



NOTICE FOR ANNUAL GENERAL MEETING (FOR MEMBERS ONLY)

The 113th Annual General Meeting of the members of THE COSMOS CO-OPERATIVE BANK LTD., will be held on Sunday, **4th August, 2019 at 9.00 a.m. at Shivshankar Sabhagraha, S. No. 698/1, Maharshinagar, Paigude Baug, Pune – 411037** for transacting following business. Your presence therefore is highly solicited.

- To confirm the minutes of the 112th Annual General Meeting held on 2nd September 2018.
- A) To consider and adopt
 - Annual Report for the year 2018-2019.
 - Profit And Loss Account for the year ended 31st March 2019.
 - Balance Sheet as on 31st March 2019.
- B) To review actual utilization of reserves and other funds during the year 2018-2019.
- To consider and approve the appropriation of profit for the financial year 2018-2019 as proposed by the Hon'ble Board of Directors.
- To consider the Report of Statutory Auditors and compliance thereof for the year 2018-2019.
- To appoint Statutory Auditors for the year 2019-2020 and to authorize Hon'ble Board of Directors to decide their remuneration.
- To take note of the loans and advances outstanding from the Directors and their relatives during the year 2018-2019 (vide section 39 (3) of the Multi-State Co-operative Societies Act, 2002).
- To discuss and decide about commercialization of the Bank.
- To consider and adopt amendments proposed by Hon'ble Board of Directors to the existing Bye-Laws No. 5(ix), 31(ii) (a) and 44 of the Bank. (Draft enclosed)
- To sanction leave of absence of members who are not able to attend the 113th Annual General Meeting.
- Any other matter, with the permission of the Chair.

Date: 12th July 2019

By order of the Board of Directors

Pune

Suhas Gokhale
Managing Director

Notes

- The meeting shall commence at 9.00 a.m. sharp. If the required quorum of members is not present at the commencement of the meeting, it shall be adjourned. The adjourned meeting will resume business on the same day, at the same place, at 9.30 a.m., irrespective of the quorum, in which, only the business mentioned in the Notice of the Meeting shall be transacted.
- All documents and information relating to the business to be transacted at this Annual General Meeting to be held on 4th August, 2019 will be available at Cosmos Tower - Bank's Head Office up to 1st August, 2019 on working days, between 11.00 a.m. and 4.00 p.m.
- Members are requested to submit their queries, if any, regarding the business to be transacted at this Annual General Meeting, in writing at the Bank's Head Office up to 1st August, 2019 on working days, between 11.00 a.m. and 4.00 p.m.
- The unabridged version of the Annual Report is available on Bank's website www.cosmosbank.com while the hard print of Annual Report will be available at all branches for the members. Those members who make a written request to receive the Annual Report before the meeting, the same shall be sent to them by Post on their address registered with the Bank.
- Members are requested to kindly bring the Membership Photo Identity Card for the meeting.

Chairman's Address (Abridged)

Dear Shareholders,

I am presenting before you the financial results of your Bank along with the significant events that crossed our way during the FY 2018-19.

Banking Sector is undergoing digitalization on a large scale. Due to this transition, like all the sectors, the threat of cyber security breach has increased considerably. Your Bank too suffered the cyber-attack hit.

In its history of 113 years, Bank faced the most acrimonious incident of cyber-attack due to which we had to incur net loss of ₹98.66 crore. On 11th August 2018 and 13th August 2018, Switch of ATM Payment Gateway System and SWIFT Payment Gateway were consecutively hacked and compromised, by the hackers. The amount of ₹13.92 crore transferred through SWIFT Payment was traced in just 15 minutes. Immediate action was taken and we requested Hang Seng Bank in Hong Kong to hold the amount. With the assistance of Hong Kong Police and the judicial support we will recover ₹8.00 crore shortly.

Before reinstating the necessary security systems a detailed audit and inspection was carried out. Considering the need of the time, and taking advice from the consultants, we have introduced more efficient and robust security systems in the Bank and your Bank has made additional capital investments in hardening the new systems.

The Bank faced premature withdrawal of term deposit of approx. ₹500 crore and saving deposits amounting to ₹415 crore and lost ₹3.70 crore from card commission due to this cyber incidence.

