

**DIRECTORS' REPORT**

Dear Shareholders,

The Board of Directors have pleasure in presenting the Forty Fourth Annual Report along with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2020.

**GLOBAL SCENARIO**

Global growth remained subdued during the Financial Year 2019- 20 and it was estimated at 3.20% due to trade policy uncertainty, geopolitical tensions and stress in emerging economies. As per World Economic Outlook Reports by the International Monetary Fund, the global economy is expected to shrink by 3.00% during 2020 in a stunning COVID -19 driven collapse of activity that will mark the steepest downturn since the Great Depression of the 1930s. The United Nations has mentioned that the global economy may contract even further if restrictions on the economic activities are extended without adequate fiscal responses.

The immediate goal for 2020 is to bring the pandemic under control and mitigate the economic damage to people, companies and countries.

**INDIAN ECONOMY**

Indian economy being an integral part of the global economy, faced challenges in 2019 due to slowdown in global economy and had estimated a growth of 4.8%-5.00% before the COVID-19 impact. As per World Bank - South Asia Economic Focus report, India is likely to record its worst growth performance in this fiscal since the 1991 reforms as the COVID-19 outbreak severely disrupts the economy. The green shoots of a rebound that were noticed at the end of 2019 have been overtaken by the negative impacts of the global crisis. India's economy is expected to grow at 1.5 % to 2.8 % in Financial Year 2020-21.

The Monetary Policy Committee (MPC) of the Reserve Bank of India at its meeting held on March 27, 2020 reduced the policy repo rate under the liquidity adjustment facility by 75 basis points. Apart from the continuing resilience of agriculture and allied activities, most other sectors of the economy will be adversely impacted by the pandemic, depending upon its intensity, spread and duration. If COVID-19 is prolonged and supply chain disruptions get accentuated, the global slowdown could deepen, with adverse implications for India. The slump in international crude prices could, however, provide some relief in the form of terms of trade gains. (Source : RBI Monetary Policy Report -April, 2020).

**FINANCIAL PERFORMANCE**

The key financial highlights of the Bank for the year ended 31<sup>st</sup> March, 2020:

Particulars	Amount (₹ in crore)	
	31/03/2019	31/03/2020
Year		
Paid up capital	304.12	<b>299.06</b>
Reserves	924.39	<b>953.86</b>
Working Capital	13,749.03	<b>13,298.61</b>
Total Business	20,457.77	<b>19,382.68</b>
Deposits	11,882.76	<b>11,529.28</b>
Advances	8,575.01	<b>7,853.40</b>
Gross Income	1,266.33	<b>1,411.39</b>
Net Profit (after Tax & Provision)	97.16	<b>58.87</b>
CRAR	13.32%	<b>13.81%</b>

- DEPOSITS declined by ₹353.48 crore i.e 2.97%.
- ADVANCES decreased by ₹721.61 crore i.e 8.42%.
- NET PROFIT stood at ₹58.87 crore as compared to ₹97.16 crore in previous year.
- BUSINESS PER EMPLOYEE decreased from ₹14.26 crore to ₹13.52 crore.

**PROFIT**

Bank has recorded an operating profit of ₹167.11 crore for the year ended on 31<sup>st</sup> March, 2020 as against ₹196.75 crore for the previous year. Simultaneous disproportionate decline in Deposits and Advances is one of the reasons for deterioration of CD ratio, which affected the operating profit of the Bank.

The recorded net profit after tax is ₹58.87 crore for the year ended on 31<sup>st</sup> March, 2020 as against ₹97.16 crore for the previous year. Higher provisions during the year affected the net profit of the Bank.

**APPROPRIATION OF PROFITS**

In accordance with RBI guidelines and the provisions of section 63 of Multi-State Co-operative Societies Act 2002, following appropriation of the Net Profit is recommended to the General Body for approval:

Reserve Fund & Other Reserves	Amount of Appropriation (₹)	Position as on 31/03/2020 after appropriation* (₹)
Statutory Reserve	14,72,00,000.00	293,54,16,554.77
Building Fund		195,98,00,000.00
Dividend Equalization Fund		2,65,00,000.00
Bad and Doubtful Debts Reserve	7,54,00,000.00	232,87,97,978.87
Bad and Doubtful Debts Reserve (ARC)		15,42,77,337.11
Contingent provision against Standard Assets		30,95,00,000.00
Charity Fund		10,00,000.00
Special Reserve	5,88,70,000.00	107,18,70,000.00
Reserve for Standstill Assets		8,72,00,000.00
Special Reserve for Security Receipts		24,00,00,000.00**
Investment Fluctuation Reserve		40,51,01,059.00
Contribution to Education Fund of N.C.U.I.	58,86,824.00	58,86,824.00
Education Fund		10,00,000.00
Special Reserve for Restructured Assets		17,75,00,000.00
General Reserve (Deferred Tax)		9,11,30,000.00
Net Open Foreign Currency Position Reserve		1,00,00,000.00
Special Reserve u/s.36(1)(viii)		2,00,00,000.00
Members Welfare Fund		10,00,000.00
Balance carried forward to the next year	30,13,51,101.34	30,13,51,101.34
	<b>58,87,07,925.34</b>	<b>1012,73,30,855.09</b>

