

Report of the Board of Directors

Dear Members,

Your Directors have great pleasure in presenting the 103rd Annual Report on the business and operations of your Bank together with the Audited Accounts for the Financial Year ended 31st March, 2021.

1. THE GLOBAL ECONOMY AND INDIA

The Financial Year 2020-21 was an unprecedented year for the global economy, with the year starting on a note of tremendous uncertainty amidst the global pandemic. In fact, the pandemic hit the economy at a time when the growth numbers were already decelerating.

The global Gross Domestic Product (GDP) contracted by around 3.3% during calendar year 2020, as businesses around the world continued to suffer the impact of stringent lockdowns, poor demand and a near standstill of business activity. Global central banks supported growth by maintaining a low interest rate environment and providing abundant liquidity to the system.

The US economy growth rate shrunk by 3.5% during the year. The Euro Zone economy also was sharply impacted as GDP shrunk by 6.6%. Among the member states, countries like Italy, Spain, Austria and France were more severely affected.

The pattern witnessed across countries at large, including the US, was a sharp deceleration in Q1 and Q2 following the initial stoppage of economic activity, an incipient recovery in Q3 by partial easing of lockdown followed by further slowdown caused by the subsequent resurgence of Covid-19 cases.

On the Emerging Market and Developing Economies front, the GDP numbers saw shrinkage of 2.2%. However, China remained an exception as it recorded a growth of 2.3%, despite the disruptions from the pandemic, as output rebounded with particular support from the infrastructure spending.

Overall, the global economy witnessed a period of unprecedented crisis, prompting aggressive policy action by central banks as well as significant stimulus to public spending on health, welfare programs and infrastructure development. All major regulators launched or expanded asset purchase programs, albeit with a risk of high debt levels.

Indian Economy

On the Indian front, the strategy adopted to confront the pandemic head-on was the willingness to take short-term pain for long-term gains as the country imposed a nation-wide lockdown towards the end of FY 2019-20. The focus was, thus, on saving lives, while recognizing that GDP growth would gradually recover from the temporary lockdown-induced shock.

The Indian economy witnessed the worst contraction since the past several decades as the real GDP shrunk by 24.4% in Q1. As the lockdown was slowly lifted, recovery was seen across all key economic indicators. On an annual basis, however, India's real Gross Domestic Product (GDP) rate has been estimated to have shrunk by 8.0% in FY 2020-21 compared to a 4.0% rise in the preceding year.

The agricultural sector remained resilient with a growth rate of 3.0% in FY 2020-21, on the back of higher rabi sowing and supported by above normal monsoon rainfall. On the other hand, industry and services contracted by 9.6% and 8.8% respectively during the year. The agricultural growth thus cushioned the pandemic and lockdown-induced shock on the Indian economy to some extent.

Key Macro-Economic Indicators

India adopted a four-pillar strategy of containment, fiscal, financial and long-term structural reforms. A calibrated fiscal and monetary support was provided, ensuring abundant liquidity and providing of immediate relief to debtors in the form of low interest rates, ensuring of monetary policy transmission and also providing moratoriums to the stressed sectors.

Inflation averaged above the upper tolerance band of 6% of RBI for the initial half of the year. However, a sharp correction in vegetable prices, softening of cereal prices, supply side intervention as also with the favorable base effect, inflation numbers marginally dropped to 5.52% levels by the end of the year.

With the sharp contraction in tax revenues as also increased spending to revive growth, the fiscal deficit numbers shot up sharply to 9.5% of GDP as against the 3.5% budgeted earlier. The fiscal deficit was funded mainly through higher Government borrowings, multilateral borrowings, small savings funds and short-term borrowings. The gross borrowings for FY 2020-21 rose sharply to ₹ 12.74 lakh crore against the original estimate of ₹ 5.36 lakh crore. Net borrowings stood at ₹ 10.52 lakh crore.

With subdued businesses and restricted travel during the pandemic, the demand for oil fell sharply during FY 2020. The unprecedented demand shock coupled with an oil price war between Saudi Arabia and Russia further aggravated the situation.

International crude oil prices plummeted sharply with subdued businesses across the globe and low demand. In fact, oil futures even turned negative during the year for the first time in history and oil producers were left scrambling to find space to store oversupply. With India having a high amount of oil imports, merchandise imports witnessed a sharper contraction under the impetus of falling international oil prices as compared to exports. Also, travel services registered a lower outgo. The

country, thus, posted a Current Account Surplus at 2% of the GDP- a surplus seen after 17 years.

With improved Current Account balances and robust capital inflows, the forex reserves increased to an all-time high of USD 579.3 billion during the year. The increased forex reserves are enough to cover around 18 months worth of imports.

On the Monetary Policy front, the Reserve Bank of India continued with its soft Policy stance since the beginning of the year. A repo rate cut of 40 bps was effected on 22nd May, 2020 (taking the repo rate to 4%), while maintaining an accommodative stance and extending of significant liquidity support. At 4%, the repo rate has been the lowest for the past many years and has been maintained unchanged for the past one year. RBI undertook several conventional as well as unconventional measures like Open Market Operations (OMOs), Long Term Repo Operations (LTROs), Targetted Long Term Repo Operations (TLTROs), etc., to provide sustained liquidity support to the markets. Special refinance facilities were extended to various All India Financial Institutions and special liquidity windows were kept open for mutual funds, in order to meet various sectoral credit needs.

As signs of normalcy started emerging, the Reserve Bank of India also reversed some of the steps taken earlier as a response to the pandemic viz. restoration of Cash Reserve Ratio (CRR) back to 4% in two tranches, resumption of normal liquidity management operations from Q4 onwards and conduct of variable rate term reverse repo auctions. However, despite all these measures, the liquidity in the banking system remained in surplus mode.

Financial Markets

Global bond yields, including US Treasuries, remained historically low during calendar year 2020 amidst low policy rates. However, since the start of calendar year 2021, yields started rising sharply, as investors started to factor in the full impact of the stimulus as also expectations of the pandemic subsiding with availability of vaccines.

The domestic G-sec yields too mirrored global trends with a softening bias for the initial part of the financial year, tracking lower policy rates, subdued oil prices and surplus liquidity. The dip in yields was sharper at the shorter end of the curve. The yields, however, started moving upwards towards the last quarter of the financial year, with markets getting jittery over the huge borrowing program announced in the Budget as also global factors like rising US yields and oil prices. The yields finally closed for the year at 6.18%.

The year 2020-21 witnessed a buoyant Sensex and Nifty with surge in capital inflows, as India continued to remain a preferred investment destination for Foreign Portfolio Investors (FPIs). Both Sensex and Nifty rallied during the year to finally close at 50,029 and 14,867 respectively.

With huge capital inflows as well as due to dollar weakness, the Indian Rupee witnessed appreciation, since end June 2020. RBI intervention in the forex markets ensured financial stability and orderly conditions, controlling the volatility and one-sided appreciation of the rupee. The currency finally settled at ₹ 73.21 per US Dollar as on 31st March, 2021.

Overall Assessment

The year 2020-21 has been an unusual year with the devastating health crisis emanating from the Covid-19 pandemic. The Indian economy technically entered a recession with GDP growth remaining in negative territory for two consecutive quarters. The Government of India and the Reserve Bank of India announced several measures at different stages of the pandemic to provide solace to the impacted sections of the society as well as to aid the fledgling economy.

With the lifting of the lockdown and resumption of business activities, the country has managed to clock positive GDP numbers i.e. 0.4% for Q3 of FY 2020-21 and 1.6% for Q4 of FY 2020-21. The Reserve Bank of India has estimated the GDP growth for FY 2021-22 at 9.5%. However, we have seen a sharp resurgence of Covid cases as the country has been hit with the second wave of the

pandemic. The economy's return to normalcy will now hinge upon factors like pace of vaccinations in the months ahead and successful tackling of the expected third wave of the pandemic as well as calibration of budgetary policy measures. Localized lockdowns could hit consumer mobility and demand in the economy.

GDP growth would, thus, be subdued for the initial part of FY 2021-22 and may start gaining momentum only in the second half of the year. With the surge in second wave of pandemic, Businesses have got impacted which will result in lower GDP numbers for the whole of FY 2021-22. S&P has also revised India's economic growth to 9.5%, in line with RBI projection. GDP estimates for FY 2021-22 might be even lowered by RBI in the next Monetary Policy review.

2. MAJOR DEVELOPMENTS IN THE BANKING AND FINANCIAL SECTOR IN INDIA

The various measures undertaken by the Government of India, the Reserve Bank of India and other regulatory authorities during FY 2020-21 are as below:

Moratoriums for Term Loans and Working Capital Facilities

- In order to help borrowers tide over the disruptions due to lockdown, lending institutions were permitted to grant moratoriums on payment of instalments and recovery of interest, in the case of all term loans and working capital facilities. RBI also permitted banks to convert the interest charges on working capital facilities during the moratorium period into a Funded Interest Term Loan (FITL), in order to reduce burden on borrowers. In case of working capital financing, institutions were permitted to recalculate the drawing power by reducing the margins till the moratorium period.

RBI thus granted banks and NBFCs a breather from recognising Non-Performing Assets (NPAs) during the moratorium period. While granting this relief, RBI however maintained caution by asking banks to provide 10% additional provisioning spread over two quarters, in view of the risk build-up in balance sheets.

RBI also appointed an expert committee under the Chairmanship of Shri K. V. Kamath which outlined the parameters for resolution framework for the stressed sectors, based on which lending institutions were permitted to extend the residual tenor of a loan by a period not more than 2 years.

Measures for betterment of MSME sector - For the smooth development of the MSME sector, the Government undertook several measures including change in the definition of MSMEs from July 2020 onwards, by raising the investment limits for classifying MSMEs and introducing 'annual turnover' as an added feature to define them. Credit to new small-ticket MSME borrowers by Scheduled Commercial Banks was exempted from maintenance of CRR so as to incentivize the MSME sector. Further, announcement of collateral-free, automatic loans worth ₹ 3 trillion for 4.5 million MSME units was also made.

Series of relaxations to benefit importers and exporters - Offering importers and exporters more time and liquidity against the backdrop of the Covid-19 crisis, RBI has issued a series of relaxations, few of which are as below:

- Increase in the maximum permissible period of pre-shipment and post-shipment export credit sanctioned by banks.
- Extension of the time period for completion of remittances against normal imports.
- Increase in the period of realization and repatriation of export proceeds to India.
- Extension of period for Investments by Foreign Portfolio Investors (FPIs) under the Voluntary Retention Route.