Due to this incident, doubts and fear was raised in the minds of customers regarding the position of the Bank which resulted in some of the customers choosing to withdraw deposits prematurely. The Bank stood very strong in this critical situation and we streamlined the day-to-day work successfully within a short span. During this phase some members of society, started spreading rumours that Bank is facing severe losses, it might shut down business. Meanwhile various banking organizations from cooperative sector and members of cooperative fraternity, living up to their pledge of cooperation stood in solidarity with your Bank. I thank all of them from the bottom of my heart.

We supported the staff and encouraged them to focus on rebuilding confidence. Due to this within just 5 months, the Bank saw maximum rise in deposits and advances compared to the last 3 years. This has shown fruitful results and as compared to March 2018, Bank's setup at the end of March 2019 has increased by ₹1,250 crore i.e. by 4.86%.

The contribution of staff in Bank's progress is particularly praiseworthy. They have used all available platforms to enhance the image of Bank and shown the society how Cosmos is developing, at the same time creating renewed trust for Cosmos in the minds of stakeholders. In the month of January 2019, meetings and get-togethers of customers and depositors were arranged to express gratitude towards them for maintaining and also investing in fresh deposits with the Bank. This had a very positive impact on the depositors, account holders, staff and society in general. However, the performance of Card Payment Switch was affected for time being which affected the CASA deposits. In this scenario, Management has taken a significant and tough policy decision to make major changes in Payment Switch System.

Meticulous investigation regarding the cyber-attack is ongoing through the Pune Police Cyber Cell. Pune City Cyber Cell has made special investigation in this matter. Their success and efforts in this investigation are exemplary and commendable.

At the same time, the Bank has made focused efforts on recovery and maximum amount till date of ₹211.38 crore, has been recovered from NPA accounts and ₹ 69.09 crore from write-off accounts. During the year under review, the amount in net NPA accounts was reduced by ₹28.24 crore which is 0.92% less than last year.

In the three months following August 2018, the loss of deposits had negatively affected the loan disbursements. Even in these adverse circumstances, the Bank has increased its net advances by ₹828 crore. This was the highest loan disbursement in last 4 years. The significant part of this is, the Bank has focused on retail loans rather than big ticket loans.

In the dire circumstances after booking loss of 50% of the cyber-attack, i.e. ₹50.21 crore, the net profit stands at ₹21.83 crore and after appropriation of funds, the surplus for the year is ₹75.54 crore.

Bank has taken a premeditated decision to hand over the excessively big rented premises to the owners and shifting the branches in small premises while disposing non-utilized properties, thus curtailing expenditure and optimizing the resources.

Bank has not been able to satisfy the expectations of the members on the dividend since last 3 years. Thus, during the year under review members chose to surrender their shares and asked for refund of share capital. As per the law, Bank returned 10% of the share capital amounting to ₹37.16 crore. Some members stood by the Bank realizing its satisfactory performance and helped to raise fresh share capital of ₹10.00 crore.

As per guidelines by the Reserve Bank of India, your Bank will not be able to distribute the dividend until the entire amount lost due to cyber-attack is provided for. Hence dividend for the FY 2018-19 has not been recommended.

Overall, the year under review was extremely difficult and challenging. Yet, the Bank has successfully enhanced its image by increasing business and thus it can be said that the year under review was productive and optimistic.