\*(subject to approval from General Body)

\*\* (Special Reserve for Security Receipts includes an amount of ₹ 24,00,00,000.00 transferred from Investment Fluctuation Reserve)

**PROVISION FOR INCOME TAX**

Provision for tax in the Financial Year 2019-2020 has been computed, after considering items allowable/inadmissible as per the Income Tax Act. The estimated tax outflow for the year 2019-20 is ₹ 42.94 crore, which has been fully provided for. The net provision for taxes after giving effect to the Deferred Tax Asset arising out of the timing differences and provisioning in accordance with the Accounting Standards is ₹18.95 crore as detailed hereunder.

	(₹ in crore)
Net Tax Liability for the year	42.94
LESS : Tax paid for earlier year	0.69
LESS : Deferred Tax Asset	23.30
<b>Provision made in Profit &amp; Loss Account</b>	<b>18.95</b>

**CAPITAL TO RISK ASSETS**

Under the prudential regulatory regime, capital adequacy has assumed utmost importance. Bank has always maintained a healthy Capital to Risk Assets Ratio (CRAR). The CRAR of the Bank is 13.81% as on 31<sup>st</sup> March, 2020 which is well above the minimum regulatory requirement of 12% prescribed by Reserve Bank of India, for Banks with license to transact Foreign Exchange Business.

During the year the Bank mobilized ₹40.19 crore through Long Term Subordinated Deposit (Series-III) to augment the Tier-II Capital of the Bank.

**DIVIDEND**

Bank has a consistent dividend payment history. But this year, the Reserve Bank of India vide circular no.DOR.BP.BC.no.64/21.02.067/2019-20 dated 17<sup>th</sup> April, 2020 has directed all the banks not to make any dividend payout from the profits pertaining to the financial year ended 31<sup>st</sup> March, 2020 until further instructions in order to conserve Bank's Capital to retain the capacity to support the economy and to absorb losses in an environment of heightened uncertainty caused by COVID-19. This restriction to be assessed by the Reserve Bank of India based on the financial results of banks for the quarter ending 30<sup>th</sup> September, 2020. Therefore, the Board has not proposed dividend payout for the year 2019-20.

**AWARDS/ RECOGNITIONS**

During the fiscal, in recognition of its performances and initiatives, Bank received under mentioned awards:

- The Brihanmumbai Nagari Sahakari Banks Association Ltd., Mumbai has awarded the Bank 1<sup>st</sup> prize for the overall performance and Annual Report for the financial year 2018-2019 in the category of Banks having deposits of ₹2000 crore and above.
- Banking Frontiers (FCBA 2019) has awarded the Bank “Best Mobile Banking App” Award in Large UCB category.
- Banking Frontiers (FCBA 2019) has awarded the Bank “Best Debit Card Initiative” Award in Large UCB category
- “Sarvothkrushta Bank Puraskar”- 3<sup>rd</sup> Prize by The Maharashtra Urban Co-op. Banks' Federation Ltd., for the financial year 2018-2019 in the category of Banks' having deposits of ₹5000 crore and above.



## MEMBERSHIP

The number of members of the Bank as on 31<sup>st</sup> March, 2020 is as under:

Type of Membership	As on 31 <sup>st</sup> March, 2019	Deletion of members during the year	Admission of new members during the year	As on 31 <sup>st</sup> March, 2020
Regular Membership	1,78,869	2,424	4,674	1,81,119
Nominal Membership	32,021	447	2,037	33,611

## BRANCH NETWORK

Bank is rendering services through its 102 branches, 1 Extension Counter, 103 On-site ATM Centres and 2 Off-Site ATM Centres across the States of Maharashtra, Karnataka & Gujarat.

