	0.00	307.80	20	61.56
III	Advances against deposits	74.62	0.00	74.62	0	0.00
IV	Advances against LIC Policies, IVP & KVP					
V	Advances to Banks/guaranteed by banks					
VI	Advances guaranteed by DICGC, ECGC					
VII	All other advances	60937.55	2610.76	58326.79	100	58326.79
7	Fixed assets (net of depreciation)	215.04	0.85	214.19	100	214.19
8	Other Assets :					
I	Tax deducted at source	34.47	0.00	34.47	100	34.47
II	Interest accrued on Govt. guaranteed loans					
III	Claim on R.B.I.					
IV	All other assets (including Branch adjustments, Non-banking assets, interest, accrued on Non-guaranteed loans etc.	198.47	101.38	97.09	100	97.09
	Total of Part - B	102953.31	2713.27			66468.54

As per our Report of even date and notes on

For VRSK & ASSOCIATES

Chartered Accountants

Firm Regn. No. 011199N



CA VINEET GUPTA

Partner

Membership No. 89823

Date: 08 JUL 2016

Place : Gurgaon

THE GURGAON CENTRAL CO-OPERATIVE BANK LIMITED, GURGAON

Part- C:

Off- Balance Sheet Items (Non-Funded Business and Off Balance Sheet Items)

Sr. No.	Description of	Value of Items (Rs. In lacs)	Credit conversion factor (CCF in %)	Risk weight (%)	Total Risk weighted assets (Rs. In Lacs)
1	Financial guarantees / letter of Credit serving as financial guarantee.	0	0	0	0
2	Performance guarantees/letter of credit relating to particular	0.00	0	0	0.00
3	Other Items for which the Bank is Contingently Liable- For Outstanding Traces Demand and Appeal Filed.	357.48	0	100%	357.48

Note: In all the above cases value in column 3 to be indicated net of cash/deposit margin, if any

FOR THE GURGAON CENTRAL CO-OPERATIVE BANK LIMITED GURGAON

As per our Report of even date and notes on account attached

For VRSK & Associates
Chartered Accountants
Firm Regn. No. 011199N
CA VINEET GUPTA
Partner
Membership No. 089823



Date: 08 JUL 2016

Place: Gurgaon

The Gurgaon Central Co-operative Bank Ltd.

A N N E X U R E

AUDIT CLASSIFICATION SCALE FOR DCCBs FOR THE YEAR ENDED ON 31.03.2016

Sr. No.	Parameter	Audit Classification	
		DCCBs	
1	Capital Adequacy	15	
	(i) Net worth as percentage to total assets	(i) 5	
	> 5%	5	5
	> 4% to 5%	4	
	> 2% to 4%	2.5	
	> 0.25% to 2%	1.25	
	Less than 0.25%	Nil	
	(ii) Capital to Risk-weighted Assets	(ii) 10	
	9% and above	10	
	7% to < 9%	8	8
	4% to < 7%	5	
	Less than 4%	0	
2	Asset Quality	15	
	(i) Level of NPA (Gross NPA as % to total loans & advances outstanding)	(i) 10	
	Upto 5%	10	
	>5% to 8%	8	
	>8% to 12%	5	5
	>12% to 15%	2.5	
	>15%	Nil	
	(ii) Percentage of provisions made to provisions required to be made	(ii) 5	
	100%	5	5
	76% to 99%	3	
	51% to 75%	2	
	25% to 50%	1	
	Less than 25%	Nil	
3	Management (Marks to be awarded depending on The degree of efficiency under each)	10	
	(i) Leadership	(i) 2	1.5
	Elected Board, Committees including Audit Committee, in position and work like professionals for development of the bank. Regular holding of meetings and reviews of issues like deposit mobilization, recovery performance, investments, audit report, NABARD Inspection Report and review of compliance, etc. by the Board. If the elected Board does not exist the auditor will have to assess the performance of the administrator.		
	(ii) Top Management	(ii) 2	1
	CEO / GM in place and well versed with the working of the bank. Efficient and effective to implement the policies of the bank which are in conformity with the guidelines of Gol / RBI / NABARD		