With regards,

Milind Kale
Chairman

BALANCE SHEET AS AT 31ST MARCH, 2019

AS AT 31/3/2018 ₹	CAPITAL AND LIABILITIES	AS AT 31/3/2019 ₹	AS AT 31/3/2018 ₹	PROPERTY AND ASSETS	AS AT 31/3/2019 ₹
3,716,380,200.00	1) CAPITAL	3,444,748,600.00	8,583,868,652.09	1) CASH AND BANK BALANCES	8,789,169,414.60
16,124,462,885.65	2) RESERVE FUND AND OTHER RESERVES	15,158,556,201.20	1,709,143,526.58	2) BALANCES WITH OTHER BANKS	1,665,719,659.18
—	3) PRINCIPAL AND SUBSIDIARY STATE PARTNERSHIP FUND ACCOUNT	—	2,000,000,000.00	3) MONEY AT CALL AND SHORT NOTICE (Lending under Reverse REPO/LAF)	3,248,530,943.44
149,324,977,453.40	4) DEPOSITS AND OTHER ACCOUNTS	153,530,420,386.17	47,733,834,129.93	4) INVESTMENTS	45,384,598,299.41
6,845,112,000.00	5) BORROWINGS	11,247,126,000.00	107,709,317,896.52	5) ADVANCES	115,991,541,528.21
3,269,859,711.25	6) BILLS FOR COLLECTION BEING BILLS RECEIVABLE (AS PER CONTRA)	4,115,007,199.89	885,935,338.00	6) INTEREST RECEIVABLE	866,595,318.35
228,496,975.80	7) BRANCH ADJUSTMENTS	453,409,346.20	2,261,719,056.19	Interest on Deposits & Securities	2,819,883,802.74
2,261,719,056.19	8) OVERDUE INTEREST RESERVE	—	—	Overdue Interest on Loans & Advances	—
4,994,797.77	On Non-Performing Advances	2,819,883,802.74	3,269,859,711.25	7) BRANCH ADJUSTMENTS	—
4,872,259,038.22	9) INTEREST PAYABLE	15,474,730.99	6,612,732,215.49	8) BILLS RECEIVABLE BEING BILLS FOR COLLECTION (AS PER CONTRA)	4,115,007,199.89
26,130,085.00	10) OTHER LIABILITIES	4,897,259,105.62	5,250,053,970.42	9) FIXED ASSETS	6,330,246,146.13
243,257,416.77	11) MERGED BANKS COLLECTION ACCOUNT PAYABLE	25,071,330.00	392,840,824.84	(GROSS BLOCK LESS ACCUMULATED DEPRECIATION)	6,654,925,632.93
—	12) PROFIT & LOSS ACCOUNT	802,871,886.45	469,784,000.00	10) OTHER ASSETS	219,612,760.64
—	NOTES ON ACCOUNTS	—	38,760,298.74	11) NON BANKING ASSETS ACQUIRED IN SATISFACTION OF CLAIMS	386,269,052.00
—	—	—	—	12) DEFERRED TAX ASSET	37,728,831.74
—	—	—	—	13) GOODWILL A/C - MERGED BANKS	—
186,917,649,620.05	TOTAL	196,509,828,589.26	186,917,649,620.05	TOTAL	196,509,828,589.26
5,675,197,644.61	SECURITIES PURCHASED UNDER REPO/LAF(CONTRA)	8,336,992,983.02	—	—	—
6,717,571,860.38	CONTINGENT LIABILITIES :	8,163,511,041.61	—	—	—
4,360,195,382.44	BANK GUARANTEES	2,539,961,274.27	—	—	—
2,369,495,938.40	LETTERS OF CREDIT ISSUED	1,303,842,582.07	—	—	—
293,297,186.92	FORWARD EXCHANGE CONTRACTS PURCHASE/SALE	337,125,719.25	—	—	—
—	OTHERS - DEPOSITOR EDUCATION & AWARENESS FUND	—	—	—	—