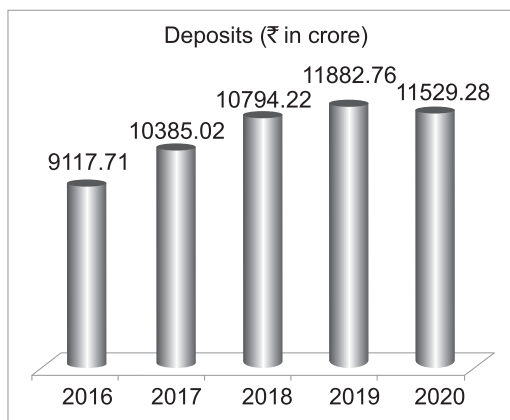
During the year, bank shifted the business activities of two of its branches i.e. Akurli Road – Kandivali (East) Branch & I. C. Colony - Borivli (West) Branch in Mumbai to spacious premises.

## DEPOSIT INSURANCE

Bank is glad to inform that the deposits of customers continue to be insured with the Deposit Insurance & Credit Guarantee Corporation of India and enjoy insurance protection at par with any other Bank in India. The deposit insurance cover has been increased from ₹1 lac to ₹5 lac during the year. Bank is regular & prompt in paying insurance premium to DICGC.

## DEPOSIT & ADVANCES

The Financial Year 2019-20 was one of the most challenging years for the banking sector. The economic conditions were not conducive for business growth, particularly for Co-operative Banks. Moreover, the All Inclusive Directions imposed by the Reserve Bank of India in the month of September, 2019 on one of the Co-operative Banks and its impact on other Co-operatives banks and the COVID-19 Pandemic, posed major challenges for business growth; both deposits and advances. Though till September, 2019 both deposits and advances of the Bank had a steady growth, at the end of the Financial Year 2019-20, both recorded decrease compared to previous year.

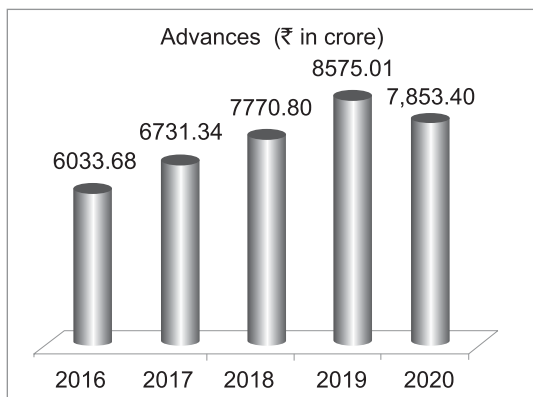


## DEPOSIT

During the financial Year 2019-20, deposit of the Bank decreased from ₹11,882.76 crore to ₹11,529.28 crore i.e. decreased by 2.97%.

The Bank continued to focus on mobilising low cost CASA and retail term deposits to improve its profitability. This approach has helped the Bank to contain the cost of deposits and widen the customer base.

**ADVANCES**



During the financial year 2019-20, advances of the Bank decreased from ₹8575.01 crore to ₹7,853.40 crore i.e. decreased by 8.42%. The Credit Deposit Ratio, after taking into account 75% of Capital funds stood at 61.71%.

During the financial year the demand for credit was comparatively subdued and at the same time bank was also more cautious while lending in view of the prevailing adverse economic conditions. The Bank focused more on small ticket size loans particularly to MSME sector and other priority sector / weaker sections to spread and minimise the credit risk and expanding

borrower base. Moreover, most of the borrowers were regular in repayment of loan instalments and the bank too strengthened the recovery measures. Further, bank assigned certain portion of sticky loans to ARCs. All these factors collectively affected the overall credit portfolio of the bank.

**NON-PERFORMING ASSETS**

Banking industry has witnessed a significant rise in the stress on loan portfolio due to slowing economy. The downtrend in economy has adversely affected cash flow of the Borrowers. This resulted in delays and defaults in servicing loans leading to increase in NPAs. The stress in the reality sector led to crashing of real estate prices, which is a prime underlying security for Banks. This too attributed to slow down in realisation of dues by liquidating immovable assets.

The Gross NPAs of the Bank were ₹583.15 crore which forms 7.43% of total advances as on 31<sup>st</sup> March, 2020. Net NPAs of Bank as on 31<sup>st</sup> March, 2020 was at ₹357.81 crore which is 4.69% of net advances.

Bank had outlined various strategies and tools available to curtail slippages and improve recovery in default accounts. The recovery measures in stressed assets have been initiated by taking appropriate legal recourse under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), wherever warranted.

Despite close monitoring and proactive approach/action, Bank faced major hurdles in disposing off the securities, delays in legal proceedings and the time taken for resolution/liquidation under the Insolvency and Bankruptcy Code (IBC) for cases under National Company Law Tribunal (NCLT).

