

Damani & Co.

Chartered Accountant

Auditor's Report

To,
All Members,
The Nawanagar Cooperative Bank Ltd., Jamnagar.

We have appointed as statutory auditors for your bank by the Registrar, Cooperative Societies, Gujarat State, Gandhinagar, vide order no. ASN/2460/J.4/351/2016 dated 06-06-2016. As per the conditions of the order we have completed the audit on the basis of information provided by the bank. After auditing the Bank's Balance Sheet, Profit and Loss account and other accounts we submit our report as under:

1. Report on standalone Financial Statements:

We have audited the accompanying standalone financial statements of THE NAWANAGAR CO-OPERATIVE BANK LTD. (The Bank), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's responsibility for the standalone Financial Statements:

The Management of the Bank is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Bank in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards issued by the Institute of Chartered Accountant of India, in accordance with the provisions of the Banking Regulation Act 1949, in accordance with the provisions of the Gujarat Co-operative Societies Act, 1961 and in compliance with guidelines, circulars and instructions of the Reserve Bank of India (RBI) from time to time. This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

3. Auditor's Responsibility:

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Banking Regulation Act 1949, the Gujarat Co-operative Societies Act, 1961, the accounting and auditing standards, guidelines, circulars and instructions of The Reserve Bank of India from time to time and matters which are required to be included in the audit report under the provisions of these laws and rules made thereunder.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 on the standalone financial statements.

4. Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements are subject to :

- a) Our comments and observation contained in audit memorandum (Samanya Shero & Khas Shero) annexed with Part – I & Part – II furnished as per the Gujarat Co-operative Societies Act, 1961;
- b) Notes on accounts forming part of the financial statements;

Give the information required by the Banking Regulation Act, 1949 as well as the Gujarat Co-operative Societies Act, 1961 and rules made there under, in the manner so required, for the urban Co-operative banks and give a true and fair view in conformity with the accounting principles generally accepted in India.

- In the Case of the Balance sheet, of the state of affairs of the Bank as at 31st March, 2017; and
- In the Case of the Statement of Profit and Loss, of the Profit for the year ended on that date;

5. Report on the other legal and regulatory requirements:

We further report that:

1. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.
2. In our opinion, proper books of account as required by the applicable law have been kept by the head office and branches of the Bank so far as appears from our examination of the books.
3. In our opinion and to the best of our information and according to the explanations given to us, the transaction of the Bank, which have come to our notice, have been within the competence of the Bank.
4. The Balance Sheet and the statement of Profit and Loss Statement dealt with by this report are in agreement with the Books of accounts and returns.
5. The Board of Directors has conducted the working of the bank as per by-laws and also provisions of cooperative laws / rules. The Board of Directors has followed the rules and regulations, unless otherwise stated.
6. The Board of Directors has carried out the instructions of Reserve Bank of India (RBI), given from time to time, unless otherwise stated.
7. Bank has properly maintained SLR and CRR standards according to rules prevail from time to time of RBI.
8. Bank has made proper classification of NPAs as per RBI guidelines and sufficient provisions are made for the same, unless otherwise stated.
9. The advances allowed to members of the board of directors or their relatives are as per RBI guidelines and in terms of provisions of cooperative law. All such advances are recoverable.
10. The directors or other office bearers are not disqualified for their position.
11. The Guidelines for one time settlement of advances and Set-off of deposits against advances are properly adhered to by the Bank.
12. In cases of write off / compromise of dues undertaken during the year instructions given by RBI and Registrar of Cooperative Societies are properly adhered to by the Bank.
13. In cases of compromise of dues through courts, Bank's interest is not jeopardized.
14. Aforesaid audit work is as per our criteria for the audit period ended on 31st March 2017.

For Damani & Co.,
Chartered Accountants
FRN – 114133W

N. T. Damani – Proprietor
Membership No. 009030
Penal No. 736
Place of Signature: Veraval
Date: 29/05/2017

Comparative Key Financial Indicators for the Last Five Years (in Rs.)

Particular	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Paid Up Capital	7,38,83,000	8,42,49,100	9,23,97,000	9,89,53,000	11,97,81,000
Reserves	91,37,42,000	98,25,69,000	1,02,86,99,000	1,08,18,75,000	1,13,04,94,000
Deposits	3,39,86,16,000	3,76,98,73,000	4,38,58,27,000	5,11,90,53,000	6,20,36,91,000
Advances	1,60,82,64,000	1,82,05,68,000	1,85,77,89,000	2,01,90,78,000	2,30,36,47,000
Net Profit	5,12,41,000	5,06,60,000	5,67,97,000	6,33,51,000	6,31,65,000
Working Capital	4,46,36,17,000	4,93,50,94,000	5,62,83,95,000	6,47,65,87,000	7,57,84,53,000
Audit Rating	A	A	A	A	A

