

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors have great pleasure in presenting the 104th Annual Report on the business and operations of your Bank together with the Audited Accounts for the Financial Year ended 31st March, 2022.

1. THE GLOBAL ECONOMY AND INDIA

The financial year 2021- 22 witnessed a robust recovery in economies across the globe, after the sharp slowdown in the preceding year.

The growth momentum showed pick-up on the back of pent-up demand and opening up of economies. Further, major Central Banks remained committed to lower rates for a prolonged period of time during the calendar 2021 to support the economic growth. The global economy grew by a brisk 6.1% during the year, with major economies like US, Eurozone and China growing at 5.7%, 5.3% and 8.1% respectively.

The rebound in global activity, supply chain disruptions, surplus liquidity and the higher food and energy prices however led to elevated inflation numbers across countries. Major global central banks including the Federal Reserve initiated normalisation of the monetary policies, impacting the growth momentum. Geopolitical conflicts and their consequent economic fallout also led to growth moderation, in the first quarter of calendar year 2022.

Indian economy:

On the Indian front, the growth momentum remained largely steady, despite the successive Covid waves. In fact, with higher vaccination coverage and absence of a complete lock-down unlike the preceding year, the overall GDP for the year bounced back strongly driven by the base effect, gradual opening of economy, consumer demand and a supportive monetary and fiscal policy.

The Gross Domestic Product for FY 2021-22 stood at 8.9% vis-a-vis a negative 8.7% for the

preceding year. The agricultural sector continued to demonstrate resilience with a growth rate of 3.9%, the strong performance being supported by record level food grain production for kharif season, favourable monsoon as well as supportive government policies. Services sector which had contracted sharply in the preceding year grew by 8.2% during 2021-22, despite few sectors like travel & tourism not opening up completely. Industrial sector saw a sharp rebound and expanded by 11.8% as manufacturing, construction and mining sectors saw an upswing. Overall, the economic activity recovered to the pre-pandemic levels during FY 2021-22.

Key Macro-Economic Indicators:

Overall, a broad-based recovery was observed during FY 2021-22. The Government of India adopted a two-pronged approach, on one hand to cushion the impact on vulnerable sectors and on the other hand, a significant increase in capital expenditure on infrastructure so as to build back medium-term demand for long-term expansion of the economy.

The Reserve Bank of India initiated several proactive steps to safeguard the market stability and ensure sufficient liquidity in the financial markets. The Reserve Bank of India (RBI) conducted G-sec Acquisition Programme viz. G-SAP 1.0 and 2.0 whereby it committed a pre-determined amount to be bought under Open Market Operations (OMOs), Operation Twist, etc. The Policy rates as well as the stance was kept unchanged during the year, with a view to support growth. RBI calibrated the system liquidity by gradual increase in the variable rate reverse repo auction amounts and extending the tenure, thereby shifting the operative rate towards the

repo rate instead of the reverse repo rate - a defacto rate hike. RBI thus retained the flexibility to respond to the evolving situation without falling behind the curve.

Domestic economy rebounded, but not without supply chain disruptions resulting in inflation surprising on the upside. On the global front, a sustained increase in energy and commodity prices triggered worries of persistent global inflation. Further, the Russia-Ukraine geopolitical conflict in the last quarter led to crude prices soaring to \$ 140 per barrel. Though the prices retraced subsequently, they continue to remain at elevated levels. Overall, inflation continued to hover around the upper band of the target level of 4% (+/- 2%), till the end of March 2022. Later on, inflation numbers started inching up and have crossed the 7% mark.

On the fiscal front, the situation largely remained on track with the tax revenues remaining fairly buoyant, with improved corporate profitability and increased GST collections. On the expenditure front, impetus was on the capex spending in railways, roads, housing, etc. The fiscal deficit numbers stood at 6.9% for the fiscal 2021-22, lower than the preceding year numbers.

Current account deficit widened during FY 2021-22 on the back of higher trade deficit, normalisation of imports, higher crude prices and rise in gold imports. Exports continued to remain buoyant with the robust global demand.

Global financial markets remained steady during the larger part of the year, with heightened volatility in the last quarter which witnessed the impact of normalisation by global economies as also the outbreak of war between Ukraine and Russia. The Reserve Bank of India maintained a soft interest rate policy for sustainable growth and ensured ample surplus liquidity. Domestic bond yields remained range bound during the first half of the year and moved northwards to touch 6.84% by 31st March, 2022 on the back of factors like tapering by the US Federal Reserve,

sharp surge in US yields and domestic factors like rising inflation and huge borrowing program. Equities witnessed a broad-based rally during the year. Both, Sensex and Nifty rallied to close at 58,568 and 17,464 respectively as on 31st March, 2022.