Accordingly, within the guidelines concerning the Asset Reconstruction Model regulated by RBI to assign the Debts/NPAs by Banks either to SCs/FIs/NBFC/Banks or Asset Reconstruction Company, Bank has assigned certain NPA accounts to Asset Reconstruction Companies. Reserve Bank of India has considered assignment of NPAs not merely as part of the business of banking but also something which is conducive to the banking business.



Bank refers disputes relating to recovery of dues in the State of Maharashtra to Justice Shri Rajan Jodharaj Kochar (Retd.), High Court of Bombay.

Shri Vasant Narayan Lothey (Patil), Ex-Presiding Officer (Judge), Debt Recovery Tribunal III, Mumbai & Debt Recovery Tribunal II, Ahmedabad and Mr. Kailaschandra L. Vyas, Advocate & Retd. District Judge were appointed as Arbitrators during the year under report by the Commissioner for Co-operation and Registrar of Co-operative Societies, Maharashtra State.

Disputes relating to recovery of dues in the State of Karnataka are referred to Shri C. N. Badarinath, Additional Registrar of Co-operative Societies (Retd.) and Central Arbitrator & Ex-Member, Karnataka Appellate Tribunal, who was appointed as Arbitrator by the Central Registrar of Co-operative Societies in Karnataka.

**Classification of assets and provisioning made against Non-Performing Assets as on 31<sup>st</sup> March, 2020**  
(₹ in lac)

Classification of Assets	No. of A/Cs	Amount Outstanding	% of Col.3 to total Loans outstanding	Provision required to be made		Existing provision at the beginning of the year	Provisioning made during the year under Report	Total provisions as at the end of the year	Remarks
				%	Amount				
1.	2.	3.	4.	5.		6.	7.	8.	9.
<b>Total loans and Advances of which :</b>	<b>36190</b>	<b>785340.14</b>							
<b>A. Standard Assets</b>	<b>35255</b>	<b>727025.42</b>	<b>92.57</b>	<b>0.40 to 5</b>	<b>3095.00</b>	<b>3478.00</b>	<b>(383.00)</b>	<b>3095.00</b>	
<b>B. Non-Performing Assets</b>						<b>25323.89</b>	<b>(2,789.91)</b>	<b>22,533.98</b>	
1. Sub-Standard	<b>590</b>	<b>34323.43</b>	<b>4.37</b>	<b>10</b>	<b>3432.34</b>				
2. Doubtful									
(i) Upto 1 year									
a) Secured	77	5157.97	0.66	20	1031.59				
b) Unsecured	18	1419.64	0.18	100	1419.64				
(ii) Above 1 year and upto 3 years.									
a) Secured	71	4700.90	0.60	30	1410.27				
b) Unsecured	33	5447.41	0.69	100	5447.41				
(iii) Above 3 years									
a) Secured	72	1464.74	0.19	100	1464.74				
b) Unsecured	3	3.69	0.00	100	3.69				
<b>Total doubtful Assets (i + ii + iii)</b>	<b>274</b>	<b>18194.35</b>	<b>2.32</b>		<b>10777.34</b>				
a) Secured	220	11323.61	1.45		3906.60				
b) Unsecured	54	6870.74	0.87		6870.74				
3. Loss Assets	<b>71</b>	<b>5796.94</b>	<b>0.74</b>	<b>100</b>	<b>5796.94</b>				
<b>Gross NPA's (B1+B2+B3)</b>	<b>935</b>	<b>58314.72</b>	<b>7.43</b>		<b>20006.62</b>	<b>25323.89</b>	<b>(2,789.91)</b>	<b>22533.98</b>	

(₹ in lac)

Sr. No.	Particulars	31.03.2020	31.03.2019
1	Gross Advances	785340.14	857500.76
2	Gross NPAs	58314.72	57975.53
3	Gross NPAs as percentage to Gross Advances	7.43	6.76
4	Deductions	---	---
	- Balance in interest suspense account / OIR	---	---
	- DICGC / ECGC claims received and held pending adjustment	---	---
	- Part payment on NPA account received and kept in suspense account	---	---
5	Total NPA provisions held, (BDDR, Special BDDR Balance after appropriation)	22533.98	25323.89
6	Net advances (1-4-5)	762806.16	832176.87
7	Net NPA (2-4-5)	35780.74	32651.64
8	Net NPAs as percentage of net advances	4.69	3.92

### **TRANSFER OF FUNDS FROM IFR TO SPECIAL RESERVE FOR SECURITY RECEIPTS**

The Bank has created a “Special Reserve for Security Receipts” and proposes to transfer ₹24.00 Crore from Investment Fluctuation Reserve (IFR) to “Special Reserve for Security Receipts” to provide for short fall, if any in the book value of Security Receipts.