Measures to strengthen digital payments segment - In order to strengthen regulatory mechanism and information dissemination, the Reserve Bank of India undertook a number of steps for digital payments segment viz. setting up of 24*7 helpline, institution of Integrated Ombudsman, issuance of outsourcing guidelines and adherence to fair practice code, guidelines for regulating payment aggregators / gateways, announcement of creation of a Payments

Infrastructure Development Fund, framework for establishment of a new umbrella entry for retail payments, improving oversight framework for Financial Market Infrastructures(FMI), inclusion of NPCI as an FMI.

Measures to deepen the bond markets viz. Allowing retail investors to open Gilt Accounts directly with RBI, permitting Foreign Portfolio Investors (FPIs) to invest in Defaulted Bonds, proposal to form a permanent institutional framework and set-up of market maker to purchase investment grade debt securities, raising of FPI limits for corporate bonds, issuance of special series of Government securities under the fully accessible route.

Broadening the scope of Priority Sector Lending (PSL) to include start-ups, increased limits for renewable energy, increasing the target for lending to 'Small and Marginal Farmers' and 'Weaker Sections' and assigning higher weight for incremental PSL credit in the identified districts.

Introduction of Positive Pay mechanism for all cheques above ₹ 50,000/-, under which the cheque issuer will need to electronically submit certain details of the cheque like date, beneficiary name, amount etc. to the drawee bank for cross checking before the payment.

Setting up of innovation hub to encourage start-up companies to address the challenges of financial inclusion and efficient banking transaction through areas like cyber security, data analytics, delivery platforms and payment services.

Automation of asset classification rules - RBI has mandated that asset classification rules should be configured in the system i.e. all asset accounts should be automated for the purpose of identification of Non-Performing Assets (NPAs), provisioning and filing returns with RBI by 30th June 2021.

Extension of LEI requirement for large-value transactions in RTGS/NEFT for all payment transactions of ₹ 50 crore and above using RTGS / NEFT systems. Member banks are now required to include remitter and beneficiary LEI information in

RTGS and NEFT payment messages. Further, they have to maintain records of all transactions of ₹ 50 crore and above through RTGS and / or NEFT.

Other Development Measures - Other measures include:

- Recapitalisation of ₹ 20,000 crore for PSU banks in FY 2021-22.
- Hike in Foreign Direct Investment limit for insurance from 49% to 74%.
- Fast-tracking of the disinvestment policy, with the disinvestment of stake from companies like BPCL, IDBI Bank, Air India, Shipping Corporation of India, Container Corporation of India, to name a few. Initial Public Offer (IPO) of LIC is also scheduled.
- Announcement of privatization of two PSU banks (other than IDBI Bank) and one public sector General Insurance Company.

Measures for tiding over the economic shock due to Covid scenario - With a view to giving solace to the banking and financial industry reeling under the pandemic impact, RBI extended the time period of certain guidelines issued earlier viz. implementation of Capital Conservation Buffer (CCB) and Net Stable Funding Ratio (NSFR), implementation date for hedging of foreign exchange risk, implementation of various provisions on enhancing security of card transactions, etc. Also, group exposure limits were raised marginally to enable corporates to raise funds. Borrowing limits under Marginal Standing Facility (MSF) were enhanced. For State Governments and Union Territories, the limits under the Ways and Means Advances were hiked while norms for availing overdraft facilities were relaxed for an extended period.

3. MAJOR DEVELOPMENTS IN THE URBAN CO-OPERATIVE BANKING SECTOR

The Reserve Bank of India also undertook several measures for Urban Co-operative Banks (UCBs) during the year, which are indicated below:

System based audit classification - In order to improve efficiency, transparency and integrity of the asset classification process, RBI has

mandated UCBs to undertake system-based asset classification effective from FY 2021-22. Timelines for adherence to the same have been allotted based on the size of the UCBs.

Introduction of risk-based audit in large UCBs - RBI has introduced risk-based audit in UCBs, in order to strengthen the internal audit function and bring the audit standard at par with commercial banks. In case of your Bank, we have already implemented risk-based audit proactively.

Constitution of an Expert Committee on Primary (Urban) Co-operative Banks - The RBI decided to set up an Expert Committee on UCBs involving all stakeholders in order to provide a medium-term road map to strengthen the sector, enable faster rehabilitation/resolution of UCBs, as well as to examine other critical aspects relating to these entities.

Guidelines on Amalgamation in the UCB space - To enable consolidation in the UCB space, RBI approved fresh guidelines for amalgamation of 2 or more UCBs. Amalgamation amongst UCBs will be permitted under 3 different circumstances viz.

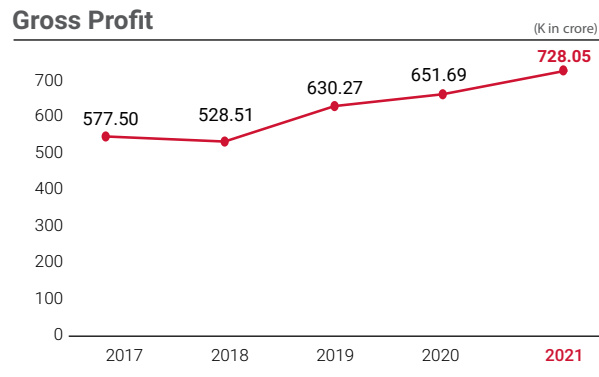
- Positive networth of acquired bank and acquirer bank assures protection of all depositors of acquired bank.
- Negative networth of acquired bank and acquiring bank assures protection of all depositors.
- Negative networth of acquired bank and acquiring bank assures protection of all depositors with financial support of State Government.

Contribution to Rural Infrastructure Development Fund (RIDF) and other funds for Priority Sector Lending - Effective from March 2021, RBI has mandated that UCBs will be required to contribute to Rural Infrastructure Development Fund (RIDF) established with NABARD and other funds with NABARD, NHB, SIDBI, MUDRA Ltd. against their Priority Sector Lending (PSL) shortfall vis-à-vis the prescribed targets.

4. FINANCIAL PERFORMANCE DURING FY 2020-21:

- The total business of your Bank increased from ₹ 63,422.13 crore as on 31st March, 2020 to ₹ 67,042.31 crore as on 31st March, 2021 i.e. a rise of ₹ 3,620.18 crore.
- Deposits increased from ₹ 38,083.49 crore as on 31st March, 2020 to ₹ 40,800.61 crore as on 31st March, 2021 i.e. a rise of ₹ 2,717.12 crore.
- A notable feature is that the CASA deposits have increased from ₹ 10,723.94 crore as on 31st March, 2020 to ₹ 12,497.76 crore as on 31st March, 2021 i.e. by ₹ 1,773.82 crore.
- Retail advances rose from ₹ 10,856.94 crore as on 31st March, 2020 to ₹ 11,993.07 crore as on 31st March, 2021, a rise of ₹ 1,136.13 crore.
- The gross profit of your Bank increased from ₹ 651.69 crore as on 31st March, 2020 to ₹ 728.05 crore as on 31st March, 2021 i.e. a rise of ₹ 76.36 crore.

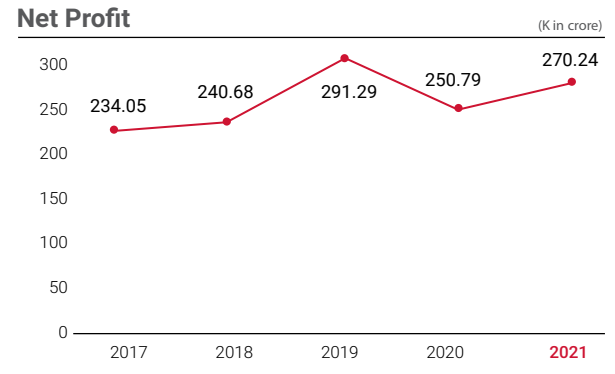
Graph No. 1



₹ 728.05 crore
Gross Profit for FY 2020-21

- The net profit of your Bank has increased from ₹ 250.79 crore as on 31st March, 2020 to ₹ 270.24 crore as on 31st March, 2021 i.e. a rise of ₹ 19.45 crore.

Graph No. 2



- The ratio of Net NPA to Advances of the Bank, which stood at 1.56% as on 31st March, 2020 has improved to 1.04% as on 31st March, 2021.
- Own funds of your Bank have risen from ₹ 3,522.04 crore as on 31st March, 2020 to ₹ 3,953.70 crore as on 31st March, 2021 i.e. a rise of ₹ 431.66 crore.
- The Capital to Risk-Weighted Assets Ratio (CRAR) stands at 14.26% as on 31st March, 2021, much higher than the 9% stipulated by the Reserve Bank of India.

5. SEGMENT-WISE PERFORMANCE

(i) Retail Banking

Retail Banking has been a major contributor of growth during the year despite the pandemic situation. Factors like increased usage of technology, concessions in stamp duty and consumption-based mindset has culminated into the growth of retail advances. Your Bank's thrust on customer service and focused efforts have also been an instrumental factor in this growth.

During the preceding year, your Bank's Retail Banking Department underwent a revamp from the point of view of operational convenience. Two specialised verticals were formed with focused energies on (i) Retail Business Operations and (ii) Retail Business Development.

These initiatives have started showing positive impact on overall business of Retail Banking vertical.

Retail Advances

With the ongoing focus on increasing retail portfolio, your Bank was successful in registering 10.46% growth in retail advances during the year.

The portfolio has increased from ₹ 10,856.94 crore as on 31st March, 2020 to ₹ 11,993.07 crore as on 31st March, 2021. Besides, loan against tangible securities stood at ₹ 1,562.11 crore as on 31st March, 2021.

Thus, the share of retail advances to total advances increased from 48.27% in FY 2019-20 to 51.66% in FY 2020-21.

Table No.1: (₹ in crore)

Advances	31.03.2021	31.03.2020	Rise in absolute terms	% Rise
Retail	8,578.47	7,645.41	933.06	12.20
Commercial upto ₹ 10 crore	3,414.60	3,211.53	203.07	6.32
Total	11,993.07	10,856.94	1,136.13	10.46

Retail Deposit Portfolio

Bank's low-cost deposits i.e. Current and Savings Accounts (CASA) constitute a vital ingredient of the Bank's deposit mix, for improving overall profitability. Bank provides a wide range of products under CASA to cater to all customer segments.

Overall, 83,114 new CASA accounts were opened during FY 2020-21, of which 74,292 are Savings Bank accounts and 8,822 are Current accounts. There have been improvements in opening of quality CASA accounts as compared to earlier year. There is significant increase in CASA balances from ₹ 10,723.94 crore as on 31st March, 2020 to ₹ 12,497.76 crore as on 31st March, 2021 i.e. an increase of ₹ 1,773.82 crore in absolute terms (16.54%

growth in CASA). The CASA percentage to overall deposits has also increased from 28.16% to 30.63%.