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2019

31/3/2018 ₹	EXPENDITURE	31/3/2019 ₹	31/3/2018 ₹	INCOME	31/3/2019 ₹
10,995,602,338.81	1 INTEREST ON DEPOSITS, BORROWINGS ETC.	10,510,278,098.26	14,616,742,881.73	1 INTEREST & DISCOUNT	14,627,512,668.19
1,579,933,015.76	2 SALARIES, ALLOWANCES, PF CONTRIBUTION & GRATUITY ETC.	1,763,593,998.34	961,049,595.59	2 PROFIT ON SALE OF SECURITIES (Net)	411,321,983.78
1,248,000.00	3 DIRECTORS FEES & ALLOWANCES	1,047,880.00	745,789,661.39	3 COMMISSION + EXCHANGE	784,382,152.87
589,965,152.29	4 RENT, TAXES, INSURANCE, LIGHT ETC.	630,498,268.58	317,810,227.93	4 OTHER RECEIPTS	745,194,048.75
1,262,201.50	5 LEGAL CHARGES	63,950.00	20,425,876.44	5 PROFIT ON SALE OF PROPERTIES / OTHER ASSETS	91,348,140.59
56,243,363.76	6 POSTAGE, TELEGRAM & TELEPHONE	50,059,350.14	9,651,673.01	6 EXCESS PROVISION FOR MERGED BANK LOSSES WRITTEN BACK	1,031,467.00
21,739,497.14	7 AUDITORS FEE	27,671,238.00	18,416,000.00	7 EXCESS PROVISION FOR STANDARD ASSETS WRITTEN BACK	—
402,932,685.99	8 DEPRECIATION, REPAIRS, MAINTENANCE TO BANK'S PROPERTY	405,128,280.76	2,097,535,286.33	8 B.D.D.R WRITTEN BACK	1,545,530,159.76
87,524,199.99	9 STATIONERY, PRINTING, ADVT. SADIL ETC.	81,759,617.91	974,130,181.00	9 LOSS BEFORE TAX	—
154,557,237.21	10 AMORTISATION OF PREMIUM ON SECURITIES	204,923,840.87	657,302,775.00	10 LOSS AFTER TAX	—
533,641,834.03	11 OTHER EXPENDITURE	1,019,554,280.89	657,302,775.00	11 NET LOSS	—
3,239,366,570.61	12(I) PROVISION FOR ASSETS	1,600,740,243.29	—	—	—
—	12(II) RESERVE FOR INFRASTRUCTURE & HOUSING DEVELOPMENT	—	—	—	—
2,097,535,286.33	13 BAD DEBTS WRITTEN OFF	1,545,530,159.67	—	—	—
—	14 PROFIT BEFORE TAX	365,471,414.23	—	—	—
150,000.00	15 INCOME TAX - CURRENT YEAR	3,788,700.00	—	—	—
6,247,878.00	INCOME TAX EARLIER YEARS (EXCESS)/SHORT	13,913,830.00	—	—	—
(323,225,284.00)	ADD / (LESS): DEFERRED TAX	129,465,720.00	—	—	—
—	16 PROFIT AFTER TAX	218,303,164.23	—	—	—
—	17 NET PROFIT CARRIED FORWARD	218,303,164.23	—	—	—
19,444,723,977.42	TOTAL	18,206,320,620.94	19,444,723,977.42	TOTAL	18,206,320,620.94
657,302,775.00	NET LOSS BROUGHT FORWARD	—	—	NET PROFIT BROUGHT FORWARD	218,303,164.23
66,932,334.46	NET SURPLUS CARRIED TO BALANCE SHEET	755,359,660.62	724,235,109.46	TRANSFER FROM RESERVE FOR UNFORESEEN LOSSES	237,056,496.39
—	—	—	—	EXCESS INVESTMENT FLUCTUATION RESERVE	300,000,000.00
—	—	—	—	WRITTEN BACK	—
724,235,109.46	TOTAL	755,359,660.62	724,235,109.46	TOTAL	755,359,660.62

AS PER OUR REPORT OF EVEN DATE

Above financial statements are being referred as the 'Abridged Financial Statements for the FY2018-19', in so far as they contain only the Balance Sheet and Profit & Loss Account for the said Financial Year.

These abridged Financial Statements are sent to the members pursuant to the bye law no24(i) and also as a part of Bank's commitment to the Green Initiative.

