

Ref No. HO: TAX: BJP: 2015-16: 116

Date: 12-02-2016

The Vice President – Listing Department,
National Stock Exchange of India Ltd.,
Exchange Plaza
Bandra Kurla Complex, Bandra East,
Mumbai – 400 051

The Vice President – Listing Department,
BSE Ltd.,
25, P.J. Towers, Dalal Street,
Mumbai – 400 001

Sir / Madam,

Unaudited Financial Statement For the Quarter ended 31.12.2015
Management Response to a Qualification in the Limited Review Report

We refer to the limited review report given in Para 5 by the Statutory Central Auditors (SCA), which reads as under:

Quote

“As stated in the Note 11 of the financial statements, the bank has outstanding deferred tax assets of ₹ 834.29 Crores including ₹ 772.47 Crores recognised during the period. In the absence of virtual certainty as on date about availability of sufficient future taxable income, the recognition of deferred tax asset is not in accordance with the “Accounting Standard 22- Accounting for Taxes of Income”, with consequent understatement of the loss for the quarter/period.”

Unquote



Management Response:

In the opinion of the Management, the recognition of DTA as per AS-22 'Accounting for taxes on income' is strictly in accordance with the said standard.

The virtual certainty of the bank is ascribed to the following facts and evidence (all figures as on 31.12.2015).

- a) Bank of India was Nationalized in the first list under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.
- b) The present Government Holding is 70.13% as against minimum required of 51%
- c) The total assets of the Bank at Rs. 6,14,743 Crore, puts the Bank among the top five state run Banks in India.
- d) The Net worth of the Bank is Rs. 25,577.06 Crore with a book value per share of Rs. 322.98 per share.
- e) Bank is presently rated as 'Baa3/P-3' and BBB-/Stable/A-3 by International rating agency Moody's and Standard and Poor Respectively.
- f) Bank's 19.80% of Assets are in the form of zero credit risk sovereign exposure of the Government of India/ Reserve bank of India, in the form of SLR/ CRR
- g) The Bank has a vast network of domestic and overseas branches with over 70 million deposit customers, without any single event of default of repayment of deposits/ bonds and other instruments in its 110 years of history.
- h) The fixed assets owned by the Bank are valued at Rs. 5865.70 Crore.
- i) The Bank owns a well-integrated IT Core Banking infrastructure running at over 4984 domestic and 28 overseas Branches.

With these assets and IT infrastructure, Bank is confident of recouping the losses, which are of temporary nature triggered by economic downturn, which has effected not only Bank of India but the entire Banking system in general and public sector Bank in particulars.

In light of the above, the management is confident that there will be no adverse financial impact now or in future due to this qualification.

Thanking You

Yours faithfully



(R.P.MARATHE)
Executive Director