Position of CASA Deposits

Table No.2: (₹ in crore)

Particulars	31.03.2021	31.03.2020
Savings Deposits	9,782.36	8,513.34
Current Deposits	2,715.40	2,210.60
CASA Deposits	12,497.76	10,723.94
Increase in CASA (y-o-y)	1,773.82	337.00
Total Deposits	40,800.61	38,083.49
% of CASA to Total Deposits	30.63%	28.16%

Implementation of Pradhan Mantri Awas Yojana (PMAY) - Credit linked subsidy scheme

Your Bank has entered into an agreement with National Housing Bank (NHB), the nodal agency established for the implementation of PMAY, credit-linked subsidy scheme. It is launched by the Central Government for Economically Weaker Sections (EWS) and Lower Income Groups (LIG) to provide affordable housing through credit-linked subsidy. The scheme is extended for Middle Income Group (MIG) as well.

The details of subsidy claims sent and settled by NHB during the FY 2020-21 is as below:

Table No. 3:

Scheme Types	Total applications sent to NHB	Total applications settled	Total amount of subsidy received (₹ in lakh)
EWS/LIG old	10	7	14.35
EWS/LIG new	955	448	1,096.69
MIG I	530	388	843.59
MIG II	73	59	120.62
TOTAL	1,568	902	2,075.25

Priority Sector Advances

It is mandatory for banks to lend to the priority sector; thereby ensuring timely availability of credit and growth of these sectors.

As per the guidelines of Reserve Bank of India, UCBs are expected to achieve 45% of total advances portfolio towards Priority Sector Lending during FY 2020-21. Your Bank achieved Priority Sector business of ₹ 14,412.03 crore (including Priority Sector Lending Certificates purchased) thus reaching 52.14%.

Business Loans and Govt Schemes

For the growth of small entrepreneurs and start-ups, your Bank offers Retail Business loans upto ₹ 10 crore. We also have tailor-made schemes like Unnati and Mudra loans for small businesses, which have contributed towards achievement of these targets.

During the present financial year, your Bank disbursed Unnati loans of ₹ 102.58 crore and Mudra Loans amounting to ₹ 10 crore.

Various Government introduced schemes like Chief Minister's Employment Generation Program (CMEGP) and Prime Minister's Employment Generation Program (PMEGP) were successfully implemented to reach out to deserving entrepreneurs for their start-up business ventures.

We have disbursed loans amounting to ₹ 2.84 crore under CMEGP and ₹ 3.26 crore under PMEGP.

Your Bank is the first co-operative bank to be eligible for offering loans without collateral security under Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE). This year, we disbursed 563 loans worth ₹ 183 crore which are covered under CGTMSE.

Your Bank also implemented the Covid relief schemes introduced by the Government initiative such as the PM Svanidhi Scheme – Clean loan to street vendors with ticket size of ₹ 10,000/-. This year we disbursed 131 loans under this scheme to street vendors.

The Atmanirbhar Gujarat Sahay Yojana launched by the Government of Gujarat was implemented in the Gujarat State. Under this

scheme, we disbursed loan amount of ₹ 32.25 lakh.

Financial Inclusion by way of funding Microfinance and Self-Help Groups

Your Bank has always been supportive of financial inclusion for individuals. This year too we concentrated on upliftment of individuals and women by catering to their financial needs through Micro Finance and Self-Help Groups.

Your Bank gave loans to more than 4,500 Self-Help Groups, and 2,400 plus individual loans under Micro Finance during current financial year.

We opened more than 4,600 Self-Help Group accounts, which helped us additionally reach several women across villages in Maharashtra through our association with Mahila Arthik Vikas Mahamandal (MAVIM) in this financial year.

Loans disbursed under SHG finance during FY 2020-21 stood at ₹ 105.56 crore as against ₹ 50.23 crore in FY 2019-20 – a rise of 110%.

Table No.4: (₹ in crore)

	FY 20-21	FY 19-20
SHG Loans	105.56	50.23
Micro Finance	11.90	11.48
Total	117.46	61.71

The Micro Finance Clean Loan Scheme was offered to all our customers, who were in requirement of quick and immediate finance. Total loans disbursed under Micro Finance during FY 2020-21 amounted to ₹ 12 crore.

Performance of newly introduced initiatives:-

Business Development Vertical

The Business Development vertical was started in July 2019, with the intention of having a dedicated sales team across the Bank. A dynamic and enthusiastic team of more than 80 individuals is successfully functioning under this vertical, in all areas - be it customer service or business performance - in most of our branches across Maharashtra.

The members of this team are designated as 'Business Development Officers'. The BDO team has been provided online/offline training by specialized trainers in areas of customer interactions, product knowledge and technology products. The team is also well-equipped with devices like tablets to facilitate instant account opening and mobile application which track their business and enable faster customer service.

During the present financial year, the team garnered a total business of ₹ 911 crore, which includes Advances of ₹ 653 crore, Deposits of ₹ 238 crore and third-party business of ₹ 20 crore as on 31st March, 2021. Together, they contributed to around 20% of Bank's retail advances portfolio for FY 2020-21. The Business Development Officers have contributed towards strengthening its retail/commercial business portfolio to improve its business proportion within the overall business of the Bank.

The Bank intends to increase the team strength of BDOs to over 300 employees in the next year to strengthen overall focus on business growth.

Product Development Team

Special attention on products that are being offered to our customers is crucial to ensure that they fit their need. Developing a new product and making relevant changes in the existing products from time to time is important considering the ever-changing customer behaviour, market trends, technology and regulations.

Your Bank understands that every customer is unique and so are their needs. To offer a product to suit their requirement, we will be introducing an expert team which will study the market, consider various risk indicators and propose a product that is the best fit at best possible interest rates.

Key tie-ups for new products include collateral free business loans under Credit Guarantee

Trust for Micro and Small Enterprise (CGTMSE), Chief Minister's Employment Generation Program (CMEGP), Prime Minister's Employment Generation Program (PMEGP), and Atmanirbhar Gujarat Sahay Yojana (AGSY).

Customer Relations and Experience (CRE)

Customer Relations and Experience Department is primarily concerned with engaging with customers, attending to their requests, resolving their queries/complaints, if any, and thus creating a favourable experience for the customers.

As the ongoing pandemic prevented conducting of customer meets/events/direct interactions with customers, the CRE team depended heavily on tele-calling and emails to reach out to customers.

- **Attending to Customer Query/Requests**

We attempted reaching out to more than 4.5 lakh customers by proactively calling through our contact centre and could connect with 1.5 lakh customers during the FY 2020-21. This helped in garnering around 20,000 business leads for the Bank.

Customers too, have utilised the contact center to resolve their queries/concerns. During the FY 2020-21, we answered 1.26 lakh incoming calls/requests from different customers.

E-mails have also been an 'easy to connect' option for the customers. During the year, the team attended to more than 6,030 emails received from different customers.

The missed call option under 'Sparsh' also received more than 2,000 calls from customers. All the queries of customers have been satisfactorily resolved.

- **Customer Re-engagement**

Customer Relations & Experience Department took up the initiative to re-

engage with over 95,000 customers through an internal activity, 'Customer Re-engagement'. The objective of this initiative was to interact with the customers and ensure that they enjoy seamless banking with us. Regular interactions with the customers have helped your Bank in improving customer transactions while ensuring that there is rise in CASA.

To engage with customers from different segments, age groups, demographic backgrounds, several initiatives like 'Welcome Calling' to new customers, birthday wishes to minor customers as they turn major, connecting with senior citizens and professionals like Doctors, Chartered Accountants was undertaken.

Efforts were also taken to revive inoperative accounts and accounts categorised under Depositor Education and Awareness Fund (DEAF) Scheme.

With a view to connect with our young customers, Bank organised a "Bright Minds" Competition, inviting the young Picassos and Agatha Christies in drawing and creative writing contests. We received an overwhelming response and the winners were awarded Gift Cards worth ₹ 1,000/- each.

- **Monitoring Customer Experience**

Under 'Operation Sparsh', Bank this year too, conducted mystery audits to monitor if customer service standards are being maintained across the branch network. The aim of these audits was to ensure that customers walking into branch receive the desired service and attention uniformly at all branches. This activity also aimed at re-inforcing the importance of 'May I Help You' counters at the branches.

Based on the feedback of this audit, the concept of 'Lead Information Slip' was

introduced and it was also ensured that the 'May I Help You' counters effectively guide the customers.

To re-emphasise the importance of Customer Service, interactive training sessions were organised for the branch staff through external agency.

Third Party Products

The Third Party Product (TPP) sale is an important source of income for increasing overall profitability as well as customer stickiness for the banking industry. Bank has entered into a tie-up arrangement with various Insurance Partners with focus on specific segments as under:

Table No.5:

Segment	Name of the Partner
LIFE	HDFC Life Insurance Co. Ltd. (HDFC Life)
	Future Generali Life Insurance Co. Ltd.
	ICICI Prudential Life Insurance Co, Ltd.
GENERAL	Bajaj Allianz General Insurance Co. Ltd. (BAGIC)
	HDFC Ergo General Insurance Ltd.
HEALTH	Bajaj Allianz General Insurance Co. Ltd.
	Manipal CIGNA Health Insurance Co. Ltd.
OTHERS	Pradhan Mantri Bima Yojana

During the year 2020-21, your Bank has earned revenue of ₹ 22.66 crore from sale of Third-Party Insurance Products as under:

Table No.6: (₹ in crore)

Insurance Business progress:				
	Premium Mobilised		Revenue Generated	
	2020-21	2019-20	2020-21	2019-20
Life Insurance	95.74	81.88	17.82	11.21
General Insurance	18.73	18.61	2.22	2.12
Health	15.00	17.21	2.59	2.37
Other Insurance	0.24	0.24	0.03	0.04
Total	129.71	117.94	22.66	15.74
Growth	10%		44%	

- Pradhan Mantri Bima Yojana**
 Bank has extended Pradhan Mantri Bima Yojana facility to its customers through tie-up with HDFC Life Insurance Co Ltd., for Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). Your Bank also tied up with New India Assurance Company Ltd. for providing services under the Pradhan Mantri Suraksha Bima Yojana (PMSBY). Bank has earned an income of ₹ 0.03 crore from this activity towards reimbursement of expenses.

- Mutual Fund**
 Your Bank had launched its Mutual Fund distribution activity in January 2018 and continued its mutual fund distribution with HDFC Mutual Fund, LIC Mutual Fund, L & T Mutual Fund, Nippon India Mutual Fund, Aditya Birla Mutual Fund and ICICI Prudential Mutual Fund.