FOR M/s. YARDI PRABHU & ASSOCIATES LLP

CHARTERED ACCOUNTANTS

F.R.NO.111727/W/100101

SUDHAN YARDI PARTNER

M.NO. 22887

STATUTORY AUDITOR

MILIND A. KALE
CHAIRMAN

GOVIND R. KSHIRSAGAR
VICE CHAIRMAN

SUHAS S. GOKHALE
MANAGING DIRECTOR

FOR M/s. P. G. BHAGWAT

CHARTERED ACCOUNTANTS

F.R.NO. 101118 W

NACHIKET DEO PARTNER

M. NO: 117695

STATUTORY AUDITOR

MUKUND L. ABHYANKAR
DIRECTOR

SMITA V. JOG
DIRECTOR

JAYANT B. SHALIGRAM
DIRECTOR

RAJEEV B. SABADE
DIRECTOR

PRALHAD B. KOKARE
DIRECTOR

SHRIPAD D. PANCHPOR
DIRECTOR

JITENDRA B. SHAH
DIRECTOR

Place : Pune
Date : 29/05/2019

ARCHANA V JOSHI
ASST GENERAL MANAGER

UMESH C. DATAR
STAFF REPRESENTATIVE

INDEPENDENT AUDITOR'S REPORT

To,
The Members,
The Cosmos Co-operative Bank Ltd.,

Report on Financial Statements

Opinion

1. We have audited the accompanying Financial Statements of **The Cosmos Co-operative Bank Limited**, ("the bank") which comprises of Balance Sheet as at **March 31, 2019** and Profit and Loss Account and the Cash Flow Statement for the year ended on March 31, 2019 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, 71 branches are audited by M/S P. G. Bhagwat, Chartered Accountants, 69 branches are audited by Yardi Prabhu & Associates LLP, Chartered Accountants, which are consolidated in these financial statements. Since all the branches are subjected to statutory audit, the matter of submission of details of percent of advances /deposits /interest income / interest expense of unaudited branches is not applicable.
2. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949, the Multi State Cooperative Societies Act, 2002 and the rules made there under 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, 2019 and true & fair balance of profit and the Cash Flows for the financial year ended on that date.

Basis of Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the 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 the ICAI together with ethical requirements that are relevant to our audit of the financial statements under the provisions of the Banking Regulations Act, 1949 and the rules made there under and under the provisions of the Multi State Cooperative Societies Act, 2002 and the rules made there under 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.

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

4. The Bank's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Report of Board of Directors including other explanatory information, but does not include the 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 during the course of our 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 a 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

5. The Bank's Board of Directors is responsible for 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 the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, provisions of Banking Regulation Act, 1949 and the rules made there under, provisions of Multi State Cooperative Societies Act, 2002 and the rules made there under and RBI from time to time and the accounting standards issued by ICAI. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 mis statement, 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.

The Board of Directors are also responsible for overseeing Bank's Financial Reporting progress.

Auditor's Responsibilities for the Audit of the Financial Statements

6. 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, 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 procedures that are appropriate in the circumstances.
- 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 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.

COSMOS e-SOLUTIONS & SERVICES PRIVATE LIMITEDCTS No. 269 & 270/1, 4th Floor, Devi Heights, Shaniwar Peth, Pune – 411030**BALANCE SHEET AS AT 31ST MARCH 2019**

AS AT 31/03/2018 ₹	CAPITAL & LIABILITIES	AS AT 31/03/2019 ₹	AS AT 31/03/2018 ₹	PROPERTIES & ASSETS	AS AT 31/03/2019 ₹
2,500,000	Share Capital	2,500,000	21,625,331	Tangible assets	18,519,788
72,305,329	Reserves and Surplus	87,023,770	5,310,367	Intangible assets	2,647,521
—	Deferred tax liabilities (Net)	—	288,355	Deferred Tax Asset	163,396
			29,207,088	Long term loans and advances	35,258,749
22,274,436	Trade payables	724,053	24,240,845	Trade receivables	8,349,778
18,506,558	Other current liabilities	5,781,089	27,807,930	Inventories	4,312,930
25,980,000	Short-term provisions	31,300,000	17,767,749	Cash and cash equivalents	28,795,518
2,939,514	Long Term Provisions	96,059	2,061,029	Short-term loans and advances	4,402,574
			16,197,143	Other current assets	24,974,717
144,505,837	Total	127,424,971	144,505,837	Total	127,424,971

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019 Abridged

For the year ended 31/03/2018	EXPENDITURE	For the year ended 31/03/2019	For the year ended 31/03/2018	INCOME	For the year ended 31/03/2019
(27,107,055)	Change in Inventories	23,495,000	140,590,848	Revenue from operations	124,613,986
55,541,075	Expenses relating operating activity	20,265,580	653,643	Other Income	3,259,164
70,077,361	Employee benefit expense	55,508,199			
—	Financial costs	—			
5,840,163	Depreciation and amortization expense	5,496,474			
4,954,976	Other expenses	2,944,497			
1,166,041	Prior Period Expenses	—			
8,615,525	Tax Expenses	5,444,959			
22,156,405	Profit after Tax	14,718,441			
141,244,491	Total	127,873,150	141,244,491	Total	127,873,150