Profit & Loss Account for the Year 2016-2017

Expenditure	31-03-2016		31-03-2017	
	Rs.	Ps.	Rs.	Ps.
Interest Paid on Deposits and Borrowings	30,34,04,771.39		33,51,75,630.33	
Salaries, Allowances & Providend Fund	5,33,85,913.00		6,12,93,352.00	
Directors' Fees	0.00		0.00	
Stationery & Printing	13,54,144.00		15,85,775.56	
Advertisement Expenses	7,39,585.00		6,26,355.00	
Postages, Telegrams & Telephones	5,96,365.13		7,20,244.42	
Insurance Premium	51,37,211.00		70,96,796.00	
Audit Fees	9,57,510.00		6,62,360.00	
Electricity charges	26,19,037.26		26,81,961.41	
Subscription to periodicals and newspapers	1,38,341.00		1,57,875.00	
Miscellaneous Expenses	18,90,035.20		22,24,522.93	
Legal Advisors and Consultants Fees	4,20,751.00		2,27,120.00	
Rent of Branch Premises and taxes	35,63,882.00		39,10,008.00	
Building Repairing Expenses	3,40,554.00		4,93,888.00	
Travelling Expenses	84,748.00		2,57,959.00	
Depreciation on Furniture and buildings	79,71,525.00		89,21,863.00	
Staff Group Gratuity Premium	10,88,342.00		21,00,866.00	
Computer Expenses	31,06,091.00		3,04,432.33	
Leased Line Expenses	0.00		15,29,435.00	
SMS Expenses	0.00		1,74,825.00	
Software Expenses	0.00		5,84,101.00	
Legal Expenses	69,319.00		27,256.00	
Conveyance Expenses	4,69,015.00		4,83,070.00	
Balance C/f	38,73,37,139.98		43,12,39,695.98	

Profit & Loss Account for the Year 2016-2017

Income	31-03-2016		31-03-2017	
	Rs.	Ps.	Rs.	Ps.
Interest on advances	19,91,29,044.78		21,86,62,751.17	
Interest on Investment	28,90,97,773.13		31,56,11,347.72	
Commission	9,01,562.41		9,15,728.13	
Locker Rent	27,17,220.00		29,76,760.00	
Miscellaneous Income	6,11,701.58		9,80,663.95	
Incidental Charges	21,70,385.26		22,99,600.80	
Share Transfer Fees	22,301.00		28,376.00	
Inspection Charges	17,21,851.25		16,43,931.06	
Dividend income	750.00		750.00	
Limit Procession Charges	55,46,944.88		62,44,682.00	
Interest Received from Income Tax Dept.	9,96,550.00		1,83,705.00	
Profit on sale of fixed assets	15,455.00		56,145.00	
Nominal Member Fees	3,475.00		4,050.00	
Referral Fees Income	15,51,732.53		15,64,179.93	
Commission on sales of Special Adhesive Stamps	4,90,000.00		4,60,000.00	
Cheque Book Issue Charges	8,82,338.00		10,43,818.00	
Excess Provisions made in previous Years	15,20,049.09		15,45,064.00	
Interest Received on Sakh Samkari Fund	55,20,333.00		0.00	
Recovery from S/F Account	0.00		1,61,199.78	
PMJJBY – PMSBY Commission Income	69,103.00		73,347.00	
Rupay Debit Card Commission	7,248.81		1,97,813.21	
Excess Income Tax Provisions written back	26,92,860.00		16,07,819.00	
ATM Card Re-Issue Fees	0.00		2,900.00	
Entry Fees	0.00		480.00	
Balance C/f	51,56,68,678.72		55,62,65,111.75	

Profit & Loss Account for the Year 2016-2017

Expenditure	31-03-2016		31-03-2017	
	Rs.	Ps.	Rs.	Ps.
Balance B/f	38,73,37,139.98		43,12,39,695.98	
Electric fittings & furniture fees	14,974.00		57,933.00	
Meeting Expenses	92,991.00		86,113.00	
Security Service Charges	8,50,248.00		18,48,929.00	
Branch Opening Ceremony Expenses	1,35,623.00		0.00	
Income Tax Appeal Fees	1,000.00		0.00	
Demate / SGL A/c. Service Charges	6,536.76		4,373.75	
Annual General Meeting Expenses	2,08,337.00		1,38,492.00	
Equipment maintenance Expense	5,68,118.00		6,14,113.75	
Advisory Fees Gilts / CIBIL	2,72,366.00		1,72,397.00	
Bank Charges	34,759.20		2,48,761.48	
Professional Tax	22,190.00		18,000.00	
Cash Pick – up Van Charges	2,77,297.00		4,37,355.00	
Books & Periodicals	8,193.00		10,695.00	
Maintenance Expenses	2,81,475.00		2,85,710.00	
ATM Cards Management Expenses	0.00		12,03,570.00	
Umbrella Organisation – Subscription	27,60,166.00		0.00	
Rupay Debit Card Charges	50,950.51		1,67,849.86	
Loss on sale of Fixed Assets	12,755.45		7,016.00	
Premium paid on purchase of Securities	23,580.00		23,580.00	
Service Tax	22,50,670.63		26,07,488.69	
Motor Car Fuel Expenses	0.00		19,700.00	
Provisions				
Provision for Bad and Doubtful Debt A/c.	70,00,000.00		75,00,000.00	
Provision for Income Tax	2,80,00,000.00		3,05,00,000.00	
Provision for Staff Bonus	8,322.00		7,685.00	
Provision for Productivity Linked Incentive	80,00,000.00		88,00,000.00	
Contingent provision for Standard Assets	50,00,000.00		0.00	
Provision for Rebate to regular borrowers	40,00,000.00		20,00,000.00	
Provision for Member's Gift articles	51,00,000.00		51,00,000.00	
Provision for Deferred Tax	0.00		0.00	
Profit for the year carried forward to Balance Sheet	6,33,50,986.19		6,31,65,653.24	
TOTAL	51,56,68,678.72		55,62,65,111.75	

Profit & Loss Account for the Year 2016-2017

Income	31-03-2016		31-03-2017	
	Rs.	Ps.	Rs.	Ps.
Balance B/f	51,56,68,678.72		55,62,65,111.75	
Total	51,56,68,678.72		55,62,65,111.75	

Place : Jamnagar
Date : 29/05/2017

Special remarks made in attached Audit Report dated 29.05.2017

For Damani & Co.
Chartered Accountants
FRN :- 114133W
Sd/-
CA N. T. Damani
(Proprietor)
Membership No. 009030 Panel No. : 736