During the financial year 2020-21, the Bank achieved a net business of ₹ 25.33 crore and total AUM stood at ₹ 186.35 crore with earned income at ₹ 1.12 crore.

- Demat**
 Your Bank provides depository services through both NSDL and CDSL. Over 1,347 new demat accounts were opened during the year under review. Thus, total demat accounts increased to 78,254 accounts as on 31st March, 2021.

Bank supported IPOs through ASBA for 62 Equity, 25 Rights and 17 Debt Market issues. Bank has received / processed more than 80,000 IPO applications during the year. The total revenue earned from demat services during the year was ₹ 3.70 crore. This includes income of ₹ 73.86 lakh through the tie-up arrangement with Religare Securities Ltd., for providing online broking facility. More than 625 trading accounts have been opened during the FY 2020-21.

- Credit Card**
 Your Bank issues RuPay Platinum cards in collaboration with National Payments Corporation of India (NPCI). These credit cards add to our foray of products and services and are important for increasing overall profitability. As on 31st March, 2021, Bank has a card base of more than 28,000 cards with an exposure of ₹ 30.93 crore.

A standout feature of your Bank's credit card is the lowest interest rate in the industry and exclusive rewards and cash back programmes that we offer to our customers regularly. The Bank will continue to explore the potential of this business to improve profitability as well as customer stickiness with our Bank.

Your Bank also offers you a secured credit card backed by deposits, which is safe to use and has no requirement of additional documents. This facility is offered free of cost to our customers.

Income recorded by Credit Card Department is as under:

Table No.7: (₹ in lakh)

Particulars	F.Y. 2020-21	F.Y. 2019-20
Interest Income	336.10	290.59
Interchange Income	109.18	96.59
Other Income	158.79	142.95
Gross Income	604.07	530.13

(ii) Wholesale Banking

Due to pandemic impact and the strategic decision of the Bank to mitigate the risk of credit concentration viz. reducing exposure in large value borrowal accounts, restricting entry level exposures at a reasonable level, restricting entry into large size consortium, restricting exposures to existing borrowal accounts by forming consortiums, the level of wholesale advances reduced marginally. Also, due to Covid-19, customers were more cautious, resulting into large undrawn

positions throughout the year. LCBD exposure too declined.

The combined effect of the above factors resulted in total wholesale advances ending the year at ₹ 12,686.52 crore.

(iii) Forex Business

Your Bank has the RBI license for foreign exchange business since 1979. The Bank caters to the foreign exchange requirements of its customers through well-established nine Forex Centres. Trade finance requirements of the customers of SMEs and retail foreign exchange requirements of customers of branches are handled through these Forex Centres. The Bank offers all the major foreign exchange products to its customers.

During the year under review, foreign exchange merchant turnover of the Bank stood at the level of ₹ 30,227.50 crore. Export finance outstanding as on 31st March, 2021 was at the level of ₹ 1,469.32 crore. As export / import trade activities during lockdown were continued, handling of relevant documents was a great challenge. However, your Bank has successfully handled the adverse situation and extended timely services to its customers.

Your Bank has NOSTRO accounts in ten major currencies with leading international banks and correspondent relations with a number of banks across the globe. Your Bank also handles foreign exchange business of customers of select co-operative banks which do not have RBI license to deal in foreign exchange, under line of credit sanctioned to them. During the review year, lines of credit of ₹ 155 crore for foreign exchange business were continued for 11 co-operative banks.

(iv) Treasury Operations

The Treasury Operations of any Bank have a very crucial role to play in the day-to-day funds management of the Bank. Your Bank has a dedicated SBU – Treasury which undertakes funds management and also plays an active

role in the optimum profitable investment of surplus resources of the Bank. The crucial role that the Treasury of your Bank has played is reflected in the active contribution of SBU – Treasury to the bottomline of the Bank, over the years.

During the year 2020-21, softening of yields was seen as Reserve Bank of India reduced repo rates while maintaining an accommodative stance, so as to spur the economy. The Treasury team encashed on the favourable market movements to generate substantial trading profits. Besides, the core role of compliance with the statutory requirements of maintaining the stipulated Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) was also ensured seamlessly.

Your Treasury also deals in Foreign Exchange and has ensured continuous support to branches by providing spot and forward cover operations for exports, imports, remittances, etc. even during the lockdown period.

6. HUMAN RESOURCES

The HRD Department of your Bank has always played an important role in aligning human resources functions for the overall success of the organization. The core function of your Bank's Human Resource Department is to be a strategic business partner and key business driver by hiring quality talent, developing, managing and retaining them for the attainment of the organization's objectives. Recruitment of employees, extensive training and development of existing employees, devising new HR policies and processes, motivation and retention of skilled employees through job rotation, job enrichment and empowerment, open communication, employee counselling are the various activities undertaken by the HRD Department on a regular basis.

Amidst the nationwide lockdown imposed since March 2020, it was a challenge to ensure

uninterrupted banking services to our customers. The business continuity plan was invoked and critical functions were undertaken throughout the lockdown period thereby ensuring no business disruptions. The Bank formed a Quick Response Team to provide prompt and speedy solutions to queries / grievances and various advisories were issued from time to time regarding the various HR initiatives viz. Work from Home, change in working hours, alternate day working, special leave to employees affected with Covid, deployment of staff, etc. Even in such trying times, employees of your Bank ensured seamless functioning of branches and gave exceptional service to the customers. In recognition of their efforts, 73 outstanding performers were presented a Badge of Honour as "COVID WARRIORS" and given a cash reward. This initiative not only helped in giving recognition to the employees who did outstanding work but also served as an inspiration to the other employees. Special issue of the in-house magazine "Madhusatva" was issued to recognise the contribution of "COVID WARRIORS".

Some of the other major initiatives taken by the HRD Department during the year are as under:

1. Upgradation from Grade B to Grade A:

In the Memorandum of Agreement and the Memorandum of Settlement both dated 22nd January, 2018, it was decided to upgrade the employees who were in Grade B pay scale of the Bank as on the date of the Agreement / Settlement, to Grade A pay scale within a span of three to five years, in phased manner. All employees who have completed four years of service in Grade B pay scale as on 31st March, 2020 were considered for upgradation in Grade A w.e.f. 01st April, 2020, subject to acceptable performance.

Accordingly, 93 employees who had completed four or more years of service in Grade B pay scale as on 31st March, 2020 were considered for absorption in Grade A pay scale in the accounting year.

2. Recruitment:

In view of your Bank's continued expansion programme, for strengthening the Bank's marketing and operations and also filling the vacancies created by exit of some employees, 231 employees were recruited during the year, of which 3 are in Executive cadre, 58 in Management cadre and 170 in Non-management cadre. The new recruits include 22 in Grade A and 209 in Grade B. Lateral recruits, who have prior banking experience with reputed nationalized / private / co-operative banks, were mainly recruited for supporting new business initiatives, critical and specialized roles requiring domain expertise, and adding value to our existing systems and thereby helping us in adopting the best practices followed across the banking industry.

Employee Strength:

Overall, your Bank's employee strength reduced by 4 during the year. 231 employees were recruited during 2020-21 while 235 employees exited due to various reasons like death, retirement, resignation and dismissal.

Table No.8:

Summary of Employees Recruited/ Exited during FY 2020-21	
Number of Employees as on 31.03.2020	4,246
Number of Employees recruited during the year	231
Sub-Total	4,477
Less the number of Employees who exited during the year	235
Number of Employees as on 31.03.2021	4,242
Net reduction during the year	4

3. Learning and Development

It is a skilled and robust workforce that lends an organisation an edge over its peers in this era of competition. Keeping this in view, the Bank has always prioritised the need for training or upskilling its employees, both through in-house training at "Staff Learning Centre" as also through external training programmes.

Owing to pandemic situation, the SLC conducted 79 training programmes in virtual mode thus extending training to 2,314 employees of different cadres. The programmes covered include Handling Customers in Covid Era, Marketing of Bank's Products in Present Scenario, Motivation for Work Excellence, Operation SPARSH-Engaging Customer... a 'New Way of Life', Financing MSME, Credit Monitoring, Monitoring of Overdues and NPA Recovery, Information Security and Cyber Security, Developing Sales and Service Culture at branches, Preventive Measures in Branch Operations, Digital Products, Refresher programmes for lobby coordinators, KYC/AML/CFT guidelines and compliance in Bank, Orientation Programme for Laterally Recruited officials and Induction Programme for newly recruited Junior Officers. Besides imparting training, the SLC also supports the self-learning culture by conducting periodic online tests, publishing learning nuggets and contributing articles in banking and finance, 'Test your Banking Knowledge' column in in-house magazine of the Bank 'Madhusatva'.

4. External Training Programmes

Your Bank has endeavoured to provide the best learning opportunities to its employees. During the year, your Bank deputed 101 officials to external training programmes/seminars to reputed institutions/organisations such as CAFRAL, NIBM, FEDAI, IIBF, IDRBT, IBA, CRISIL, Confederation of Indian Industry (CII), Bombay Chamber of Commerce & Industry (BCCI). A wide range of topics were covered during these training programmes including IT & Cyber Security, Trade Finance, Asset Liability Management, Risk Management in Banks, MSME Lending, Leadership as also Covid-19 related stress in borrowal accounts, to name a few.

Such training exposure has helped your Bank to acquire valuable inputs on latest developments from specialized training

institutes which will eventually enhance the operational efficiency of the employees.

7. RISK MANAGEMENT

Risk Management is the process of identifying, assessing and controlling threats to an organization's capital and earnings. Your Bank has a Risk Management Department, independent of business functions, which helps in identifying, monitoring and measuring the risk profile of the Bank and helps to maintain a healthy trade-off between risk and returns. As per the RBI guidance note for Management of Operational, Credit and Market Risk, there should be an ideal organizational set-up for reporting of risk issues of the Bank.

To complete risk management organizational structure, your Bank has formed an integrated Risk Management Committee (RMC), which is a Board level committee empowered with full responsibility of evaluating overall risks faced by the Bank, determine the level of risks which will be in the best interests of the Bank and to take a holistic view of the risk management function in the Bank.

Credit Risk

Credit Risk is the risk or potential risk that may occur due to failure of borrower/counterparty to meet the obligations on agreed terms and conditions of financial contract. All credit risk management related aspects regarding identification, measurement, monitoring and control of the credit risk exposures are governed by Bank's Credit Risk Management Policy which is approved by the Board of Directors.