### **FOREIGN EXCHANGE BUSINESS**

The Bank had received AD- Category-I license from Reserve Bank of India in September 2008 and started its independent Foreign Exchange operations with effect from 16th March 2009. Bank has been providing all the FOREX related services to the valued clients through its 'B-Category' branches at Goregaon (East) and Fort, Mumbai.

During the year under report the Bank has earned foreign exchange income of ₹38.98 Crore as against ₹25.59 Crore during the previous year.

To facilitate global trade and remittances, in the current Financial Year, the Bank has opened 2 new NOSTRO Accounts in Foreign Currencies viz AUD & CAD, which are in addition to the existing Nostro accounts in 6 major international currencies viz USD, EURO, GBP, SGD, AED and JPY. Thus the Bank is presently operating NOSTRO accounts in 8 currencies with International Banks. The Bank has also Correspondent relationship with prime International Banks for smooth trade transactions.

The Bank offers wide range of FOREX products such as Export credit in foreign currency (PCFC/PSCFC), Export LC discounting, issuance of Import Letter of Credits, Inward/Outward remittances, collection of export bills, issuance of foreign bank guarantees, maintaining EEFC/FCNR accounts and hedging services such as booking of forward contract to protect the customer from exchange rate risk.

Bank is also extending the Interest Equalisation Scheme of Government of India on Pre and Post Shipment Rupee Export Credit to all the eligible exporters.





Money Transfer services through “Western Union Money Transfer” is available at all branches of the Bank wherein Customers/members of the Bank as well as general public can instantly receive the money from their relatives & friends from abroad.

**TREASURY**

Bank has an investment portfolio of ₹3932.69 crore as on 31<sup>st</sup> March, 2020 out of which an amount of ₹2551.35 crore has been invested in Government and other approved securities. Bank's total investments in Government and other approved securities as at 31<sup>st</sup> March, 2020 stood at 21.43 % of its applicable Net Demand and Time Liabilities (NDTL).

Bank's Treasury Department manages liquidity, interest rate risk of investment portfolio & complies with the reserve requirement. The Bank has always been regular in statutory and regulatory compliances.

During the Financial Year 2019-20, yield on 10 year benchmark declined as major Central Banks around the world reduced their policy rates to support the economy. Economic downturn in the first half of the financial year was mainly due to trade war between two major economies of the World and in the second half due to COVID-19 pandemic. Crude Oil prices also supported softening of yield as market expected there would be slowdown in global economic activities. During the Financial year 2019-20, Reserve Bank of India changed its stance from neutral to accommodative. Policy rates were reduced by 185 basis points, out of which 75 basis points were reduced in March, 2020. RBI conducted various open market operations to maintain durable liquidity in the system and reduce stress in financial markets & boost growth. The yield on 10 year benchmark Government Securities (6.45% GS 2029) ended the year at 6.14%.

Bank is a direct member of the Negotiated Dealing System (NDS) for settlement of Government Securities for Treasury operations and Clearing Corporation of India Ltd., (CCIL) for Tri-party Repo (TREPS). Bank borrows and lends under TREPS as per the guidelines of the RBI and the rules and regulations of the CCIL. The Bank also lends through Reverse Repo window of RBI eKuber for better returns on excess liquidity. Both TREPS and Reverse Repo are used as an effective tools for liquidity and effective management of funds.

**BANCASSURANCE**

Bank is a Corporate Agent under the license issued by IRDAI. To boost the non-interest income portfolio, Bank has focused on creating new alliances. Accordingly, during the year Bank has tied up with HDFC Life Insurance Co. Ltd, in addition to the existing life insurance partnership with Life Insurance Corporation of India Ltd.

Under the Non-Life Insurance business, Bank has a tie-up with New India Assurance Co. Ltd. The Insurance business is available through all the branches of the Bank.

Bank has earned total commission income of ₹2.16 crore during the year 2019-20 from Bancassurance business as against ₹1.90 crore in financial year 2018-19.

**AUDIT & INSPECTION**

Bank has a sound and comprehensive audit mechanism in place which plays a crucial role in maintenance, assessment and effectiveness of Bank's internal control system and procedures. All audit activities are guided by a well-defined Audit Policy of the Bank. Bank's audits are being carried out by the external agencies as well as by In-house audit team.

**RBI INSPECTION**

The Officials of RBI had carried out inspection of the Bank covering the period upto 31<sup>st</sup> March, 2019 under Section 35 of the Banking Regulation Act, 1949 (as applicable to Co-operative Societies).