Ramniklal K. Shah
Chairman

Dhirajlal J. Kanakhara
Vice Chairman

Kiranbhai R. Madhvani
Managing Director

Nileshbhai M. Toliya
Jt. Managing Director

Directors

Parmanandbhai V. Khattar

Subhashchandra K. Shah

Kiritbhai P. Mehta

Satishchandra M. Kundalia

Hiteshbhai G. Parmar

Bharatbhai R. Oza

Chandulal R. Shah

Hasmukhbhai I. Hindocha

Nathalal V. Mungra

Vijaykumar M Sheth

Pravin K. Murabia
Chief General Manager

Dilip J. Upadhyay
General Manager

Ashvin R. Jhaveri
Dy. General Manager

Ramkrushna D. Adhiya
Dy. General Manager

Balance Sheet As on 31/03/2017

31/03/2016 Rs. Ps.	Capital and Liabilities	Rs.	Ps.	31/03/2017 Rs. Ps.
10,00,00,000.00	1.SHARE CAPITAL			20,00,00,000.00
	(a) Authorized Share Capital 80,00,000.00			
	Shares of Rs. 25/- Each			
	(b) Paid Up Capital Shares			
	Of Rs. 25/- each held by 47,91,265			
9,89,52,700.00	1. Individuals	11,97,81,625.00		11,97,81,625.00
0.00	2. Co-Operative Societies		0.00	
0.00	3. State Govt.		0.00	
	2.RESERVE FUND & OTHER RESERVES :			
26,21,73,442.28	1. Statutory Reserve	31,49,27,752.72		
26,25,759.45	2. Charity Fund	26,38,669.45		
11,60,70,857.00	3. Building Fund	12,17,66,878.00		
1,58,61,090.00	4. Dividend Equalization Fund	1,71,22,021.75		
13,95,16,462.68	5. Bad & Doubtful Debt, Reserve	14,90,19,110.68		
3,05,10,989.90	6. Sahakari Prachar Fund	3,37,70,829.90		
79,41,053.00	7. Silver Jub. Fund	79,41,053.00		
99,08,773.40	8. Members' Welfare Fund	1,11,52,613.40		
1,36,15,346.61	9. Contingencies Fund	1,42,98,868.61		
13,94,67,223.35	10. Investment Fluctuation Reserve	13,94,67,223.35		
1,08,97,415.25	11. City Development Fund	1,13,53,097.25		
4,99,50,000.00	12. Provisions for Standard Assets	4,99,50,000.00		
4,77,76,804.00	13. Special Reserve Fund	4,91,43,849.00		
6,91,21,208.55	14. Investment Depreciation Reserve	6,91,21,208.55		
6,71,50,000.00	15. Bad & Doubtful Debts Provision	7,46,50,000.00		
2,90,14,899.00	16. Shakh Samkari Fund		0.00	
1,10,74,188.00	17. Provision for Members' Gift articles	51,00,000.00		
1,84,793.00	18. Staff Welfare Fund		56,395.00	
5,90,14,997.00	19. Investment Depreciation Reserve (M.M.C.B.)	5,90,14,997.00		
1,08,18,75,302.47				1,13,04,94,567.66
1,18,08,28,002.47	Balance C/f			1,25,02,76,192.66

Balance Sheet As on 31/03/2017

31/03/2016 Rs. Ps.	Property and Assets	Rs.	Ps.	31/03/2017 Rs. Ps.
8,91,70,802.27	1. CASH & BANK BALANCE Cash on Hand with Reserve Bank/ State Bank of India/ State/Central Co.Op. Bank			4,14,13,160.17
	2. BALANCES WITH OTHER BANKS			
25,18,98,795.00	1. Current Deposits	32,74,14,580.84		
0.00	2. Saving Deposits		0.00	
47,72,08,110.00	3. Fixed Deposits	59,83,14,997.00		
72,91,06,905.00				92,57,29,577.84
0.00	3. AT CALL & SHORT NOTICE IN BANKS			0.00
	4. INVESTMENTS			
3,37,28,63,215.00	A. In Central & State Govt. Securities	4,06,09,72,365.00		
0.00	B. Other Trustee Securities		0.00	
5,050.00	C. Shares in Co-op. Banks		5,050.00	
2,32,90,000.00	D. Other Investments	2,32,90,000.00		
3,39,61,58,265.00				4,08,42,67,415.00
0.00	5. PRINCIPAL SUBSIDIARY STATE PARTNERSHIP FUND INVESTMENT:			0.00
	6. ADVANCES			
96,02,96,365.72	1. Short term Loans, Cash Credit, Over Drafts, & Bills discounted Of which against :	1,02,84,80,297.66		
	A. Govt. Securities 0.00		0.00	
	B. Other Tangible Securities			
	Due from 1,02,84,80,297.66			
	Individuals 1,02,84,80,297.66			
	of which overdue 34,47,786.06			
	of which bad & doubtful debt 1,55,41,926.14			
4,21,44,35,972.27	Balance C/f			5,05,14,10,153.01