To assess and combat the adverse impact of Covid-19 pandemic on quality of credit portfolio of your Bank, Credit Risk Management Team during the year under review undertook extensive study on industry wise portfolio for major industries. Industry Outlooks were assigned considering the overall market effect and revival horizon of the industry. These measures are being monitored and reviewed at regular intervals by the team to help in maintaining and improving the quality of credit portfolio of your Bank.

Operational Risk

As one of the leading UCBs, your Bank has recognized that there is an impending need to establish an ORM Department within the Bank, understand operational risks and impact on the Bank as a whole.

Having sustained in this volatile and highly competitive financial sector for over 100 years, the Bank's focus area is on building and strengthening its Operational Risk arm.

This system helps in early identification of process and control gaps to focus on strengthening its controls culture. It also helps in creating operations Loss Database and recording near-miss events as required under Basel norms.

To have an integrated risk management approach, your Bank has an Operational Risk Management Committee (ORMC) which meets regularly for early identification, assessment, monitoring, prevention and mitigation of operational risks. It has helped in identifying gaps and improving business processes and thus reducing risk involved. Bank also has a dedicated committee viz Product Evaluation Committee to recognise new risks involved before launch of any new product or process.

Your Bank also has an Outsourcing Policy in place to keep a check on the activities performed by third party and the risks from the same.

Your Bank also has an effective Fraud Risk Management (FRM) framework which serves as a check to prevent frauds from occurring/early detection of frauds and effective response to frauds when they occur. As part of an organization's governance structure, Bank has FRM Cell for monitoring digital channels like Debit cards, Credit cards, UPI etc.

Your Bank is also in the process of implementation of enterprise-wise fraud risk management tool. This tool will facilitate robust cross channel monitoring of all digital products.

Market Risk

The Market Risk activities in case of your Bank primarily focus on the management of Liquidity Risk which arises because of Asset Liability mismatches. Your Bank also takes care of Interest Rate Risk which arises because of changing market rate scenarios.

Your Bank has in place an Asset Liability Management Committee which meets every month to take a view on the interest rate and liquidity gap position of the Bank in the backdrop of the prevailing trend in the economy.

The Liquidity Risk Profile and Mismatch Profile of your Bank are studied using various monitoring tools. The adverse impact of interest rate movements (if any) on the investment portfolio of your Bank is also studied periodically.

The Risk Management Team of your Bank endeavors to adopt the best practices in Risk Management to counter the dynamic economic scenario.

8. INTERNAL AUDIT DEPARTMENT

Your Bank's Internal Audit Department (IAD) continues to function as an effective tool of control and compliance by putting in place a detailed risk assessment and audit planning process, under the able guidance of the Audit Committee of the Board (ACB) and in line with the Audit Charter and Audit Policy. All the branches and departments are thus covered by both concurrent audit by well-experienced Chartered Accountant firms as well as annual internal inspection conducted by Bank's internal audit team.

IAD has implemented a system to monitor compliance to the audit observations made by external concurrent auditors as well as internal inspection team. Status of compliance is reviewed meticulously to ensure timeliness, accuracy and completeness of compliance and is reported to the ACB.

IAD endeavours to continuously improve the quality and effectiveness of audit by way of continuous training and upgradation of skills, rotation of internal and external auditors, rating of external audit firms and also assigning audit ratings to branches and other operating units post completion of audits.

The audits of Internal Audit Department can be broadly classified as:

- **Transaction Audit:** During the year 2020-21, the Department has undertaken 304 internal inspections of the operating units (Branches and Departments) of the Bank covering all aspects of banking functions.
- **Credit Portfolio Audit (CPA):** Considering the inherent risk in large commercial loans, your Bank undertakes Credit Portfolio Audit. Commercial loans with exposure of ₹ 5 crore and above are covered under such audits to ensure credit risk and compliance risk management.
- **Internal Control Assessment:** IAD has carried out risk assessment and identified the critical processes of Branches and Departments. These processes have been subjected to Process Audits carried out by experienced Chartered Accountant firms as external auditors.

These audits were conducted on the basis of Internal Financial Controls framework by documenting risk and controls associated with each process in the Bank and testing of these controls annually. This ongoing process of embedding the controls for mitigation of the risks, ensures the robustness of the Systems and Procedures and provides assurance to the Management and stakeholders about the necessary comfort on internal controls and overall compliance.

- **IT-IS Audits:** Your Bank has an Information Security Policy and Cyber Security Policy in place and has formulated a dedicated team to oversee and ensure Information Security.

An independent IT- IS audit is ensured by IAD which includes the risk assessment of emerging digital banking products and automated systems and processes. Your Bank has appointed CERT-IN empanelled security assessment firms having well-qualified and experienced ISO 27001 LA certified, CISAs, CISM, etc for ensuring quality and relevance of Information Systems Audit.

The broad coverage of IS Audits includes Core Banking Processes, Treasury System, Demat (NSDL/CDSL), Cyber Security audit, e-KYC system audit and IT critical processes. IS audit also included the audit of migration to new Core Banking Solution which covered Pre-Migration System security assessment, functional audit and Data Migration audit.

New Initiatives - RBIA Audit :

IAD acts as the third line of defence by broadly assessing and contributing to the overall improvement of the organization's internal controls, governance, risk management, and control processes using a systematic and disciplined approach. For the said purpose, as a proactive approach, your Bank had initiated Project 'NIYANTRAN' related to Risk Based Internal Audit (RBIA) in the year 2019-20. RBIA is an audit approach wherein IAD pre-emptively performs a risk assessment – to identify existing / future inherent risks within Bank's operations and categorise them qualitatively (High, Medium and Low) and quantitatively (through scores) - and prioritise audit areas on the basis of its risk perception such that higher risk areas are audited more frequently as compared to lesser risk areas, thus achieving the objective of optimised use of audit resources. RBIA has now been made mandatory by RBI for all Primary Urban Co-operative Banks vide its circular dated 3rd February, 2021.

IAD has reviewed the RBIA risk assessment methodology for the various identified critical processes to ensure that new and emerging risks and controls are covered in assessments. Additionally, a centralised off-site monitoring

mechanism has been put in place. This centralised monitoring of audit compliances will help in cutting down the onsite audit time schedules and also bring uniformity in audit perspective as well as reporting.

9. VIGILANCE

Your Bank has a robust Vigilance Department which believes that “Prevention is always better than cure” and undertakes vigilance activities in a pro-active and pre-emptive manner. The Department undertakes incognito branch visits to verify adherence to the Reserve Bank of India guidelines as well as the Bank’s internal rules, regulations and guidelines. It undertakes scrutiny of various types of transactions, especially any unusual transactions to detect suspicious/ fraudulent nature of transactions. Such transactions as well as incidences of lapses / staff negligence are analysed and awareness is created amongst the staff, so that such events do not recur. The Department educates and spreads awareness amongst staff members by issuing circulars / uploads on the ‘Employee Portal’, circulating the modus operandi of various types of frauds that have occurred in your Bank and in banking industry along with the precautions to be taken to thwart recurrence of similar instances of frauds.

Your Vigilance Department thus undertakes detective vigilance, punitive vigilance and corrective vigilance and reports the findings and the status of follow-up of such findings to the Board and the top management of the Bank. Other major activities at Vigilance Department include timely reporting of fraud cases and counterfeit notes detected at branches to RBI. From this year, your Bank has also commenced reporting of payment related frauds to RBI through their Electronic Data Submission Portal.

10. DIGITAL BANKING

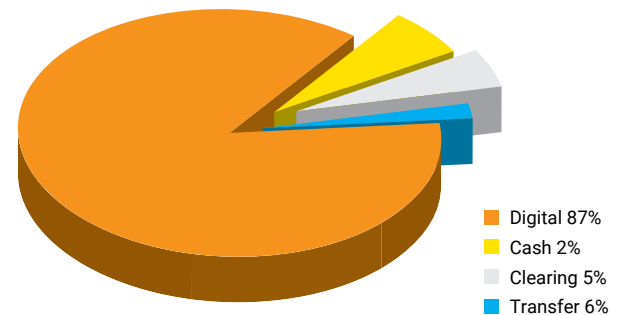
Digital technologies have become an integral part of the banking industry as they provide a touchless experience and increase convenience. Digital

banking has become all the more relevant in the prevailing pandemic situation.

Your Bank has always embraced the Digital-First approach and strategically formed the ‘Digital Banking Department’ a few years ago to embrace digitalization across the institution by adopting emerging technologies and newer business models, considering the continuously evolving digital domain.

Graph No. 3:

Share of Digital Transactions



In the prevailing scenario, your Bank provided digital services to its customers by leveraging technology through Contactless-Banking. The dependence on the digital platforms has increased by leaps and bounds. We are very proud to announce that the Bank has reached a percentage of 87% of digital transactions during the last financial year.

Your Bank strives for industry-best products considering the future banking trends with robust infrastructure, latest technologies and effective project management. As a result, your Bank today has a bouquet of over 30 digital products/ services which are being used by all categories of customers.

- Bank on WhatsApp:** Your Bank is First in co-operative banking sector to launch its services on WhatsApp. At Bank on WhatsApp, Bank’s customers can use the widely used social media platform i.e. WhatsApp to check balance, request for last 10 transactions, look for information and raise any query by

selecting different services in the application. Registrations for Bank on WhatsApp have increased by 23% over the last year.

- **Bank on TAB:** Bank started the 'Bank on Tab' service in 2018 which is based on Aadhaar Authentication through which customer accounts can be opened instantaneously. Your Bank is one of the very few entities in the industry which uses IRIS (Retina Scan) Authentication for the account opening. This was another giant step towards conducting banking business in a paperless and secured manner. Out of all the accounts opened in last financial year, 49% accounts were opened through TAB.
- **Mobile Banking:** Your Bank has made available a state of the art Mobile Banking App "GOMO" for its customers. Your Bank's Mobile Banking has enabled the customers to access the Bank's services on their own with incredible ease from wherever they have mobile connectivity. This application has seen a rise of 14% in registrations this year.
- **Unified Payment Interface (UPI):** Your Bank is already live on UPI platform. UPI is an interoperable instant funds transfer platform developed by National Payments Corporation of India (NPCI) which enables our Bank's customers to access banking services 24X7. Through UPI, customers can send and receive funds online through any UPI-based application. Your Bank registered a record increase of 126% in UPI transactions during the financial year 2020-21.
- **Saraswat Bank 100+:** Your Bank introduced Saraswat Bank 100+, a multilingual mobile application for online account opening through smartphones. Saraswat Bank 100+ enables potential customers to open an account within 3 minutes through PAN, Aadhaar and OTP from customer's own device. Also, it allows customers to choose desired account number.