	(iii) 2 nd Line of Management a. Exists will groomed team with succession planning. b. One or two groomed without succession planning. c. Potential officers with some grooming d. Potential officers without grooming	(iii) 2 2 1.6 1 0.5	1.6
	(iv) Organization and job descriptions	(iv) 1	0.5
	(v) Recruitment Policy	(v) 1	0.5
	(vi) Training Full marks if training policy / plan with definite scientific training requirement and long term strategies.	(vi) 1	0.5
	(vii) Rotation of staff Full marks for periodical rotation of job is done for all staff as per policy. Otherwise, marks may be proportionately reduced. No marks for ad hoc/No rotation.	(vii) 1	0.5
4	Earnings (i) Operating Profit [Interest income on loans & advances and investments + other operating income <u>Minus</u> Interest expenses on deposits and borrowings + staff cost + other operating cost like rent, postage & stationery etc. a. If operating profit is more than the provisions required to be made. b. If operating profit cover only 75% of the provisions required to be made. c. If operating profit cover only 50% of the provisions required to be made. d. If operating profit cover only 40% of the provisions required to be made. e. If operating profit cover less than 40% of the provisions required to be made.	10 (i) 5 a. 5 b. 4 c. 2.5 d. 1.25 e. 0	5
	(ii) Net Profit [Operating profit + other income like sale of assets, transfer from reserves etc. <u>Minus</u> other costs, provisions, taxes etc.] a. If net profit is earned after making full provision required to be made and contributed to various reserves as per Bye-laws and surplus available for dividend. b. Net profit but not adequate to declare dividend. c. Net profit but not adequate to contribute to reserves. d. Net profit but not adequate to make provisions to contribute to reserves. e. Net loss	(ii) 5 a. 5 b. 4 c. 2.5 d. 1.25 e. 0	5
5	Liquidity and Funds Management (i) Maintenance of CRR / SLR a. No violation of CRR / SLR. b. No CRR violation but violated SLR not more than 3 occasions. c. No CRR violation but violated SLR on more than 3 occasions. d. CRR violated on more than 2 occasions but no SLR violations. e. Violated both CRR / SLR.	15 (i) 5 a. 5 b. 4 c. 2.5 d. 1.25 d. Nil.	5
	(ii) Timely Repayment of Borrowings a. No default.	(ii) 2 a. 2	2



	b. Defaulted but later paid c. Single default. d. Defaulted twice. e. Defaulted more than twice.	b. 0.80 c. 0.50 d. 0.25 e. 0.00	NIL
	(iii) Cash Management Auditors may use their discretion duly examining the review and revision of cash retention limits by the bank, extent of excess retention, period of excess cash retention, etc.	(iii) 1	1
	(iv) ALM/ALCO in position ALM introduced, ALCO formed, meetings held and data on Structural Liquidity & Interest Rate Sensitivity generated ALM introduced, ALCO formed, but required data not generated regularly ALM introduced, ALCO formed, but no meetings were held and reports generated ALM not introduced	2 2 1.6 1 0	1
	(v) Investment Management Auditors may use their discretion on the basis of bank's framing of investment policy, quality of investments, extent of non-SLR investments, obtaining of permission of RBI and RCS for non-SLR investments, quantum of investments within prescribed ceiling / limits, opening of Constituent SGL A/c etc.	(iv) 2	2
	(vi) Deposit Mobilisation Marks are to be allotted taking into account extent of increase in deposits mobilized over the previous year. a. 15% and above. b. Between 10% and 15% c. Between 5% and 10% d. Between 2% and 5% e. Less than 2%	(v) 2 a. 2 b. 1.6 c. 1 d. 0.5 e. Nil	0.5
	(vii) Deposit Insurance All assessable deposits properly assessed and all insurance premium paid in time.	1	1
6	Systems & Control (i) Internal Inspection and Internal Audit a. If internal inspection and internal audit system and concurrent audit is in place and implemented effectively. b. If internal inspection and internal audit system is in place but no concurrent audit. c. If any one of the system is in place but delay noticed (delay less than one year) and 75% of the branches are covered. d. If any one of the system is in place but delay more than one year was noticed and 75% of the branches are covered. e. If any one of the system is in place but delay more than one year was noticed and less than 75% of the branches are covered.	20 (i) 2 a. 2 b. 1.6 c. 1 d. 0.5 e. Nil	1
	(ii) Audit Committee of the Board (ACB) a. ACB formed and functioning effectively b. ACB formed, but meetings not held periodically and not effective	2 2 1	1