Balance Sheet As on 31/03/2017

31/03/2016 Rs. Ps.	Capital and Liabilities	Rs. Ps.	31/03/2017 Rs. Ps.
1,18,08,28,002.47	Balance B/f		1,25,02,76,192.66
	3. DEPOSITS & OTHER ACCOUNTS :		
3,09,72,35,746.45	1. Fixed Deposits	3,32,63,31,311.91	
	A. Individuals 3,30,44,88,275.91		
	B. Central Co. Op. Bank 0.00		
	C. Other Societies 2,18,43,036.00		
1,45,39,83,705.94	2. Saving Deposits :	2,08,40,13,127.94	
	A. Individuals 2,08,21,09,631.32		
	B. Central Co. Op. Bank 0.00		
	C. Other Societies 19,03,496.62		
56,78,33,178.55	3. Current Deposits	79,33,46,962.47	
	A. Individuals 78,94,38,835.35		
	B. Central Co. Op. Bank 0.00		
	C. Other Societies 39,08,127.12		
5,11,90,52,630.94	4. BORROWINGS :		6,20,36,91,402.32
0.00	1. From Reserve Bank of India		0.00
	State/Central Co. Op. Bank.		
	A. Short Term Cash Credit/Overdraft Of which		
	against,		
	1. Govt. Securities		
	2. Other Securities		
	B. Medium Term Loan		
	C. Long Term Loan		
0.00	2. From State Bank of India & Other Banks		0.00
	A. Short Term Loan/Overdraft, Cash		
	Credit etc. Of which against,		
	1. Govt. Securities		
	2. Other Securities		0.00
6,29,98,80,633.41	Balance C/f		7,45,39,67,594.98

Balance Sheet As on 31/03/2017

31/03/2016 Rs. Ps.	Property and Assets	Rs. Ps.	31/03/2017 Rs. Ps.
4,21,44,35,972.27	Balance B/f		5,05,14,10,153.01
54,69,94,655.32	2. Medium Term Loans	70,07,68,182.90	
	Of which against :		
	A. Govt. Securities		
	B. Other Tangible Securities	70,07,68,182.90	
	Individuals	70,07,68,182.90	
	Of which, overdue	55,23,768.83	
	Doubtful & Bad debts	32,43,651.00	
51,17,86,839.70	3. Long Term Loans	57,43,98,614.01	
	A. Govt. Securities		
	B. Other Tangible Securities	57,43,98,614.01	
	Individuals	57,43,98,614.01	
	Of which, overdue	15,58,441.13	
	Doubtful & Bad debts	62,78,800.70	
2,01,90,77,860.74	TOTAL ADVANCES		2,30,36,47,094.57
7,82,92,197.00	7. INTEREST RECEIVABLE ON INVESTMENT		7,75,16,939.00
	8. BILLS RECEIVABLE AS PER CONTRA.		
1,31,356.00	1. A. Inward Bills Receivable	48,409.00	
23,77,420.00	B. Outward Bills Receivable	34,90,972.00	
25,08,776.00			35,39,381.00
2,64,20,973.00	2. Interst Receivable (NPAA/cs)		3,16,33,290.00
23,12,153.00	3. Unclaimed Member Gifts		28,53,918.00
	9. T.D.S. RECEIVABLE/ADVANCE TAX		
6,74,978.00	T.D.S. Receivable	10,01,945.00	
6,34,21,836.00	Advance Income Tax	2,65,89,355.00	
6,40,96,814.00			2,75,91,300.00
5,92,31,417.93	10. PREMISES (Less Depreciation)		5,75,73,709.93
3,04,52,824.67	11. Furniture & Fixtures (Less Depreciation)		3,27,20,282.94
6,49,68,28,988.61	Balance C/f		7,58,84,86,068.45

Balance Sheet As on 31/03/2017

31/03/2016 Rs. Ps.	Capital and Liabilities	Rs. Ps.	31/03/2017 Rs. Ps.
6,29,98,80,633.41	Balance B/f		7,45,39,67,594.98
	5.BILLS FOR COLLECTIONS		
	AS PER CONTRA.		
1,31,356.00	1.A. Inward Bills for Collection	48,409.00	
23,77,420.00	B.Outward Bills for Collection	34,90,972.00	
25,08,776.00			35,39,381.00
2,64,20,973.00	2.Overdue Interest Reserve (NPA)	3,16,33,290.00	3,16,33,290.00
23,12,153.00	3.Unclaimed Member Gifts	28,53,918.00	28,53,918.00
0.00	6.BRANCH ADJUSTMENTS		0.00
8,65,116.14	7.OVERDUE INTEREST RESERVE	7,20,172.14	7,20,172.14
0.00	8.INTEREST PAYABLE	0.00	0.00
	9.OTHER LIABILITIES		
25,15,341.00	1.Unclaimed Dividend	19,21,233.00	
3,02,87,333.27	2.Bills Payable	2,08,23,270.82	
35,92,576.71	3.Bad & Doubtful Debts Written off	34,31,376.93	
6,41,60,000.00	4.Provision for Income Tax	3,11,60,000.00	
96,22,415.00	5.Others	32,63,389.74	
11,01,77,665.98			6,05,99,270.49
	10. PROFIT & LOSS A/C.		
	Balance of		
	Profit last Year 6,33,50,986.19		
	Less: Appropriation 6,33,50,986.19		
6,33,50,986.19	Add Profit for the current year 6,31,65,653.24		6,31,65,653.24
	11. Contingent Liabilities		
	1. Gurantee Issue		
	Last Year 35,45,000.00		
	Current Year 34,50,000.00		
	*The Contingent liabilities are fully secured by mortgage of immovable properties and/or Charge over movable assets.		
	2. Unclaimed Deposit 1,45,18,767.20		
6,50,55,16,303.72	TOTAL		7,61,64,79,279.85