- **Gift Card:** The Gift Card is an innovative form of prepaid payment instruments and a perfect instrument for individual as well as for corporate gifting. Your Bank is the first bank in the co-operative sector to offer Gift Cards to its customers. Your Bank is also the leading issuer of gift cards in the co-operative banking space. This year, Bank witnessed a huge rise in the issuance and crossed a figure of 75,000, i.e. an increase of 299%.
- **National Electronic Toll Collection (NETC):** Your Bank started issuance of NETC FASTags in association with NPCI (National Payments Corporation of India) to its Current account holders. Through these tags, customers make national highway toll payments at toll plazas through RFID (Radio Frequency Identity) technology. NETC transactions increased by 208% and issuance increased by 200% over the last year.

Your Bank also offers other digital banking services such as Saraswat Quick Pay (Referral model), POS (Point of Sale) Services (Referral model), QR (Quick Response) Solutions (Referral model), Missed Call & SMS Banking, Debit Cards, ATMs & Cash Recyclers, E-lobby, Aadhaar Enabled Payment System (AEPS), etc.

The Bank has also moved to an enhanced version of Internet Banking and Corporate Internet Banking platform thereby providing an improved internet banking experience to our clients.

11. ADVERTISING, ALLIANCES AND CORPORATE COMMUNICATIONS

Your Bank has adopted novel and innovative communication strategies in this pandemic-struck year, to remain connected with its customers and maintain the ideal brand and product positioning in the new normal. Your Bank, through effective brand and product communications - both traditional and new media - ensures it reaches the right audience to the last mile.

Various communication means, as below were adopted during the year:

- Expression of gratitude to all the stakeholders, i.e. customers, shareholders and employees via print media in major publications across regions on the occasion of the Bank's Foundation Day on 14th September, 2020.
- Creation of a short audio-visual film in association with Shri Mahesh Manjrekar to laud the efforts put in by various Covid warriors viz. medical staff, policemen, sanitation workers, essential personnel, and the Municipal Corporation during the pandemic.
- Usage of 360-degree media communications - Print, Radio, Digital, Outdoor, and TV (with a specially designed TV commercial) to promote our lowest interest rates on loans.
- Establishing Bank's presence on LinkedIn. The addition of LinkedIn will help your Bank to reach a new set of audience, augmenting its digital reach manifold. Your Bank currently has lakhs of dedicated followers on its official Facebook, Twitter, Instagram and YouTube channels.
- Displaying the Bank's advertisement at the Vijay Sales outlets
- Exploring communication through large media formats, by displaying Bank's advertisements at the Mumbai Metro.
- Enabling of digital displays showcasing Bank's key communications related to products, services, important notices, advertisements, interest rates, etc and so on at around 90 branches.
- Tie-up with leading retailers to extend festival offers on electronics, groceries, etc.
- Offering cashback to customers on fuel surcharge, Utility Bill payments, and online shopping to give back to the customer and in turn improve customer stickiness.
- Promoting of products by partnering with a leading show 'Majha Maharashtra Digital

Maharashtra' on ABP Majha, a special platform created to get experts to discuss/debate and spread knowledge about the important aspects of digital technology and its impact on daily life. This year, your Bank associated with the show to talk about its digital services and the E-fraud prevention initiatives taken by the Bank.

- Launch of a customer safety initiative - 'Jo Satark Wohi Surakshit', a customer education video that educates individuals to stay vigilant and safe from cyberattacks.

12. STATUS OF PROJECT UDAAN



Your Bank had, a year ago, announced Project Udaan – the Bank's ambitious plan to migrate to a new Core Banking System. The need to migrate to a new CBS was taken in line with the larger organizational goal of business growth and the consequent need for a more robust, agile and scalable CBS.

Based on the in-depth assessment, your Bank then finalized Finacle, the Core Banking Solutions (CBS) system offered by M/s Edgeverve Systems Ltd., a wholly owned subsidiary of Infosys. The inherent functionalities and the capabilities of Finacle were the deciding factors in finalizing Finacle as our CBS system. Also, Finacle is being used by several large PSU & Private banks and has a strong market reputation for itself in all segments.

Under the Finacle Project, a simultaneous and integrated transformation was also planned across other banking channels viz. Digital Banking, Treasury Operations etc. apart from branch banking. During the year under review, your Bank undertook functional testing across all the multiple modules in Finacle as well as tested its seamless integration with other applications.

We have finally gone live on Finacle Core Banking Solutions on 26th April, 2021. The adoption of Finacle has been undertaken in an integrated manner across all the verticals of the Bank and has enabled the Bank to enhance its service offerings across Retail, Wholesale, Treasury and Digital Banking verticals. The new CBS system has enhanced the overall banking experience by supporting our personalised front desk services. The shift to a new Core Banking System has come at the right time, considering the future growth prospects of the Bank. However, there are also few teething issues which happen usually at the beginning of implementation of any project of such magnitude and scale. Your IT team is continuously monitoring these issues and providing resolution for the same. We are confident that the inherent functionalities and capabilities of Finacle will be able to scale up and support the Bank's business for years to come.

13. INFORMATION SECURITY

The Information Security Department is responsible for ensuring effective implementation of information and cyber security in the Bank. The Department has taken various initiatives to ensure due diligence by implementing appropriate security controls within your Bank's environment like next generation firewalls, anti-rogue, anti-phishing, anti-malware, data loss prevention and internet access control.

The Department undertakes / participates in cyber resilience simulation exercises and carries out all types of vulnerability assessments regularly, aiding your Bank to proactively gauge and enhance the preparedness of Information and Cyber Security solutions. The Department endeavored to ensure that employees of the Bank, from any cadre, undertook training or awareness programs in information and cyber security. It also provided awareness to customers and larger audiences by various means like Bank's website, SMS Campaign or Social Media Channels (Facebook, Instagram, Twitter) and shared a video titled Na, No, Never! on YouTube, in public interest – sensitizing people about never sharing sensitive details with any

stranger. Our branches also have information and cyber security awareness posters placed at strategic locations for maximum visibility. There was also a representation of Information and Cyber Security preparedness of your Bank for the "Majha Maharashtra, Digital Maharashtra" event conducted by ABP Majha.

An Information Security Committee has been constituted for strategy and governance to ensure an effective and holistic implementation of robust and comprehensive Information Security controls around people, process, and technology. During the Financial Year 2020-21, four meetings of the Committee were held.

14. SPECIAL CREDIT MONITORING CELL (SCMC)

Special Credit Monitoring Cell (SCMC) of your Bank is instrumental in monitoring of the commercial borrowal accounts which are under stress i.e. in other words, Special Mention Accounts (SMAs). Early identification of stressed accounts helps in taking timely remedial action to avoid their potential slippage into NPAs. These accounts are reviewed at SCMC at regular intervals and appropriate corrective action plan is formulated for ensuring upgradation of such borrowers within a reasonable timeframe.

RBI vide its notification on "Reporting of Large Exposures to Central Repository of Information on Large Credits (CRILC)-UCBs" dated 27th December 2019, has made a reference about various categories of Special Mention Accounts.

Position of SMA accounts having exposure of ₹ 1 crore & above year-on-year basis is as under:-

Table No. 9:

	31.03.2020		31.03.2021	
	No of borrowers	Exposure (₹ In crore)	No of borrowers	Exposure (₹ In crore)
SMA-2	8	83	15	85
SMA-1	36	487	86	862

There is rise in SMA-2 portfolio from ₹ 83 crore to ₹ 85 crore and SMA-1 portfolio from ₹ 487 crore to

₹ 862 crore, which is mainly on account of Covid-19 pandemic.

Position of SMA accounts having exposure below ₹ 1 crore is as under:-

Table No.10:

	31.03.2021	
	No. of borrowers	Exposure (₹ In crore)
SMA-2	1486	148
SMA-1	4521	524

RBI has announced various relief measures with the objective to mitigate the burden of debt servicing brought about by disruptions on account of Covid-19 pandemic and to ensure the continuity of viable businesses. Your Bank has also framed policies in pursuance of the RBI circulars dated August 6, 2020 pertaining to "Resolution Framework for Covid-19 related stress" and "Restructuring of MSME Advances".

SCMC in co-ordination with Retail Credit Monitoring Cell has implemented restructuring of the accounts for borrowers facing stress on account of Covid-19. Details of accounts restructured under the above schemes are as under:-

Table No.11:

	SBU-Retail		SBU-Wholesale	
	No. of Borrowers	Exposure (₹ in crore)	No. of Borrowers	Exposure (₹ in crore)
Resolution Framework for Covid-19 related stress	294	96	12	495
Restructuring of MSME Advances	82	150	8	109
Total	376	246	20	604

These accounts are closely monitored by SCMC to ensure revival within the stipulated timeframe.

15. MOVEMENT OF NPAs

Non-Performing Assets:

During FY 2020-21, the pandemic situation posed several constraints to the Regulatory, Judiciary and

Administrative systems. Restrictions on transport and movement, personal assemblies and closure of physical courts further hampered recovery actions. Your Bank, too, faced several impediments in disposing of properties taken under possession and obtaining orders from various Courts, DRT, CMM / DM and NCLT for cases filed under various statutes.

Amidst anticipation of rise in NPAs, your Bank undertook a shift in perspective during the year - from "Lending & Investing money" to "Recovering money". Recovery teams were directed to re-calibrate their strategies and focus on "Quick Recovery" as the key result area. Multiple alternative approaches were explored to ensure early closures of delinquencies and acceleration of cash recovery. Various soft-recovery options like voluntary repayments, restructuring, weed-out, compromise settlements, OTS funding from ARC/ PE funds and sale of properties through mutual consent were advocated instead of legal recourse to catalyze the recovery process.

Your Bank formed a team of specialist Retail Recovery Officers (RROs) to perceive, prevent, rehabilitate and recover the NPAs in Retail Loans and Credit Cards, the pilot execution of which was started in Mumbai, Pune and Nagpur.

A concerted and strenuous team-effort by the officers of the Recovery and NPA Management Department resulted in commendable performance in the recovery of NPAs. A total reduction of ₹ 357.91 crore was registered in the Gross NPAs that were outstanding as on 31st March, 2020 of which NPAs of ₹ 103.98 crore were reduced due to prudential write-off.

Hence, despite new NPAs of ₹ 306.38 crore classified during this year, total Gross NPAs of your Bank reduced significantly from ₹ 1,249.80 crore to ₹ 1,200.58 crore during 2020-21. Resultantly, the Gross NPA ratio has also reduced from 4.93% to 4.58% and Net NPA ratio reduced from 1.56% to 1.04%.