As per our report of even date attached

For C V Chitale & CO
Chartered Accountants
Firm Registration No: 126338W

For and on behalf of the Board of Directors of
Cosmos e-Solutions & Services Private Limited

Darrshan Sawaiwala (Partner)
Membership No: 127450

Dr. Mukund Abhyankar
Director
DIN: 00881021

Ashutosh Joshi
Director
DIN: 00546675

Arti Dhole
Managing Director
DIN: 07670787

Place: Pune
Date: 2nd July, 2019

Place: Pune
Date: 2nd July, 2019

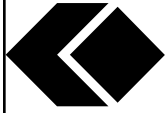
Important Notice**(For the Shareholders of The Cosmos Co-op. Bank Ltd.)**

Disqualification of Member:

As per Bank's Bye-law No. 7 (iv) (b)

No person shall be eligible for being a member of the Bank if he used for two consecutive years, the service of the Bank, without maintaining the deposits or taking loan above the minimum level of Rs.5,000/- or he / she fails to open any type of account in the Bank and utilizing the service of the Bank.

Failing which, the management will be forced to take action as per the provisions of the above referred bye-law regarding the membership.



THE COSMOS CO-OP. BANK LTD.

(Multistate Scheduled Bank)

Cosmos Tower, Plot No.6, ICS Colony, University Road, Ganeshkhind, Pune 411007

Amendments to Bye-laws of the Bank placed before the Annual General Meeting dated 4 August 2019

Bye Law No.	Text of Existing Bye Law	Proposed Amendment	Text after incorporation of amendment	Reasons for amendment
5 (ix)	<p>Objects To purchase and to sell bonds, scrips or other forms of securities on behalf of constituents.</p>	To rephrase the sentence by adding- 'those constituents which are permitted by RBI' before the word constituents.	To purchase and to sell bonds, scrips or other forms of securities on behalf of those constituents which are permitted by RBI.	To align with RBI guidelines on Investments.
31 (ii) (a)	<p>Board of Directors: The Board of Directors shall, at all times, have two professional Directors i.e. persons with suitable banking experience (at middle/ senior management level) or with professional qualification in the field of law, accountancy, economics or co-operation. In case the Directors with such professional qualifications are not elected from the category under bye-law 31 (i) above, then the Board shall co-opt that number of directors falling short of two from amongst the shareholders, who are otherwise qualified as per Act, Rules & these bye-laws, to fill the vacant post (if any). Such co-opted Directors shall have same Rights and Duties as that of the elected members of the Board. The tenure of such co-opted Directors shall be co-terminus with the tenure of the Board of Directors.</p>	To delete words 'economics' and 'co-operation'	<p>The Board of Directors shall, at all times, have two professional Directors i.e. persons with suitable banking experience (at middle/ senior management level) or with professional qualification in the field of law, accountancy or finance. In case the Directors with such professional qualifications are not elected from the category under bye-law 31 (i) above, then the Board shall co-opt that number of directors falling short of two from amongst the shareholders, who are otherwise qualified as per Act, Rules & these bye-laws, to fill the vacant post (if any). Such co-opted Directors shall have same Rights and Duties as that of the elected members of the Board. The tenure of such co-opted Directors shall be co-terminus with the tenure of the Board of Directors.</p>	To align with RBI guidelines on Constitution of Board.
44	<p>Linking of Shareholding with Loan Limits A borrower should hold preference or Equity Shares of the Bank in such proportion to his borrowings as may be fixed from time to time by the Reserve Bank of India and / or Central Registrar of Co-operative Societies. The total amount of share capital to be held by a member will, however, have to be within the limits laid down under the Act. No member other than the authorities referred in clauses (c) to (g) of sub section 1 of section 25 of the Act, shall hold more than one fifth of the total share capital of the Bank.</p>	To delete the word 'one fifth' and replace it with '5 %'	<p>A borrower should hold preference or Equity Shares of the Bank in such proportion to his borrowings as may be fixed from time to time by the Reserve Bank of India and / or Central Registrar of Co-operative Societies. The total amount of share capital to be held by a member will, however, have to be within the limits laid down under the Act. No member other than the authorities referred in clauses (c) to (g) of sub section 1 of section 25 of the Act, shall hold more than 5 % of the total share capital of the Bank.</p>	To align with RBI guidelines on Share linking.