Balance Sheet As on 31/03/2017

31/03/2016 Rs. Ps.	Property and Assets	Rs. Ps.	31/03/2017 Rs. Ps.
6,49,68,28,988.61	Balance B/f		7,58,84,86,068.45
	12. OTHERASSETS :		
64,886.00	1. Telephone Deposit	64,886.00	
0.00	2. Advance Payments	6,55,729.00	
1,600.00	3. Gas Deposit	1,600.00	
8,74,383.00	4. Stationery Stock on Hand	10,82,697.00	
1,77,122.00	5. Service Tax Credit Receivable (Central Excise)	1,55,906.00	
44,87,777.00	6. Adhesives Stamps for Sale	33,46,319.00	
5,51,877.00	7. GEB Meter Deposit	5,51,877.00	
1,00,000.00	8. Branch Building Maintenance Deposit	1,00,000.00	
18,194.00	9. Pre paid expenses	2,16,240.00	
0.00	10. Land Premises (Ranjit Sagar Road Branch) Advance Payment	1,83,86,023.00	
2,150.00	11. Water Connection Deposit	2,150.00	
4,050.00	12. Adhesive Stamp	2,100.00	
0.00	13. Computer Advance	3,01,800.00	
0.00	14. Service Tax Credit Receivable	1,97,491.00	
800.00	15. Locker Stamp	1,200.00	
2,35,000.00	16. Festival Advance	2,61,000.00	
1,49,445.00	17. Suspense Law Charges	2,87,907.00	
11,00,000.00	18. P.G.V.C.L. Bill Collection Deposit	11,00,000.00	
8,25,731.11	19. Unclaimed Deposit-Receivable RBI	12,07,562.79	
0.00	20. Claim of D.E.F. Payable	3.61	
85,93,015.11			2,79,22,491.40
94,300.00	13. Residual Premium on Purchase of Securities		70,720.00
6,50,55,16,303.72	Total		7,61,64,79,279.85

Place : Jamnagar

Date : 29/05/2017

Special remarks made in attached Audit Report dated 29.05.2017

Ramniklal K. Shah
Chairman

Dhirajlal J. Kanakhara
Vice Chairman

Kiranbhai R. Madhvani
Managing Director

Nileshbhai M. Toliya
Jt. Managing Director

For Damani & Co.
Chartered Accountants
FRN :- 114133W
Sd/-

CA N. T. Damani
(Proprietor)
Membership No. 009030 Panel No. : 736

Parmanandbhai V. Khattar
Satishchandra M. Kundalia
Chandulal R. Shah
Nathalal V. Mungra

Directors
Subhashchandra K. Shah
Hiteshbhai G. Parmar
Hasmukhbhai I. Hindocha
Vijaykumar M Sheth

Kiritbhai P. Mehta
Bharatbhai R. Oza

Pravin K. Murabia
Chief General Manager

Dilip J. Upadhyay
General Manager

Ashvin R. Jhaveri
Dy. General Manager

Ramkrushna D. Adhiya
Dy. General Manager

The Nawanagar Co-Operative Bank Ltd., Jamnagar
Notes attached to and forming part of the Balance Sheet as at 31st March, 2017 and
Profit and Loss Account for the year ended 31st March, 2017

A. Background:

The Nawanagar Co-Operative Bank Ltd. is a co-operative society engaged in the banking business and was incorporated in 1980. Presently the bank provides banking facility through its 10 branches and 1 extension counter in the Jamnagar district. The bank provides various financial products which cater to the needs of its customers.

B. Significant Accounting Policies:

1. Accounting Convention:

The accompanying standalone financial statements have been prepared and presented under the historical cost convention. The said statements were prepared on accrual basis of accounting, except postage, local authority dues, AMC charges, Utility Bills, consultant fees etc. which are charged to profit and loss account on payment basis. The said statements were prepared on a going concern basis. The said statements were prepared in compliance with

- the generally accepted accounting principles in India,
- statutory requirements prescribed under the Banking Regulation Act, 1949,
- statutory requirements prescribed the Gujarat Co-Operative Act, 1961,
- circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, and
- in accordance with the current practices prevailing amongst the Co-Operative Banks in India.

2. Use of Estimates

In preparation of the said financial Statements,

- In compliance with generally accepted accounting principles,
- statutory requirements prescribed under the Banking Regulation Act, 1949,
- statutory requirements prescribed the Gujarat Co-Operative Act, 1961 and
- circulars and guidelines issued by the Reserve Bank of India,

The management of the bank requires 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 financial statements. Actual results could differ from those estimates. Management believes that the estimates used in the preparation of the financial statement are prudent, proper and reasonable. Any revision to the accounting estimates are recognized prospectively.

3. Investments

3.1 Categorization of Investments:

In accordance with the guidelines issued by RBI, the Bank classifies its investment portfolio into three categories viz. "Held to Maturity", "Available for Sale" and "Held for Trading".

In respect of Securities included in any of the above three categories where interest/principle is in arrear for more than 180 days, income is not recognized as per prudential norms.

3.2 Classification of Investments:

For the purpose of disclosure in Balance Sheet investments have been classified as per requirement of Reserve Bank of India under the following heads:

Government Securities (Central & State),
Other approved securities,
Share of other Co-Operative Institutions and
Other Investments.

3.3 Valuation of Investments:

(i) Held to maturity:

Investments in HTM category are valued at acquisition cost unless it is more than the face value. In case where acquisition cost is more than face value, the premium (if any) paid on the investments under category is shown under “Other Assets” and is amortized over the period remaining to maturity.

(ii) Held for Trading & Available for Sale:

Investments of all scripts except PSU Bonds, under the category of Available for Sale and Held for Trading are valued scrip-wise at book value or market value whichever is lower. PSU Bonds under category of Available for Sale and Held for Trading are valued scrip-wise at acquisition cost. 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 Profit and Loss Account.

(iii) Shares of co-operative institution 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.

(iv) Market value of the Government securities under available for sale is determined in terms of yield to maturity (YTM) method indicated by fixed income money market & derivatives association of India (FIMMDA).

(v) Broken period interest in respect of the Government securities purchased is treated as an item of expenditure under the Profit and Loss account.