Movement of NPAs and Provisions during the year was as under:

Table No.12: (₹ in crore)

PARTICULARS	AMOUNT
ADVANCES AS ON 31.03.2021	26,241.70
GROSS NPAs	
As on 31 st March, 2020	1,249.80
As on 31 st March, 2021	1,200.58
PROVISIONS	
As on 31 st March, 2020	834.20
As on 31 st March, 2021	898.56
NET NPAs	
31 st March, 2020	1.56%
31 st March, 2021	1.04%
PROVISION COVERAGE RATIO	
31 st March, 2020	66.75%
31 st March, 2021	74.84%

Recovery in written off accounts:

Your Bank has recovered ₹ 5.28 crore from written off NPA accounts during earlier years. Considering that the prospects of recovery in such accounts devoid of any secured assets are very remote, your Bank has recovered this amount with all-round recovery efforts.

Recovery made in written off accounts directly contribute to your Bank's Profit.

Provision Coverage Ratio:

Your Bank follows a prudent policy for making provisions on NPAs as per regulatory IRAC norms. While strictly adhering to the regulatory norms, your Bank also makes additional provision, over and above the required amounts. This year, additional provision on this account is to the tune of ₹ 190.31 crore.

Resultantly, the Provision Coverage Ratio (PCR), which indicates the ratio of provisions made by the Bank against NPAs, as on 31st March, 2021 improved significantly to 74.84% over the previous year's 66.75%. Higher PCR reflects better provisions made against the NPAs and is an indicator of how protected your Bank is against future unforeseen losses.

16. CAPITAL ADEQUACY RATIO – CRAR

Capital Adequacy Ratio as on 31st March, 2021 is 14.26% as against 14.75% as on 31st March, 2020.

Table No.13: (₹ in crore)

Particulars	31-03-2021	31-03-2020
Capital-Tier I		
a. Share Capital (a)	304.05	285.22
b. Reserves and Surplus		
Statutory Reserve	912.59	843.09
Other Reserves	1,192.45	1,116.29
Profit and Loss Account	168.14	215.85
Sub-Total (b)	2,273.18	2,175.23
Gross Tier I Capital (a+b)	2,577.23	2,460.45
Less: Intangible assets & losses	249.65	271.01
Net Tier I Capital (A)	2,327.58	2,189.44
Capital-Tier II		
Revaluation Reserve	272.87	281.65
General Provisions	133.91	131.02
Investment Fluctuation Reserve	300.35	230.35
Subordinated Debts	671.82	810.78
Tier II Capital (B)	1,378.95	1,453.80
Total Capital Funds (A+B)	3,706.53	3,643.24
Risk Assets		
i. Funded Risk Assets	22,898.74	21,957.28
ii. Non-funded Risk Assets	952.21	1,014.14
iii. Risk Weighted Assets for market risk	2,146.25	1,724.93
Total Risk Weighted Assets (i+ii+iii)	25,997.20	24,696.35
Capital Adequacy Ratio %	14.26	14.75

17. APPROPRIATIONS

We propose the following appropriations from the Net Profit for FY 2020-21:

Table No.14: (₹ in lakh)

Particulars	2020-21	2019-20
Transfer to Reserve Fund (25%)	6,756.12	6,269.87
Contingency Reserve (10%)	2,702.45	2,507.95
Provision for Education Fund of N.C.U.I.(1%)	270.25	250.79
Dividend on PNCPS @10.50%	571.66	-
Dividend on equity shares @20%	4,670.00	-
Provision for Ex-gratia to employees @20%	4,536.00	3,100.00
Members' Welfare Fund	50.00	50.00
Provision for Staff Welfare	10.00	10.00
Provision for Public, Charitable & Co-operative Purposes (1%)	270.25	250.79
Investment Fluctuation Reserve	5,000.00	7,000.00
Special Reserve	2,000.00	2,000.00
General Reserve	185.00	3,639.67
Balance to be c/f to the next year	120.69	117.95
Total	27,142.42	25,197.02

Dividend on Equity Shares

Your Board of Directors recommends a Dividend of 20% for the year ended 31st March, 2021 on Equity Shares.

Dividend on Perpetual Non-Cumulative Preference Shares (PNCPS)

Your Board of Directors recommends a Dividend of 10.50% for the year ended 31st March, 2021 on Perpetual Non-Cumulative Preference Shares.

Members Welfare Fund

Your Board of Directors recommends contribution of ₹ 50 lakh towards Members Welfare Fund. After this accretion, the total amount in this fund will be ₹ 1,373.50 lakh. During the year, 855 members availed reimbursement of expenses towards medical treatment and medical check-up. Nine awards were granted to meritorious children of members.

Ex-gratia to Employees

We propose that an Ex-gratia payment at the rate of 20% be granted to our employees for the financial year ending 31st March, 2021.

Provision for Public Charitable and Co-operative Purposes

As permitted under RBI Circular No. UBD. (PCB)/BPD/Cir/43 dated 11th April, 2005, your Board recommends an appropriation of 1% of the net profit i.e. ₹ 270.25 lakh for public, charitable and co-operative purposes.

Special Reserve

In accordance with Section 36(1)(viii) of the Income Tax Act, 1961, urban co-operative banks are entitled to a deduction in respect of profits earned from eligible business i.e. profits earned from loans and advances granted to industries, infrastructure, agriculture and housing. Twenty per cent of such profits transferred to a Special Reserve are eligible for deduction from taxable income. Your Board, therefore, recommends an amount of ₹ 2,000 lakh to be appropriated out of profits derived from the said eligible business towards Special Reserve.

Payout of Dividend on Perpetual Non-Cumulative Preference Shares (PNCPS) for the year ended 31st March, 2020

For the financial year 2019-20, the Bank did not undertake payment of dividend on Perpetual Non-Cumulative Preference Shares (PNCPS) in line with RBI Circular No RBI / 2019-20/218 dated 17th April, 2020 advising banks not to make any dividend payouts from the profits pertaining to financial year ended 31st March, 2020. The Bank however approached the Reserve Bank of India seeking permission to undertake the said dividend payment to PNCPS holders.

Subsequently, the Bank received permission for payout of the PNCPS dividend amount from RBI vide e-mail dated 29th December 2020. The PNCPS dividend was kept as 'PNCPS Dividend Payable' for an amount of ₹ 5.72 crore @10.50%. Now, subject to the approval in the ensuing General Body Meeting, the 'PNCPS Dividend Payable' will be paid

to the PNCPS shareholders for the financial year 2019-20.

18. AMENDMENTS TO BANK'S BYE-LAWS

The proposed amendments during the year are :

Deletion of Bye-law No. 5(e)(vii)

The Bye-law No. 5(e)(vii) states that:

“The purchasing and selling of bonds, scrips or other forms of securities on behalf of constituents or others, the negotiating of loans and advances;”

Our Bank does not undertake any transaction on behalf of Portfolio Management Scheme (PMS) clients in their fiduciary capacity, and on behalf of other clients, either as custodians of their investments or purely as their agents. However, it was observed that the said Bye-law is not in accordance with instructions contained in para 3.1 of RBI Master Circular DCBR. BPD (PCB) MC. No. 4/16.20.000/2015-16 dated 1st July, 2015, which prohibits Urban Co-operative Banks from undertaking any transactions on behalf of Portfolio Management Scheme (PMS clients) in their fiduciary capacity, and on behalf of other clients, either as custodian of their investments or purely as their agents. Hence, it is proposed to delete the Bye- Law No 5(e)(vii).

19. AWARDS

Awards not only acknowledge success but they also recognise an organization's ability, struggles and above all efforts. For your Bank, it has been raining awards and these awards are spurring us to keep on forging ahead with renewed vigour and enthusiasm.

- **Forbes 2021 Global Survey**

Your Bank has, for the second consecutive year in a row, been recognized by Forbes in its Global Survey of World's Best Banks. It has been included in the list of World's Best Banks 2021 Survey. Forbes is a prestigious American business magazine well-known for its coverage on business, technology, financial markets, etc. Forbes has partnered with market

research firm Statista to produce the list of the World's Best Banks so as to measure the best Banks in 23 countries. The survey compiled data from around 40,000 customers around the globe for their opinions on their current and former banking relationships. This is indeed a proud moment for us and we will continue to strive to maintain the level of trust reposed in us by our customers.

- **Awards on the technological / digital / cyber security front**

Your Bank received the awards of Best Digital Bank and Best ePayments Initiative in Large UCB category at the Banking Frontiers' Co-operative Banking Awards (FCBA) 2020 held online, on 23rd January 2021. Your Bank was also awarded the prestigious Winner's Award for 'The Best Technology Bank' and 'The Best IT Risk and Cyber Security Initiatives' and was adjudged Runner-Up for 'The Best Digital Financial Inclusion' in the Co-operative Banks' category at the 16th Indian Banks' Association (IBA) Technology Awards 2021. These Awards were conferred on your Bank at a virtual event held on 17th March, 2021. The Bank scored a hatrick by winning in all the three segments in the Co-operative Banks' category. It also managed to set a unique record by winning 'The Best Technology Bank' Award for the 5th year in a row! Your Bank has also won the prestigious 'Resilient CISO Award' in the Annual Dynamic CISO Excellence Award 2021. The Awards were decided by eminent juries consisting of distinguished professionals in the area of Banking and Finance. The Bank received this recognition for its continuous efforts in implementing innovative technology, best security practices and IT risk management across enterprise wide networks and digital channels, and innovative digital products such as TAB Banking, Bank on WhatsApp etc. Your Bank has always placed emphasis on penetration of digital products and has experienced a great increase in digital transactions in the last few years. These Awards underscore the efforts

taken by the Bank and boost the team to achieve more such accolades.

20. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Bank believes that an essential part of Corporate Social Responsibility (CSR) is to care for society at large and demonstrate it in terms of constructive philanthropy towards meaningful initiatives. Your Bank is aware of its social responsibilities and has, from time to time, extended service and contribution to the society while supporting initiatives that have the potential to make a difference to human life.

During the year under review, the world has witnessed a once - in - a century pandemic. Our country has been one of the worst impacted countries and efforts at all levels – whether by Government or private players – have been taken to counter the impact of the pandemic on society. Our State of Maharashtra, in particular, has been severely affected and the situation on the ground has been grim indeed. Taking a serious note of the situation across the State and in tandem with our deep and abiding commitment to the cause of Maharashtra, your Bank donated an amount of Rupees One Crore towards the Chief Minister's Fund for Covid Relief. This corpus is being utilized by the State Government towards implementation and execution of various plans and policies towards Covid relief, setting up of Covid relief centres, quarantine and isolation centres, and providing medical assistance to the Covid-impacted poor and needy people.