c. ACB not formed	0	
(iii) Loans and advances Policies a. Followed all guidelines, pre-sanction appraisal, post sanction follow-up done and sanction letter issued indicating terms and conditions. b. Sanction is in order no post sanction follow-up. c. Sanction is in order no post sanction follow-up and sanction letter also not noticed. d. Sanction letter issued but no pre-sanction appraisal and post sanction follow-up e. If none and merely allowed draws.	(v) 3 a. 3 b. 2.4 c. 1.5 d. 0.75 e. Nil	2.4
(iv) Credit Monitoring Arrangements a. No violations of exposure norms b. Exposure norms violated	1 1 0	1
(v) Accounting Procedure. a. Accounts finalized and financial statements prepared without waiting for audit within three months from the date of balance sheet. b. Accounts finalized and financial statements prepared without waiting for audit within four months from the date of balance sheet. c. Accounts finalized and financial statements prepared without waiting for audit within six months from the date of the balance. d. Accounts finalized with the help of auditors within six months from the date of balance sheet. e. Accounts finalized with the help of auditors and delay was more than six months from the date of balance sheet.	(iii) 2 a. 2 b. 1.5 c. 1 d. 0.5 e. Nil	1.5
(vi) House Keeping. a. All books balanced with the general ledger including bank reconciliation and Debit / Credit summation done, etc., without any delay (or delay of less than one month). b. -do- within two months delay. c. Some of the books not balanced and bank reconciliation not done though accounts were closed. d. Books not balanced and waited for auditors to do the job.	(iv) 2 a. 2 b. 1 c. 0.5 d. Nil	1
(vii) Risk Management Systems a. Risk Management Committee (RMC) and Fraud Risk Group formed and functioning satisfactorily b. Risk Management Committee (RMC) formed but meetings not held regularly. But bank has taken adequate steps to identify various risks. c. RMC not formed but bank has taken measures to identify various risks. d. No RMC and no risk management systems in the bank.	(v) 3 3 2.4 1.5 0	1.5
(viii) Computerization and Core Banking System a. CBS system operational with bank providing RTGS/ NEFT services b. Fully implemented CBS, but yet to offer 'plus' services (RTGS/NEFT) c. Not introduced CBS and no action initiated in this regard.	(vi) 5 a. 5 b. 2 c. 0	3



7.	Compliance	15	
	(i) Compliance to KYC/AML instructions issued by RBI and NABARD	3	2
	(ii) Compliance on Audit Report.	3	1.5
	(iii) Compliance on NABARD inspection Report	3	1.5
	(iv) Submission of External Returns	2	2
	(v) Submission of OSS returns to NABARD	2	2
	(vi) Progress in implementation of Monitorable Action Plan (MAP)/ plan for improvement of CRAR	3	2.5
	TOTAL:		75.50

Total marks obtained Seventy five and fifty points as per Audit Classification "A"

As per our report of even date and notes on accounts attached

For VRSK & Associates
Chartered Accountants
Firm Regn. No. 011199N

CA Vineet Gupta

Partner

Membership No. 089823

Date: 08 July 2016

Place: Gurgaon