4. Advances

- 4.1 All advances are classified as Standard, Sub-Standard, Doubtful and Loss Assets in accordance with guidelines issued by RBI. Provisions are made in accordance with the prudential norms prescribed by Reserve bank of India.
- 4.2 The overdue interest in respect of non-performing advances is provided separately under Overdue Interest Reserve as per directives issued by RBI.
- 4.3 As per policy and practice adopted by the bank, partial recoveries in NPAs are reduced from the principal loan amount.

5. Fixed Assets and Depreciation :

- 5.1 Premises and other fixed Assets have been accounted for at historical cost less Depreciation.
- 5.2 Fixed Assets except computers are depreciated on Written down value method at the rate considered appropriate by the management. Computers are depreciated on Straight Line method @ 33.33% as directed by RBI.
- 5.3 Depreciation on Fixed Assets purchased during the year is charged for the entire year if asset is purchased and retained for 180 days or more. Otherwise it is charged at 50% of the normal rate. No depreciation is charged on assets sold during the year.
- 5.4 Fixed assets which have been fully depreciated but are still in use, are carried in the books at Rs. 1/-, however there are other assets which are in existence as per assets register, despite that value of assets was reduced to Zero. The bank is advised to physically verify such assets and to frame proper policy in the matter.
- 5.5 During the year, the bank has re classified some of its assets from plant and machinery group to computer group. Rate of depreciation upto last year on those assets where charged @ 15% on WDV method. In current fiscal, rate of depreciation on those assets were charged @ 33.33% on its purchased cost. Due to this change in policy, depreciation is overcharged by Rs. 20,58,905/-, and corresponding profit of the bank is understated to that extent. List of such assets are inverters, batteries, CCTV cameras, DVRs and security system, Battery Stands, Projectors, Projector Screen, Attendance System, Glass Door of EDP Chamber, Coin Vending Machine, ATM Machine Terminal, Currency counter machine.
- 5.6 Fixed Assets includes assets costing Rs. 25,50,147/-, which were not put to use before 31st March 2017, on which depreciation is not provided.

Accounting Standard 6 and 10 issued by the Institute of Chartered Accountants of India relating to Accounting for Fixed Assets and depreciation requires for disclosure of gross and net values of assets and accumulated depreciation thereon. However, as per the format applicable to Co-operative Banks, the above disclosure are not made in the accounts and to that extent, the disclosure norms of the above stated Accounting standards as referred above have not been followed. However, the same has no impact on the result of the Bank.

6. Revenue Recognition

Interest and other income are recognized on accrual basis except the following, which are recognized on realization basis.

- 6.1 Interest and other income on Non Performing Advances as per RBI Norms.
- 6.2 Locker Rent
- 6.3 Commission Income
- 6.4 Income from distribution of Insurance products
- 6.5 Interest on Income Tax Refunds

7. Employee Benefits

The Bank has taken group gratuity with the Life Insurance Corporation of India for payment of retirement gratuity as well as leave encashment under the scheme of this corporation. The annual contribution to gratuity

Fund and leave encashment are paid on yearly premium basis. The bank has funded on retirement gratuity and leave encashment to Life Insurance Corporation of India amounting to Rs. 21,00,866/- (Previous Year: Rs. 10,88,342/-) and Rs. 8,25,863/- (Previous Year: Rs. 8,61,252/-) respectively.

The Bank's contribution to provident fund is accounted for on the basis of contribution to the Employees' Provident Fund Scheme Account set up by the Government on accrual basis.

8. Segment Reporting

The Bank is organized into two main business segments mainly:

(i) Treasury

(ii) other Banking Operations

However, the above disclosure are not made in accounts and to that extent, the disclosure norms of the Accounting Standards as referred above have not been followed. However, the same has no impact on the results of the bank.

9. Operating Leases

Lease rent obligations in respect of assets taken on operating lease are charged to Profit and Loss Account on straight line basis over the lease term. Initial direct costs are charged to profit and loss account. The bank has paid lease rental of Rs. 36,96,927/- (Previous Year: Rs. 33,03,877/-).

10. Income Tax

Provision for current Tax is made on the basis of estimated taxable income for the year.

Deferred tax is recognized, subject to consideration of prudence, on timing difference, representing the difference between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted by the Balance Sheet Date.

11. Impairment of Assets

At each balance sheet date, bank assesses whether there is any indication that any asset of the bank may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to profit and loss account. If, at the Balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassesses and the asset is reflected at the recoverable amount subject to maximum of depreciated historical cost. However, at the year end, there is no indication regarding impairment of any of bank's assets, hence no provision for impairment loss is made.

12. Accounting for Provisions, Contingent Liabilities

The bank recognizes provisions only when it has a present obligation as a result of past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank.

Contingent Assets are not recognized since this may result in the recognition of income that will never be realized.

Unclaimed member's gift:

Board of Directors have framed the policy limiting time-limit for payment of member's gift upto starting of distribution of next year's gift. Despite this fixed time limit, the bank has distributed earlier year's gift. It is suggested to follow the time frame given by the Board of Directors. Further, undistributed gifts, for which time prescribed for distribution has been lapse shall be properly adjusted and reclassified.

Outstanding Tax Demand:

The management has not provided us certificate showing details of outstanding tax demand. Hence, we are unable to comment whether proper provisions against such liability is made or not.

13. Contingencies and material event occurring after balance sheet date:

Material events occurring after the date of balance sheet are recognized. Contingencies, which can be reasonably ascertained, are provided for, if in the opinion of the management of the bank, there is a possibility that the future outcome may be materially detrimental to the bank.

14. The bank does not feel necessity to prepare cash flow statement. To that extent Ind AS 7 "Statement of Cash Flow" is not followed. However, its impact on profit or loss of the Bank is NIL.

C. OTHER NOTES FORMING PARTS OF ACCOUNTS FOR THE YEAR 2016-17

1. Provision for Contingencies

Net Profit arrived after "Provision and Contingencies" which includes.