Emphasis of Matter

7. Without qualifying our opinion, we draw attention to Note 2 which states that withdrawal is made from the Reserve for Unforeseen Losses (created u/s 63(1) of the Multi State Cooperative Societies Act, 2002) in order to replenish the loss suffered by the Bank due to cyber-attack during the year.

Report on Other Legal and Regulatory Requirements

8. 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 Banking Regulation Act, 1949 and the Multi State Co-operative Societies Act, 2002, the Multi State Co-operative Societies Rules, 2002.
9. As required by Section 73(4) of the Multi State Co-operative Societies Act, 2002, we report that:
- 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;
 - 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/offices;
 - As required by Section 30(3) of the Banking Regulation Act, 1949, we further report that the transactions of the Bank which came to our notice have been within the powers of the Bank.
 - The Balance Sheet, the 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;
 - The accounting standards adopted by the Bank are consistent with those laid down by accounting principles generally accepted in India so far as applicable to Banks;
10. 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) to (e) of Rule 27(2) of the Multi State Co-operative Societies Rules, 2002
- 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 realization of money due to the bank.
 - During the course of our audit, we have generally not come across any violations of guidelines, conditions etc. issued by the Reserve Bank of India. Since the Bank has neither accepted deposits nor 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.
 - As required by Rule 27(3) (a) to (f) of the Multi State Co-operative Societies Rules, 2002 we give in the annexure, a schedule on the matters specified in the said Rule.

FOR M/s. YARDI PRABHU & ASSOCIATES LLP
 CHARTERED ACCOUNTANTS
 F.R.NO.111727W/W100101

SUDHAN YARDI
 PARTNER
 M.NO. 022887
 STATUTORY AUDITOR

Date: May 29, 2019
 Place: Pune

FOR M/s. P. G. BHAGWAT
 CHARTERED ACCOUNTANTS
 F.R.NO. 101118 W

NACHIKET DEO
 PARTNER
 M. NO: 117695
 STATUTORY AUDITOR

**ANNEXURE TO INDEPENDENT AUDITOR'S REPORT
 FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

(As referred in Clause 10 of our report of even date as on 31st March, 2019)

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

- 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.
- During the course of our 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. 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.
- The following advances are categorized as doubtful or loss assets as per prudential norms of RBI as on 31.03.2019 and reported in terms of clause (c) of Rule 27(3) of the Multi State Co-operative Societies Rules, 2002:

Category	Amount Outstanding as on 31.03.2019 (₹ in Lakhs)
Doubtful Assets	82,761.59
Loss Assets	Nil
Total	82,761.59 *

* A provision of ₹ 25,830.20 Lakhs has been made against the above advances.

- 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:

Particulars	Amount outstanding (₹ in lakhs)	Security Value (₹ in lakhs)	Overdues, if any (₹ in lakhs)
Fund Based	138.01	183.22	NIL
Non Fund Based	NIL	NIL	NIL

- During the course of our audit, we have generally not come across any violations of guidelines, conditions etc. issued by the Reserve Bank of India. Since the Bank has neither accepted deposits nor 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.
- To the best of our knowledge, no other matters have been specified by The Central Registrar of Co-operative Societies, which require reporting under this Rule.

FOR M/s. YARDI PRABHU & ASSOCIATES LLP
 CHARTERED ACCOUNTANTS
 F.R.NO.111727W/W100101

SUDHAN YARDI
 PARTNER
 M.NO. 022887
 STATUTORY AUDITOR

Date: May 29, 2019
 Place: Pune

FOR M/s. P. G. BHAGWAT
 CHARTERED ACCOUNTANTS
 F.R.NO. 101118 W

NACHIKET DEO
 PARTNER
 M. NO: 117695
 STATUTORY AUDITOR

Date: May 29, 2019
 Place: Pune