During FY 2019-20, we have also extended a donation of an amount of ₹ 3 lakh towards Cricketers' Foundation Trust. The Trust had approached the Bank for funds toward raising a corpus for financial and medical assistance to old, retired and needy persons who have contributed towards Mumbai Cricket, especially for their medical and other major needs.

During the year under review, your Bank distributed donations of ₹ 33.07 lakhs to 263 worthy institutions under its "Runanubandh Sohala" initiative.

21. OTHER DEVELOPMENTS

Your Bank has always taken an active interest in reaching out to customers and educating prospective customers and investors about banking and finance. During the period under review, your Bank organized a free educational seminar for various co-operative credit societies in Sindhudurg District, on various topics like changing aspects of the financial world, need for digital banking, importance of co-operative credit societies, various types of loan and deposit products, analyzing loan proposals as well as on topics like customer service, communication skills and team work.

22. ELECTION OF THE BOARD

The present Board of Directors of the Bank was elected for a period of five years on 06th August, 2016. Hence, it is necessary to start the election process to elect the Board of Directors of the Bank for a period of five years i.e. 2021-2026 as per Bye-law No. 56 of the Bank, Section 45 of Multi-State Co-op. Societies Act, 2002 and Para (1) (a) of the Schedule to the Rule 19 of the Multi-State Co-operative Societies Rules, 2002.

Para (1) (a) of the Schedule to the Rule 19 of the Multi-State Co-operative Societies Rules, 2002, stipulates that the Board of Directors in office shall meet atleast sixty clear days in advance from the date of expiration of term and by resolution it is necessary to:

- (a) determine the date, time and place for convening a General Body meeting for the conduct of election of its successor Board for the period 2021-2026.
- (b) Appoint a Returning Officer for conducting the ensuing election of Board of Directors of the Bank for the period 2021-2026.

Accordingly, in the Board meeting dated 23rd April, 2021, it was decided to hold the Annual General Meeting for the conduct of elections for the period 2021-2026.

However, the said Annual General Meeting could not be conducted due to the continued Covid -19 situation.

Subsequently, the Board of Directors in its meeting dated 11th June, 2021, decided to hold the Annual General Meeting of the General Body for electing the Board of Directors of the Bank for the period 2021-2026, on Thursday, 30th September, 2021 at 4.00 pm at Pracharya B. N Vaidya Sabhagruha, 2nd floor, Raja Shivaji Vidya Sankul, Patkar Guruji Chowk, Hindu Colony, Dadar (E), Mumbai – 400 014.

In terms of the above-mentioned Para (1)(a) of the Schedule to Rule 19 of the Multi-State Co-operative Societies Rules, 2002, the Board of Directors has appointed Shri Jayant D. Patil, District Deputy Registrar, Mumbai (1) City as the Returning Officer for conducting the ensuing election of Board of Directors of the Bank for the period 2021-2026.

Intimation for the same as required under Para (1) (b) of the Schedule under Rule 19 of the Multi-State Co-operative Societies Rules, 2002 has been given by the Managing Director to the Central Registrar of Co-operative Societies, New Delhi.

23. COMPOSITION OF YOUR BANK'S BOARD

The composition of the Board of your Bank is governed by the Multi-State Co-operative Societies Act, 2002 and the Bye-laws of your Bank. Presently, there are sixteen Directors on the Board in addition to the Managing Director. The Board includes eminent persons with professional expertise and experience in Banking, Finance and other fields. Your Bank has one Chartered Accountant, six Bankers and one Economist as its Directors.

Shri A. A. Pandit, Director of the Bank, resigned from the Board of Directors of the Bank for personal reasons and the said resignation was accepted by the Board on 24th December, 2020. Shri Pandit is a Chartered Accountant and holds a Diploma in Business Finance from ICAI. The Board is grateful

to Shri A. A. Pandit for his valuable contribution to the Bank in providing guidance in areas of IT, Risk Management, Audit and Policy making.

The Bank has co-opted Shri Kishore Masurkar on the Board of the Bank on 23rd April, 2021. Shri Kishore Gurudas Masurkar is M.Sc in Biochemistry from Mumbai University with a Diploma in Administrative Management from Jamnalal Bajaj Institute of Management Studies. He is the Chairman and Managing Director of Entod International Group, which specializes in research-oriented ophthalmic specialties and products. It is one of the leading international and research-based pharmaceutical companies with over three decades of experience and specialty pharmaceutical expertise. Shri Masurkar is also involved in various social and cultural organizations.

During the period under report, twenty-four Board meetings were held.

Loans to Directors

No Director has borrowed any money from your Bank except against their fixed deposits as permitted by RBI. This has been a healthy tradition in your Bank and has been enshrined in Bye-law No. 55 and Bye-law No. 63 (c) many years ago.

Working of Committees

The Board has constituted Committees which include Directors and higher Management Executives to take informed decisions in the best interests of the Bank.

As on 31st March, 2021, five Committees of the Board were in place viz.,

- Executive and HRD Committee
- Audit, Accounts and NPA Management Committee
- Risk Management Committee
- Information Technology (IT) Strategy Committee
- Special Committee of the Board for Monitoring Frauds

The various Committees and the scope of functions are as follows:

Executive and HRD Committee:

The Executive and HRD Committee looks into HR and training issues, formulation and implementation of action plan for sustaining/improving the quality of the Bank's human resources and welfare measures for employees at all levels. It is also involved in decision-making on all operational matters, except sanction of loans/advances. It further decides upon branch expansion, acquisition of premises on purchase or lease for branches/offices, approves expenditure and costs in relation thereto and also considers any other matter which requires urgent attention. During the year under review, six meetings of the Committee were held.

Shri Gautam E. Thakur is the Chairman of the Executive and HRD Committee of the Board.

Audit, Accounts and NPA Management Committee:

This Committee provides direction, oversees the total audit function of your Bank, follows up statutory/external/concurrent audit and ensures strict adherence to RBI's guidelines and directives from time to time. It deliberates on the progress of recoveries of overdues and NPAs and decides on issuing of securitization notices and possessions of properties charged to your Bank to expedite recoveries. Fifteen meetings of the Committee were held during the year.

Shri S.K. Sakhalkar is the Chairman of the Audit, Accounts and NPA Management Committee.

Risk Management Committee of the Board:

The Risk Management Committee of the Board is a Committee that has, as its sole and exclusive function, responsibility for the overview of the risk management policies and practices of the Bank's operations and mitigation of prevailing risks in line with the risk appetite of the Bank. The Committee was constituted during the year under review itself and one meeting was held during FY 2020-21.

Shri S. V. Saudagar is the Chairman of the Risk Management Committee of the Board.

Information Technology (IT) Strategy Committee of the Board:

The Information Technology (IT) Strategy Committee of the Board is a Committee to approve IT strategy and policies and to ensure that an effective IT organisational structure and strategic planning process is in place. Key focus areas of IT Governance include strategic alignment, value delivery, risk management, resource management and performance management. During the financial year under review, three meetings of the Committee were held.

Shri S. S. Shirodkar is the Chairman of the Information Technology (IT) Strategy Committee of the Board.

Special Committee of the Board for Monitoring Frauds:

The Special Committee of the Board for Monitoring Frauds as the name suggests, is a Committee to monitor high value frauds involving amounts exceeding ₹100 lakh, that may occur in your Bank. The said Committee meets as per exigencies. During the financial year under review, the Committee met on two occasions.

Shri Gautam E. Thakur is the Chairman of the Special Committee of the Board for Monitoring Frauds.

24. MEMBERSHIP

2,37,262 members of your Bank individually hold fifty and above fully-paid shares. The number of nominal members of the Bank stood at 88,864 as on 31st March, 2021.

25. APPOINTMENT OF STATUTORY AUDITORS

The Reserve Bank of India vide its Circular No. RBI/2021-22/25 Ref No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April, 2021 has issued guidelines on broad requirements for appointment of Statutory Auditors for UCBs. As per the revised guidelines, UCBs are required to take prior approval of the Reserve Bank of India, Department of Supervision for appointment/re-appointment of Statutory Auditors on an annual basis. Further, in the case of entities with asset size of ₹ 15,000 crore and above, the statutory

audit should be conducted under joint audit of a minimum of two audit firms.

In view of the same, your Bank shortlisted select audit firms and approached the Reserve Bank of India vide letter dated 18th May, 2021 seeking approval for their appointment as Statutory Auditors of the Bank for FY 2021-22. RBI vide their letter dated 24th June, 2021, conveyed their approval for the appointment of M/s Mukund M. Chitale & Co. and M/s M. P. Chitale & Co, Chartered Accountants as the joint statutory auditor of the Bank for FY 2021-22.

In line with RBI approval, your Board of Directors recommends the appointment of M/s Mukund M Chitale & Co, Chartered Accountants, 2nd floor, Kapur House, Paranjape B Scheme, Road No.1, Vile Parle East, Mumbai – 400057 & M/s M. P. Chitale & Co. Chartered Accountants, Hamam House, 1st Floor, Ambalal Doshi Marg, Fort, Mumbai 400 001 as the joint Statutory Auditors of the Bank for the FY 2021-22.

26. DISCLOSURES

As per the disclosure norms stipulated by RBI, we hereby declare that insurance premium to Deposit Insurance and Credit Guarantee Corporation (DICGC) has been paid upto 31st March, 2021 and there are no arrears payable to DICGC.

27. OBITUARY

We deeply mourn the passing away of some of our shareholders, former employees and employees of your Bank during the year under report.

28. GRATITUDE

Your Board wishes to place on record the appreciation of the support which the Board of Directors and the Bank has received from all its shareholders and other stakeholders, and thanks them profusely for the confidence and trust that they have reposed in the Board and your Bank. Your Board would also like to place on record the deep sense of gratitude to the authorities of the Reserve Bank of India, the Office of the Central Registrar of Co-operative Societies - New Delhi, the Office of the Commissioner for Co-operation and Registrar of Co-operative Societies, Maharashtra State, Pune, bankers, legal advisors and auditors for their valuable guidance, support and co-operation.

The Board is also grateful to the Registrars of Co-operative Societies of the states of Karnataka, Goa, Gujarat, Madhya Pradesh and Delhi.

The Board of Directors places on record its appreciation of all sections of employees for their loyalty, dedication and wholehearted involvement in achieving the goals and missions of your Bank, including providing excellent services to all customers, even during lockdown period.

Your Board wishes to assure all shareholders that it will continue to strive towards attaining new heights in coming years through continued commitment and sustained efforts.

For and on behalf of the Board,

Gautam E. Thakur
Chairman

Mumbai : 13th August, 2021