

**Amanath Co-operative Bank Limited, Bangalore**  
(Scheduled Bank)

**Directors Report**

Dear Shareholders,

We have pleasure in presenting the Annual Report of M/s. Amanath Co-operative Bank Limited and the Audited Financial Statements for the year 2017-18.

As the Annual General Body Meetings have not been held for last several years, we are also seeking adoption of Audited Financial Statements for the year 2006-07 to 2016-17. These financial statements are available for your inspection at the Bank's Corporate Office.

As you all are aware The Board of the Bank was superceded on 05.12.2006 and continued in that status till elections were held and new Board was elected by you which took charge on 03.10.2012.

After completion of the term of that Board fresh elections were held and the present Board took office on 28.09.2017.

As soon as the present Board took charge on 28.09.2017 our main focus beside other things was to revive the Bank by turning the Bank's negative net worth into positive net worth and approach the RBI to lift restrictions under Section 35A so that the Bank could get into normal banking operations.

We are very happy to inform all the shareholders that we achieved this goal in just 6 months. We took charge on 28.09.2017 and by 31.03.2018 we achieved our target of turning our Bank into a positive net worth Bank. This happened by the support of large number of depositors who consented for conversion of their 20% deposits into share capital and collection of funds from well-wishers of the Bank which has been kept in an escrow amount to the tune of Rs. 20.00 crores and also by collection of share fee and NPAs.

Our Audited Financial Statements presented to you for the year 2017-18 and the amount kept in escrow account speak of these figures. We have briefly summarized them for your quick reference.

As per the Audited Financial Statements our net work figures are as follows :

1. Share Capital	-	Rs.	4750.74	Lakhs
2. Reserve Fund (Reserve & Building Fund)	-	Rs.	2350.06	Lakhs
		Rs.	7100.80	Lakhs
3. Profit & Loss Account	-	Rs.	(9072.58)	Lakhs
		Rs.	(1971.78)	Lakhs
4. The money kept in the Escrow A/c for Share capital	-	Rs.	2000.46	Lakhs
Positive Net Worth	-	Rs.	28.68	Lakhs

With a Positive Net Worth of Rs.28.68 lakhs our CRAR will be

- a) Tier I + 1.1%
- b) Tier II + 2.2%

This we have been able to achieve with immense support of all of you for which we are thankful to you all.

RBI wanted to process our request for lifting of Section 35A restrictions only after submission of Audited Financial Statements to them. Statutory Auditors submitted the Audited Financial Statements only on 06.08.2018.

The Statutory Auditors have signed the Financial Statements, but they have raised some objections which are part of their report. We have given a reply to the objections which are part of their report. We have given a reply to the objections raised by Auditors and the same has been given to RBI also.

Subsequent to the submission of Audited Financial Statements to RBI, they have initiated their inspection and audit and they are forwarding their report to RBI, Mumbai for a final decision.

We are waiting for a final decision of RBI, Mumbai with regard to lifting of Section 35A and opening of the Bank for normal banking operation.

#### **Financial Highlights**

The Board is happy to inform you that in the current year of 2017-18, we have made a net profit of Rs.20.83 crores which includes share fee amount and collection of NPAs as against a net loss of Rs.6.80 crores in 2016-17.

Our paid-up capital has gone up from Rs. 742.21 lakhs in 2016-17 to Rs. 4683.82 lakhs in 2017-18.

We have collected and kept in an escrow account an amount of Rs.2000.46 lakhs to be converted into share capital which will be done after getting green signal from RBI for opening up of the Bank for normal banking operation.

#### **Receivables & NPAs**

As we all know the Bank unfortunately is saddled with high NPAs and huge receivables. The Bank has made 100% provisions on all NPAs. The Bank has filed cases in almost every matter. The other parties are taking advantage by appointing top Advocates and fighting their cases and getting stay orders.

Bank has the restriction as per RBI that we cannot pay more than Rs.5,000/- for each case to a Lawyer. For this amount hardly we can get a good Lawyer who can stand against the top Lawyers in the Courts.

Once Bank gets into normal operation, the RBI restrictions will not be there, and we can fight the cases with good Lawyers in the different court and give a good fight in each and every matter.

However, we have been fighting on all the cases and we expect good results at the earliest.

We are very confident that the Bank will ultimately be able to collect most of the NPAs and all other receivables.

**Amendments to Bye-laws :**

The Karnataka State Co-operative Urban Banks Federation Limited has published the model Bye-laws to be adopted by the Urban Banks in the State.

Your bank has proposed to amend our present Bye-laws to be in conformity with the model Bye-laws published by the Karnataka State Co-operative Urban Banks Federation Limited. The proposed amendments are enclosed with the Annual Report.

**Acknowledgement :**

The Board wishes to express their deep gratitude to the officials at RBI who have been of immense support and co-operation.

The Board also wish to thank and put on record the co-operation being given by all the officials of the Registrar of Co-operative Societies, Karnataka, Bangalore.

We wish to thank all the depositors and well-wishers of the Bank for their generosity in making the Bank to get into a positive Net Worth Bank.

We thank all the Shareholders, Account Holders and Pigmy Collectors for their immense support.

We thank all the employees of the Bank for their hard work.

**S.A. Kabeer  
President  
Amanath Co-operative Bank Ltd**