**STATUTORY AUDIT**

M/s. U. G. DEVI & COMPANY, Chartered Accountants, which was appointed by the Shareholders at the Forty Third Annual General Meeting held on 05<sup>th</sup> July, 2019, carried out the Statutory Audit of the Bank. The Statutory Auditor has awarded "A" Audit Classification to the Bank. M/s. U. G. DEVI & COMPANY, Chartered Accountants is eligible for re-appointment as Statutory Auditors under Section 70(4) of the Multi State Co-operative Societies Act, 2002.

**INTERNAL AUDIT**

For Branches situated in the States of Maharashtra and Gujarat, M/s. Ashwajith Associates, Chartered Accountants & for branches situated in Karnataka state, M/s. Nanjunda & Co., Chartered Accountants were appointed as Internal Auditors for the Financial Year 2019-20.

**CONCURRENT AUDIT**

Branches of the Bank have been categorized as High, Medium and Low Risk, based on the risk perception and volume of business. Out of 102 branches of the Bank, 63 Branches are under Concurrent Audit conducted by various Chartered Accountant firms.

**INFORMATION TECHNOLOGY & SYSTEM AUDIT**

During the year IS Audit of the Bank was conducted by M/s. Nitant P. Trilokekar & Co, Chartered Accountants. Utilising the services of CERT-IN empanelled auditors, Bank has conducted multiple Vulnerability & Penetration Test (VAPT) audits of its Mobile Banking application & UPI application. The Net Banking application too has been subjected to VAPT audits. The critical infrastructure equipments too have undergone regular audits.

**RISK MANAGEMENT**

Bank has in place a detailed Risk Management Policy in order to maintain a healthy balance between the risks and returns associated with Bank's activities as well as products and services. The main objective of the policy is to ensure optimum utilisation and cautious deployment of bank's resources with least risk. Bank reviews the risk



appetite viz-a-viz systems and procedures to identify measures and mitigate the risks.

Guidelines to control the Operational Risk are covered in the KYC & Anti-Money Laundering (AML) Policy of the Bank. Bank has AML software which assists in identification of Blacklisted/Banned individuals, entities and also generates alerts for suspicious transactions and other red flag indicators.

Credit Policy of the Bank covers the risk associated with Credit Portfolio and also provides guidelines for managing and controlling the Credit Risk.

Investment Policy of the Bank covers the Market Risk which also includes the interest rate risks, exchange rate risks and exposure risks.

## **HUMAN RESOURCE MANAGEMENT**

The total employee strength of the Bank stood at 1434 as on 31.03.2020. The HR objective has been to ensure that people with the right values are hired, groomed and encouraged to aim at achieving the Bank's goals.

Bank aims to create a culture where opportunities are provided to employees to develop & grow which in turn will keep them motivated, productive, engaged as well as more attuned to not only fulfilling but also surpassing the expectations of the customers. It has been a continuous endeavour to develop frontline leaders, promote employee empowerment, maintain stability and sustainability amidst growth and a rapidly changing business environment.

## **STAFF TRAINING**

Bank believes in investing in the employee's future and has put in place several initiatives that focus on refining leadership skills and talent development across grades. Extensive bouquets of functional and behavioural training programmes are arranged, covering on-boarding, product and process training and advanced programmes. The purpose of on-boarding training is that new employees are trained comprehensively and equipped with necessary know-how, as well as functional and behavioural skills required for the role.

In order to ensure that officials across various levels are equipped with all the necessary knowledge and skills, Bank deposes officials to various training programmes conducted by prestigious institutes like RBI, NAFCUB, CAB, IIBF, CAFRAL etc.

Some of the learning initiatives undertaken for the employees are as below:

- Workshop on Government Securities Market for UCBS
- Programme on Insolvency & Bankruptcy Code 2016
- Programme on Credit Appraisal (Industrial & Commercial Advances)
- Programme on Legal Aspects of Credit Management
- Programme on prevention of Frauds in Cooperative Banks
- Programme on Risk Management in Banks
- RBI programme on Managing NPAs-handling delinquency in Loan Portfolio
- Workshop on Clean Note Policy, note Refund Rules & Counterfeit Currency
- Workshop on Foreign Trade & Foreign Exchange Business

**EMPLOYEE ENGAGEMENT**

Bank firmly believes that employees are an integral part in the development of an organisation and therefore continuously works to provide a cohesive environment where they feel valued.

