



Amanath Co-operative Bank Limited (Scheduled Bank) Directors Report

Dear Shareholders,

I am happy to present to you the Annual Report and the financial statements for the year starting from 1st April 2021 to 31st March 2022 of Amanath Co-operative Bank Ltd.

Though we do not have Covid problems now but till 31.03.2022 we had Covid issues and covid protocol was there. Unfortunately, both 2020-21 and 2021-22 financial years have been covid years. We all have felt the effects of covid.

Alhamdulillah, now we do not have the covid issues hence this year i.e., starting from 1st April 2022 to 31st March 2023 will be a covid free year. Presently the business activities are improving, and the businesses are doing well including the Banking industry.

Secondly, because of geopolitical situation there has been substantial amount of inflation all over the world. India is no exception to it. India has recorded inflation of 7.8% in April 2022. RBI in order to tame inflation has increased repo rate from 4% to 5.4% in different trenches. The increase in interest rate will definitely have some impact on all the businesses particularly banking industry.

During the year 2021-22, with all the covid issues and the problem related to that, we still have made a net profit of Rs.2.27 crore and a positive CRAR and our overall net worth is in positive.

Though we have been in operation for more than two years still the confidence in the bank by the public is not back to 100%. They have not started their operations in full swing. Though many people have started their operation and particularly the pigmy collection is increasing day by day. We are nearing Rs.1.50 crores of pigmy collection per month. I request all the members to please start operating your accounts with Amanath Co-operative Bank Ltd. The Bank is back in full operation and now it needs your support to be a successful Bank.

Core Banking Software:

Core Banking Software is an important banking software which is being used by most of the banks in India. We have also installed CBS and it has been smoothly working in the bank and all our accounts and transactions are in CBS only.

RuPay Card:

As informed previously that we are introducing RuPay card, we are happy to inform you that we have already started issuing RuPay card for our customers. It is a debit card which can be used



in any ATM for withdrawal or for swiping the card for commercial use. It can be used on any POS machines at any commercial establishment or for online transactions.

I request all our shareholders to please start using Amanath RuPay debit card and support the Bank.

RuPay card can also be used in UAE, Saudi Arabia, Singapore, Australia and many other countries.

You can swipe this card in any of these country's commercial establishments and purchase the products. Your Indian rupee account with Amanath Bank will be debited for those foreign transactions.

Directors of the Bank:

On 17.09.2017 our team assumed the office as Board of Directors of Amanath Co-operative Bank Ltd.

During the year 2021-22 four of our Directors resigned for different reasons, they are Mr.Riyaz Ahmed.M., Mrs.Chaya K, Mrs.Quarathulain Shabana and Mrs.Rashida Begum and in their position during the year we co-opted two Directors namely Mr.Syed Naveed Ahmed and Mrs.Sayed Banu.

Presently, we have eight Directors and our term expires on 16.09.2022 and a new Board will be elected by you all as notified by the Registrar of Co-operative Societies, on 18.09.2022. I express, on my behalf and on behalf of all the Directors our thanks to you for all your co-operation and support.

Internal Audit :

We have a separate Internal Audit Department which we have strengthened to ensure that the transactions of the Bank are audited by in-house Auditors.

Concurrent Audit:

We have also created in the Bank a Concurrent Audit division to ensure that all transactions of the Bank are audited concurrently by the Internal Inspection team of the Bank to ensure that all transactions being entered into by the Bank are in order and none of the transactions are beyond the required parameters.

Appointment of Statutory Auditors:

In the last General Body Meeting, you approved the appointment of M/s. K. Kotresh & Co., Chartered Accountants as Statutory Auditors of the Bank for the year 2021-22. Meanwhile, RBI



have issued a circular with regard to appointment/re-appointment of Statutory auditors of the Bank by which RBI will approve the appointment/re-appointment and as such the Bank has to provide two names to RBI from which they would select one and approve that name. In view of this, we submitted to RBI the following two names:

- 1) M/s. K. Kotresh & Co., Chartered Accountants and
- 2) M/s. H.K. Veerabhadrappa & Co., Chartered Accountants.

RBI has selected M/s. H.K. Veerabhadrappa & Co., Chartered Accountants, as Statutory Auditors and hence M/s. H.K. Veerabhadrappa & Co., were appointed as Statutory Auditors of the Bank for the year 2021-22.

In fact, the selection of M/s H.K. Veerabhadrappa & Co., as Statutory Auditors of the Bank by RBI is for a period of three years as per RBI Circular which includes the year 2021-22. For the year 2021-22 & 2022-23 we have to ratify their appointment & re-appointment as Statutory auditors of the Bank in the AGM.

Acknowledgment:

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 office of the Registrar of Co-operative Societies, Karnataka, Bengaluru.

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.,

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)	-	<u>Rs.</u>	<u>2350.06</u>	<u>Lakhs</u>
		Rs.	7100.80	Lakhs
3. Profit & Loss Account	-	<u>Rs.</u>	<u>(9072.58)</u>	<u>Lakhs</u>
		Rs.	(1971.78)	Lakhs
4. The money kept in the Escrow A/c for Share capital	-	<u>Rs.</u>	<u>2000.46</u>	<u>Lakhs</u>
Positive Net Worth	-	<u>Rs.</u>	<u>28.68</u>	<u>Lakhs</u>

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