- a) Bad Debt Reserve
- b) Provision for Income tax
- c) Staff Bonus payable
- d) Provision for productivity Linked Incentive
- e) Provision for rebate to punctual borrowers
- f) Provision for Members Gift

2. Investments include fixed deposits pledged as follows:

Rs. 5,70,00,000/- (Previous Year: Rs. 5,70,00,000/-) pledged with IDBI Bank Ltd, Jamnagar against overdraft limit sanctioned to the bank. The outstanding against the said facility as on 31.03.2017 was Rs. NIL (Previous Year: Rs. NIL).

3. Contingent Liabilities includes:

- 3.1 Guarantee issued by the bank on behalf of customers is Rs. 34,50,000/- (Previous Year: Rs. 35,45,000/-).
An entry for guarantee of Rs. 1,00,000 issued on 24th March 2017, was recorded in CBS on 03.04.2017
- 3.2 Unclaimed deposits (Amount transferred to the Depositor Education and Awareness Fund Scheme, 2014) for the year ended on 31.03.2017 is Rs. 1,45,18,767.20 (Previous year Rs. 1,25,93,405).

4. Current Assets:

Current Assets includes Rs. 1,83,86,023/- paid during the year for purchase of Ranjit Sagar Road Branch premises.

5. Notes stated in our separate report under the Gujarat Co-Operative Act 1951 are not repeated in this notes.

D. Other Disclosures:**1. Investments:**

1.1 The Pattern of securities held under the “Held to Maturity” (At book value) as on 31st March, 2017 are as under:

	Rs. In Lakhs	
	31.03.2017	31.03.2016
Central Government Security	5,912.78	5,912.79
T-Bills	6,881.09	0.00
Total	12,793.88	5,912.79
% of total time and demand deposits	20.62%	11.85%

1.2 The pattern of other securities held under the “Available for Sale” (At book value) as on 31st March, 2017 are as under:

	Rs. In Lakhs	
	31.03.2017	31.03.2016
Central Government Security	23,413.33	23,413.33
State Government Security	4,402.51	4,402.51
PSU Bonds	232.90	232.90
Total	28,048.74	28,048.74

2. Reserves:

2.1 Investments Depreciation Reserve:

	Rs. In Lakhs	
	31.03.2017	31.03.2016
Investments Depreciation Reserve	1,281.36	1,281.36

2.2 The Investment Fluctuation Reserve of Rs. 1394.67 Lacs which worked out to 4.97% of Investments held under “Available for Sale” category.

3. Other Working:

		Rs. In Lakhs	
Sr. No.	Particulars	31-03-2017	31-03-2016
1	Capital to Risk Assets Ratio (CRAR)	28.52%	27.02%
2	Movement in CRAR:		
	Total Capital Funds	6,196.40	5,405.48
	Risk Weighted Assets	22,724.81	20,975.55
3	Investments:		
	Book Value	40,842.67	33,961.58
	Face Value	41,720.85	34,720.85
	Market Value	43,105.23	34,753.39

4	Advances Against:		
	Real Estate and Construction	130.94	1,368.93
	Housing	5,161.85	4,559.92
5	Advances against Shares and Debentures	0.00	0.00
6	Advances to Directors and their relatives, companies/ firms in which they are interested :		
	Fund Based	44.76	3.57
	Non Fund Based	0.00	0.00
7	Average Cost of Deposits	6.00%	6.62%
8	NPAs		
	Gross NPAs	250.64	242.82
	Net NPAs	0.00	0.00
9	Movement in NPAs		
	Gross NPAs		
	Opening Balance	242.82	269.04
	Add: Additions during the year	48.74	105.52
	Less: Reduction during the year	31.47	131.74
	Closing Balance	250.64	242.82
	Net NPAs		
	Opening Balance	0.00	0.00
	Add: Addition during the year	0.00	0.00
	Less: Reduction during the year	0.00	0.00
	Closing Balance	0.00	0.00
10	Profitability:		
	Interest income as a percentage of working funds	7.04%	7.62%
	Non-Interest income as a percentage of working funds	0.29%	0.34%
	Operating Profit as a percentage of working funds	1.54%	1.86%
	Return on average assets	8.82%	7.96%
	Business (Deposits + Advances) per Employee	669.87	575.66
	Operating Profit Per Employee	9.22	9.71
11	Provision made towards:		
	NPAs	2,161.69	2,066.66
	Investment Depreciation Reserve – Investments	691.21	691.21
	Investment Depreciation Reserve – MNCB	590.15	590.15
	Standard Assets	499.50	499.50

12	Movements in Provisions:		
	Towards NPAs		
	Opening Balance	2,066.66	1,911.47
	Add: Addition during the year	95.03	155.99
	Less: Reduction during the year	0.00	0.00
	Closing Balance	2,161.69	2,066.66
	Towards Depreciation on Investments		
	Opening Balance	1,281.36	1,281.36
	Add: Addition during the year	0.00	0.00
	Less: Reduction during the year	0.00	0.00
	Closing Balance	1,281.36	1,281.36
	Towards Standard Assets		
	Opening Balance	499.50	449.50
	Add: Addition during the year	0.00	50.00
	Less: Reduction during the year	0.00	0.00
	Closing Balance	499.50	499.50
13	Foreign Currency Assets and Liabilities	N.A.	N.A.
14	Payment of DICGC Insurance Premium	59.69	51.19
	Arrears in payment of DICGC Insurance Premium	0.00	0.00
15	Penalty imposed by RBI	0.00	0.00