Bank conducted a number of initiatives to drive employee engagement under the aegis of the Staff Welfare Club. Various activities and gatherings are arranged for employees and their families. These activities go a long way in helping individuals showcase their talent or pursue their interest beyond Banking. The Bank promotes a healthy and safe work environment for employees by offering several health and wellness initiatives and campaigns.

**STAFF RELATIONS**

The Board of Directors and Bank Management are proud of the perseverance and determination of all the employees and wholeheartedly recognize & appreciate their contribution in ensuring that the Bank continues to provide value to all the stakeholders.

Bank has always believed in nurturing the cordial relations with all the employees, recognized Officers Association as well as Employees Union and is committed to provide a safe and harmonious working environment to employees.

The Bank has zero tolerance towards sexual harassment at workplaces and has put in place appropriate mechanism to ensure that women employees are not subjected to any kind of harassment.

**AMENDMENT TO BYE- LAWS**

The Board of Directors had proposed amendment to the following Bye-laws of the Bank, which were unanimously approved at the Annual General Meeting held on Friday, the 5<sup>th</sup> July, 2019:-

- i) Bye-law No.3.(b)(viii) concerning Objects and Functions.
- ii) Bye-law No.6 concerning Application.
- iii) Bye-law No.6.(a)(ii) concerning Conditions for Ordinary Membership.
- iv) Bye-law No.6.(b)(i) concerning Application for Membership and its disposal.
- v) Bye-law No.10.(iii) concerning Withdrawal from Membership / Partial Withdrawal of Shares Held.
- vi) Bye-law No.16 concerning Subscription of Shares.
- vii) Bye-law No.19 (iv) concerning Transfer of Shares / Partial Transfer of Shares.
- viii) Bye-law No.47 a), b), c) and d) concerning Linking of shareholding with loan limits.
- ix) Bye-law No.49 c) concerning Utilisation of Balance of Net Profit.

The Joint Secretary to the Government of India and Central Registrar of Co-operative Societies, New Delhi vide order bearing F.No.L.11016/8/1996-L&M dated 24<sup>th</sup> October, 2019 has approved and registered the proposed amendment to Bye-law Nos.3 (b)(viii), 6,6(a)(ii), 6(b)(i), 10(iii), 16, 19(iv), 47.a), b), c), d) and 49 c).



The Board of Directors of the Bank propose to amend some of the bye-laws of the Bank taking into account the instructions / guidelines received from Reserve Bank of India vide circular No.DoR(PCB).BPD. Cir.No.8/12.05.002/2019-20 dated December 31, 2019 and for other purpose as mentioned against each of the amendments to Bye-laws.

The proposed amendments are reproduced on page 60 for deliberations and members' approval.

### **BANKING CODES AND STANDARDS BOARD OF INDIA (BCSBI)**

Bank is a member of the BCSBI with a view to improve the quality of Customer Service. Bank has adopted the Code of Commitment to Customers and the Code of Banks' Commitment to Micro and Small Enterprises for implementation. It also adheres to voluntary codes of BCSBI which sets minimum standards for fair and transparent banking services to the customers.

### **RESIGNATION OF DIRECTOR**

Mr. Damodar C. Kunder, Director of the Bank had tendered his resignation to the position of Director of the Bank on health grounds. His resignation was accepted by the Board of Directors at the meeting held on 16<sup>th</sup> November, 2019.

### **CO-OPTION OF DIRECTOR**

In terms of section 41(3) of the Multi-State Co-operative Societies Act, 2002 and Bye-law No.31 (ii) of the Bank, the Board of Directors co-opted one eminent person viz., Shri Raja V. Salian as Director of the Bank for a period of one year.

### **CORPORATE GOVERNANCE**

Executive Committee of the Board and other Committees of the Board constituted during the Financial Year 2018-19 continued upto 15<sup>th</sup> November, 2019 and in consonance with the provisions of Section 53 of the Multi-State Co-operative Societies Act, 2002, the Board of Directors at the meeting held on 16<sup>th</sup> November, 2019 has re-constituted the Committees of the Board as under:-

### **EXECUTIVE COMMITTEE OF THE BOARD**

Shri Jaya C. Suvarna	Chairman
Miss Rohini J. Salian	Member
Shri Vasudeva R. Kotian	Member
Shri Bhaskar M. Salian	Member
Shri Jaya A. Kotian	Member
Shri K. N. Suvarna	Member
Shri Suryakant J. Suvarna	Member
Smt. Sharada S. Karkera	Member
Shri Chandrashekar R. Mulky	MD & CEO (Attained superannuation on 29/02/2020)
Shri Vidyanand S. Karkera	MD & CEO w.e.f. 01/03/2020

