

<b>M/s. Kirtane &amp; Pandit LLP Chartered Accountants</b>	<b>M/s. P. G. Bhagwat Chartered Accountants</b>	<b>Yardi Prabhu &amp; Associates LLP. Chartered Accountants</b>
H/16, Saraswat colony, italadevi Temple Road, Mahim, Mumbai 400016. Contact - 9821533842, 9821094108 Mail- <a href="mailto:sandeep.welling@kirtanepandit.com">sandeep.welling@kirtanepandit.com</a> ; <a href="mailto:abhay.joshi@kirtanepandit.com">abhay.joshi@kirtanepandit.com</a>	Suites, 101/102, Orchard, Dr. Pai Marg, Baner, Pune -411 045 Ph. No, 020- 27 29 07 71  Mail - <a href="mailto:nachiket_deo@pgbhagwatca.com">nachiket_deo@pgbhagwatca.com</a>	2, Samadhan, First Floor, Agarkar Chowk, Opp. Rly. Station, Andheri (E.), Mumbai 400069 (+9122) 67970100 Email: <a href="mailto:info@yardiprabhu.com">info@yardiprabhu.com</a>

## INDEPENDENT AUDITOR'S REPORT

**To,  
The Members,  
The Cosmos Co-operative Bank Ltd,  
(Multi State Scheduled Bank)**

### **Report of Financial Statements**

#### **Opinion**

We have audited the accompanying Financial Statements of **The Cosmos Co-operative Bank Ltd. ("the Bank")** as at March 31, 2020, which comprise the Balance Sheet as at March 31, 2020, and the Profit and Loss Account, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information in which are included returns of Head Office and its departments and 140 branches, out of which 49 branches are audited by M/s. Kirtane & Pandit LLP, Chartered Accountants, 47 Branches are audited by M/s. P. G. Bhagwat, Chartered Accountants and 44 Branches are audited by M/s. Yardi Prabhu & Associates LLP, Chartered Accountants which are consolidated in these Financial Statements. Since, all the Branches are subject to statutory audit, the matter of submission of details of per cent of advances / deposit / interest income / interest expenses of unaudited Branches are not applicable.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 ("the BR Act"), the Multi State Co-operative Societies Act, 2002 ("the Act") and the Multi State Co-operative Societies Rules, 2002 ("the Rules") and the guidelines issued by the Reserve Bank of India ("RBI") and the Central Registrar of Cooperative Societies, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Bank as at March 31, 2020 and true & fair balance of Loss and the Cash Flows for the financial year ended on the date.

#### **Basis of Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements

section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by ICAI together with ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

### **Emphasis of Matter**

We draw your attention to Note 3 of Schedule Q-I of Notes forming part of Accounts of the Financial Statements which describes uncertainty of impact due to Covid-19 pandemic on Bank's financial performance, which is dependent on future development.

We draw attention to Note 2 of Schedule Q- III of Notes forming part of Accounts of the Financial Statements which states that withdrawal is made from the Business Risk Protection Fund in order to replenish the loss suffered by the Bank due to cyber-attack.

Our opinion is not modified in respect of these matters.

### **Information Other than the Financial Statements and Auditor's Report thereon**

The Bank's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Board of Directors Report including other explanatory information, but does not include Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Report of Board of Directors including other explanatory information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and the members in the Annual General Meeting.

### **Responsibilities of Management and those Charged with Governance for the Financial Statements**

The Bank's Board of Directors is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, the provisions of the BR Act, the Act and Rules made thereunder and RBI, from time to time. This responsibility also includes maintenance of adequate records in accordance with the provisions of the Act for safeguarding of assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Boards of Directors are responsible for overseeing the Bank's financial reporting process.

### **Auditor's Responsibility for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement whether due to fraud or error and to issue auditor's report that includes our opinion. Reasonable assurance is high level of assurance, but it is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal & Regulatory Requirements**

1. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the BR Act and the Act and rules thereon.
2. As required by Section 73 (4) of the Act, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found to be satisfactory.
  - b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches or offices.
  - c) As required by Section 30 (3) of the BR Act, we further report that the transactions of the Bank which came to our notice have been within the powers of the Bank.
  - d) Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report, are in agreement with the books of account and the returns.c
  - e) The accounting standards adopted by the Bank are consistent with those laid down by accounting principles generally accepted in India, so far applicable to the Banks.
3. As per the information and explanations given to us and based on our examination of the books of account and other record, we report as under on the matters specified in clause (d) and (e) of Rule 27 (2) of the Rules:
  - a) In our opinion and according to information and explanations given to us, we have not noticed any material impropriety or irregularity in the expenditure or in the money due to the Bank.