4. Details of Issuer composition of Non – SLR investments and non – performing Non – SLR Investment

4.1 Issuer Composition of Non – SLR Investments

Rs. In Lakhs

No.	Particulars of Issuers	Amount at Book value	Extent of 'Below Investment Grade Securities'	Extent of 'Unrated Securities'	Extent of 'Unlisted Securities'
(1)	(2)	(3)	(4)	(5)	(6)
1	PSUs	232.90	NIL	NIL	232.90
2	Fis	NIL	NIL	NIL	NIL
3	Public Sector Banks	NIL	NIL	NIL	NIL
4	Mutual Funds	NIL	NIL	NIL	NIL
5	Others (Shares of Central & State Co – Op. Banks)	0.05	NIL	NIL	0.05
6	Provision held towards Depreciation	NIL	NIL	NIL	NIL

4.2 Non – Performing Non – SLR Investment

Particulars	31-03-2017	31-03-2016
Opening Balance	NIL	NIL
Addition During the year	NIL	NIL
Reduction during the year	NIL	NIL
Closing Balance	NIL	NIL

5. Details of advances sacrificed:

		Housing Loan	SME Debt Restricting	Others
Standard Advances restructured	No. of Borrowers Amount Sacrifice (diminution in the fair value)	NIL	NIL	NIL
Sub Standard restructured Advances	No. of Borrowers Amount Sacrifice (diminution in the fair value)			
Doubtful Advances restructured	No. of Borrowers Amount Sacrifice (diminution in the fair value)			
Total	No. of Borrowers Amount Sacrifice (diminution in the fair value)			

For Damani & Co.
Chartered Accountants
FRN – 114133W

Sd/-
N. T. Damani – Proprietor
Membership No. 009030
Penal No. 736
Place of Signature: Jamnagar
Date: 29/05/2017

Investment Details Dt. : 31/03/2017**NON S. L. R. Investments**

	Rs.	Ps.
Fixed Deposits		
1. Madhavpura Mercantile Co.-Op. Bank Ltd.	5,90,14,997.00	
2. Central Bank of India	14,33,00,000.00	
3. I. D. B. I. Bank	5,70,00,000.00	
4. Canara Bank	11,40,00,000.00	
5. State Bank of India	22,50,00,000.00	
	59,83,14,997.00	
Public Bonds		
6. Power Finance Corporation Bonds	2,32,90,000.00	
	2,32,90,000.00	
Other Investors		
7. Jamnagar District Co.-Op- Bank Ltd.	50.00	
8. Gujarat State Co.-Op- Bank Ltd.	5000.00	
	5,050.00	
Total NON S. L. R. Investment (A)	62,16,10,047.00	

S. L. R. Investment

State Development Loan Securities	
1. Andhrapradesh State Development Loan	13,91,77,464.00
2. Maharashtra State Development Loan	16,47,80,000.00
3. Gujarat State Development Loan	10,00,85,000.00
4. Tamilnadu State Development Loan	3,62,08,800.00
	44,02,51,264.00
Government of India Securities	2,93,26,11,951.00
Government of India T-Bills	68,81,09,150.00

Total S. L. R. Investment (B)	4,06,09,72,365.00
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Total Investment (A) + (B)	4,68,25,82,412.00
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Registered Office
Nawanagar Bank Bhavan, Hirji Mistry Road, Opp. Pranami School, Jamnagar - 361004 Ph. : 2563984-85
email : mail@nawanagar.co.in - ho@nawanagarbank.co.in Website : www.nawanagarbank.co.in

Pravin K. Murabia
Chief General Manager

Dilip J. Upadhyay
General Manager

Ashvin R. Jhaveri
Dy. General Manager

Ramkrushna D. Adhiya
Dy. General Manager

Branch	Branch Manager	Branch Address & Ph No.
DIGVIJAY PLOT	Ajay R. Sheth	17-B, Digvijay Plot, Jamnagar-361005 Ph. : 2552857-2676909-2671348-2540493-2540167
UDYOGNAGAR	Rajesh S. Shah	“Nawanagar Bank Bhavan”, Hirji Mistry Road, Opp. Pranami School, Shankar Tekri, Udyognagar, Jamnagar-361004 Ph. : 2563939-2563940-2568585
HOSPITAL ROAD	Paras H. Kundalia	101-102-103 Cross Way, Indira Marg Corner, Hospital Road, Jamnagar-361008 Ph. : 2671543-2671519-2510862
SARU SECTION	Nitin H. Mehta	‘Trupti’, Paras Society, Panchvati Saru Section Road, Jamnagar-361008 Ph. : 2662518-2662435-2510861
RANJIT ROAD	Rupen P. Shah	Simandhar Complex, Ranjit Road, Opp. Ratanbai Masjid Jamnagar-361001 Ph. : 2541236-2541233-2510863
GULAB NAGAR	Dharmesh J. Sheth	Gulabnagar, Rajkot High way, Jamnagar-361007 Ph. : 2571921-2571568
DARED	Nimesh M. Rajani	G.I.D.C. ,Phase-2, Dared, Jamnagar-361005 Ph. : 2730541-2730542
KHAMBHALIYA ROAD	Harish C. Shah	Mayur Complex, Shop No. 7-8, Khodiyar Colony, Jamnagar-361006 Ph. : 2712134-2712136
RANJIT SAGAR ROAD	Bharat M Chhapia	Shop No. 9,10,11,12, Ground Floor, Rahul Corporate, Green City, Ranjitsagar Road, Jamnagar-361005 Ph. : 2731330-2731331
GOKUL NAGAR	Mehul J. Doshi	Plot No. 134/B, S. No. 1398, Radar Road, Gokulnagar Jamnagar. Ph. :- 2561533
HARIA EXT. COUNTER	Incharge Officer: Dilip K. Khetiya	Haria School Compound, Indira Marg, Jamnagar-361004 Ph. : 2564438