**LOAN COMMITTEE OF THE BOARD**

Shri K. N. Suvarna	Chairman
Shri Jaya A. Kotian	Member
Shri U. Shivaji Poojary	Member
Adv. Somnath B. Amin	Member
Shri Gangadhar J. Poojary	Member
Shri Raja V. Salian	Member
Shri Chandrashekar R. Mulky	MD & CEO (Attained superannuation on 29/02/2020)
Shri Vidyanand S. Karkera	MD & CEO w.e.f. 01/03/2020

**AUDIT COMMITTEE OF THE BOARD**

Shri U. Shivaji Poojary	Chairman
Shri Jaya C. Suvarna	Member
Shri Jyoti K. Suvarna	Member
Shri K. B. Poojary	Member
Shri Narayan T. Poojari	Member
Shri L. V. Amin	Member
Shri Purushotham S. Kotian	Member
Shri Mohandas A. Poojary	Member
Shri Premnath P. Kotian	Member
Shri Chandrashekar R. Mulky	MD & CEO (Attained superannuation on 29/02/2020)
Shri Vidyanand S. Karkera	MD & CEO w.e.f. 01/03/2020

**SPECIAL COMMITTEE OF THE BOARD FOR MONITORING FRAUDS**

Shri Jaya C. Suvarna	Chairman
Shri Jyoti K. Suvarna	Member
Shri U. Shivaji Poojary	Member
Shri Narayan T. Poojari	Member
Shri Raja V. Salian	Member

All the above Committees of the Board met from time to time to carry out the responsibilities entrusted to them for the qualitative business growth of the Bank.



Bank ensures highest level of ethical standards, professional integrity and corporate governance. The Bank practices the cardinal principles of business ethics, accountability, responsibility, transparency and effective supervision, which serve as the basic approach to corporate governance.

As part of good corporate governance, meetings of the Board and its various Committees held during the year are as under:-

Meetings	No. of meetings held
Board Meeting	25
Executive Committee of the Board	25
Loan Committee of the Board	21
Audit Committee of the Board	16
Special Committee of the Board for monitoring Frauds	4

### **STAFF EXECUTIVE COMMITTEES**

Other Staff Executive Committees comprising of Senior Executives of the Bank are:-

- Asset Liability Management Committee
- Investment Committee
- Executives' Loan Committee
- Risk Management Committee
- Internal Complaints Committee
- Staff Accountability Committee

### **OBITUARY**

The Board of Directors regret to state with a deep sense of sorrow about the sad demise of Shri Damodar C. Kunder, Ex-Director on 28<sup>th</sup> January, 2020. Shri Damodar C. Kunder was associated with the Bank as a Director for the period from 5<sup>th</sup> October, 2013 to 16<sup>th</sup> November, 2019.

The Board of Directors places on record its sincere appreciation of the selfless and dedicated services rendered by Late Shri Damodar C. Kunder during his tenure as a Director in the growth and various developmental activities of the Bank.

### **ACKNOWLEDGEMENT**

The Board expresses gratitude to The Billawar Association, Mumbai & its members for extending their support from time to time.

The Board sincerely thanks all the Members, Customers, Employees, Service Providers, Well-Wishers and Institutions for extending their whole hearted support and co-operation in the growth and development of the Bank.

The Board also wishes to place on record the assistance, guidance and co-operation extended by the following Institutions, Banks and other Authorities:

1. Reserve Bank of India.
2. Central Registrar of Co-operative Societies, Government of India, New Delhi.
3. Commissioner for Co-operation and Registrar for Co-operative Societies, Maharashtra State, Pune.
4. Registrar of Co-operative Societies, Karnataka State, Bengaluru.
5. Registrar of Co-operative Societies, Gujarat State
6. Officials of Revenue Department at all level in Maharashtra, Karnataka and Gujarat States.
7. Statutory Auditors, Internal Auditors, Concurrent Auditors, Information Systems Auditors, Legal Advisors & Valuers.
8. National Federation of Urban Co-operative Banks and Credit Societies Ltd., New Delhi.
9. Maharashtra Urban Co-operative Banks Federation Ltd.
10. Brihanmumbai Nagari Sahakari Banks Association, Mumbai.
11. The Maharashtra State Co-operative Banks' Association Ltd., Mumbai.
12. Indian Banks' Association.
13. Foreign Exchange Dealers Association of India (FEDAI)
14. Print & Electronic Media
15. All the valued Members, Customers, Shareholders and Well-Wishers.

For and on behalf of the Board of Directors

Place : Mumbai

Dated : 29<sup>th</sup> June, 2020

**JAYA C. SUVARNA**  
**CHAIRMAN**