- b) During the course of Audit, we have generally not come across any violations of guidelines, conditions etc. issued by the RBI. Since the Bank has neither accepted deposits not received subsidy from National Bank for Agriculture and Rural Development, our comments regarding violations of guidelines issued by the said Bank are not called for.
4. As required by Rule 27(3) (a) to (f) of the Rules, we give the Annexure, a schedule on the matters specified in the said Rule.

**FOR M/s. KIRTANE & PANDIT  
LLP**

**FOR M/s. P.G. BHAGWAT**

**FOR M/s. YARDI PRABHU &  
ASSOCIATES LLP**

**CHARTERED ACCOUNTANTS**

**CHARTERED ACCOUNTANTS**

**CHARTERED  
ACCOUNTANTS**

**F.R.NO.105215W/W100057**

**F.R.NO.101118W**

**F.R.NO.111727W/W100101**

**(SANDEEP WELLING)**

**(NACHIKET DEO)**

**(SUDHAN YARDI)**

**PARTNER**

**PARTNER**

**PARTNER**

**M.NO.044576**

**M. NO.117695**

**M.NO.022887**

**UDIN:20044576AAAAJV1915**

**UDIN:20117695AAAABY9283**

**UDIN:20022887AAAAAM3252**

**Place: Pune**

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**Date:13<sup>th</sup> July 2020**

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**Date: 13<sup>th</sup> July 2020**

**COSMOS CO-OPERATIVE BANK LTD.**

**FINANCIAL YEAR ENDED MARCH 31, 2020**

**ANNEXURE TO INDEPENDENT AUDITOR'S REPORT**

(As referred in Clause 4 of our report of even date as on March 31, 2020)

As required by the Rule 27 (3) of the Multi State Co-operative Societies Rules, 2002 (“the Rules”), we report on the matters specified in clauses (a) to (f) of the said Rule to the extent applicable to the Bank.

- a. During the course of our audit, we have generally not come across transactions which appear to be contrary to the provisions of the Act, the Rules or the Bye-Laws of the Bank.
- b. During the course of audit, we have not come across material and significant transactions which appear to be contrary to the guidelines issued by the Reserve Bank of India (“RBI”). Since the Bank has neither accepted deposits nor received subsidy from National Bank for Agriculture and Rural Development, our comments regarding transactions contrary to the guidelines issued by the said Bank are not called for.
- c. The following advances are categorized as doubtful or loss assets as per prudential norms of RBI as on March 31, 2020 and reported in terms of clause (c) of Rule 27 (3) of the Rules:

<b>Category</b>	<b>Outstanding Amount as on March 31, 2020 (Rs. In Lakhs)</b>
Doubtful Assets	68,987.45
Loss Assets	NIL
<b>Total</b>	<b>68,987.45*</b>

\*A provision of Rs.23,936.07 Lakhs has been made against the above advances.

- d. As per the information provided to us and to the best of our knowledge, the following credit facilities have been sanctioned by the Bank to the members of the Board or their relatives:

<b>Particulars</b>	<b>Outstanding Amount (Rs. In Lakhs)</b>	<b>Security Value (Rs. In Lakhs)</b>	<b>Overdues, if any (Rs. In Lakhs)</b>
Fund Based	1,723.62	3,718.92	NIL
Non Fund Based	6.44	20.00	NIL
<b>Total</b>	<b>1,730.06</b>	<b>3,738.92</b>	<b>NIL</b>

- e. During the course of our audit, we have generally not come across any violations of guidelines conditions etc. issued by the RBI. Since the Bank has neither accepted deposits nor received subsidy from National Bank Agriculture and Rural Development, our comments regarding violations of guidelines issued by the said Bank are not called for.
- f. To the best of our knowledge, no other matters have been specified by the Central Registrar of Co-operatives Societies, which require reporting under this Rule.

**FOR M/s. KIRTANE & PANDIT  
LLP**

**CHARTERED ACCOUNTANTS**

**F.R.NO.105215W/W100057**

**(SANDEEP WELLING)**

**PARTNER**

**M.NO.044576**

**UDIN:20044576AAAAJV1915**

**Place: Pune**

**Date: 13<sup>th</sup> July 2020**

**FOR M/s. P.G. BHAGWAT**

**CHARTERED ACCOUNTANTS**

**F.R.NO.101118W**

**(NACHIKET DEO)**

**PARTNER**

**M. NO.117695**

**UDIN:20117695AAAABY9283**

**Place: Pune**

**Date: 13<sup>th</sup> July 2020**

**FOR M/s. YARDI PRABHU &  
ASSOCIATES LLP**

**CHARTERED ACCOUNTANTS**

**F.R.NO.111727W/W100101**

**(SUDHAN YARDI)**

**PARTNER**

**M.NO.022887**

**UDIN: 20022887AAAAAM3252**

**Place: Pune**

**Date: 13<sup>th</sup> July 2020**