The Rupee exhibited a two-way movement against the US Dollar during the year under review and closed at 75.74 for the year - a decline of 3.5% in percentage terms. The resilience of the Rupee is largely due to the strong forex reserves which hit an all time high of \$642 billion during the year.

Overall Assessment:

The financial year 2021-22 remained a year of global economic recovery amidst pent-up demand and supportive fiscal and monetary policies by Central Banks. Just when the global economy seemed to emerge from the woods, the Russia-Ukraine crisis escalated. The subsequent global sanctions and the economic ramifications of the same have the potential to derail the global economy.

For India, the conflict has exacerbated at a time when it is already battling inflation - with inflation numbers shooting beyond 7%. Global crude oil prices after initially spiking to \$ 140 per barrel are now lingering around \$100 per barrel, threatening to push the domestic inflation higher. In the first Monetary Policy review during FY 2022-23, RBI indicated a clear shift in focus, so as to ensure inflation remains within target, going forward. CPI inflation target was revised upwards from 4.5% to 5.7%. The outlook for growth for FY 2023 was lowered from 7.8% earlier to 7.2%, amidst weaker external demand, tightening of global financial conditions and persistent supply side disruptions due to global geopolitical tensions.

Policy tightening going forward is imminent. RBI has already hiked the key benchmark repo rate by 40 bps and increased the CRR rate by 50 bps, in a surprise move to counter inflation which is increasing at alarming levels. The pace of hikes,

going forward, will thus depend upon the demand recovery and the de-escalation of inflation. RBI will continue balancing growth and inflation concerns while containing capital flight and ensuring currency stability.

However, economic fundamentals are strong despite the external shocks. Visible growth was already seen in credit off-take during the year, with agriculture and industrial sectors driving the uptick. We may soon start seeing results of various Government schemes like Production Linked Incentives, push for Make-in-India and Atmanirbhar Bharat, increased infrastructure spending, etc. These measures are expected to have a multiplier effect on jobs, incomes - especially rural incomes, productivity and in turn spur rural demand. With this, growth may start gaining momentum, especially from Q2 onwards as the global uncertainties abate.

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

The Government of India and the Reserve Bank of India undertook several measures during the year 2021-22 towards betterment of the banking and financial sector in India. Key measures are listed below:

- **Digital Initiatives:** With a view to boost digitization in the system, RBI took several initiatives during the year, which included mandatory interoperability for digital payment firms, enabling additional entities to take direct membership in RTGS and NEFT systems, increase in daily transaction limits for payment services like IMPS, increasing the per transaction limit of funds transfer under the Indo-Nepal Remittance Facility Scheme, safety measures for customers through launch of NPCI Tokenisation System (NTS), framework for facilitating small-value digital payments in offline mode, launch of the plug-and-play RuPay credit card stack, RBI Retail Direct' scheme for retail investors to invest in Government securities, etc.

RBI has also announced implementation of its own digital currency, Central Bank Digital Currency (CBDC) using blockchain and other technologies, which will be issued by RBI starting FY 2022-23.

The Government will also be bringing 100% of the post offices i.e. around 1.5 lakh on the core banking system, enabling financial inclusion and access to accounts through net banking, mobile banking, ATMs, etc.

The Government has also announced setting up of 75 digital banking units across 75 select districts. These will be distinct from traditional banking outlets and will be equipped with certain minimum digital infrastructure for delivering digital banking products & services as well as servicing existing financial products and services digitally.

Reserve Bank of India has set up a separate internal department for fintech (financial technology) during January 2022. The department will not only promote innovation in the sector but also identify the challenges and opportunities associated with it and address them in a timely manner.

- **New Entrants in the Banking Sphere:** The growing digitization is bringing new entrants in the banking sphere. New entities entering banking business this year are
 - ✓ Airtel Payments Bank which was categorised as a scheduled bank by the Reserve Bank of India (RBI) in the second schedule of the Reserve Bank of India Act, 1934.
 - ✓ Paytm Payments Bank which was also given the scheduled bank status by the Reserve Bank of India.
 - ✓ Unity Small Finance Bank Ltd (USFBL), which was established jointly by the Centrum Financial Services Ltd (CFSL)

and Resilient Innovations Private Limited (BharatPe).

- ✓ Fino Payments Bank for commencing international (Cross Border) remittance business under the Money Transfer Service Scheme (MTSS).
- **Setting up of Asset Management Company:** The Government set up an Asset Management Company (AMC) named India Debt Resolution Company Ltd (IDRCL). IDRCL will work in tandem with the National Asset Reconstruction Company Ltd (NARCL) to clean up bad loans. A total of 38 Non-Performing Asset (NPA) accounts worth ₹ 82,845 crore have been identified to be transferred to NARCL initially.
- **Launch of the Integrated Ombudsman Scheme:** RBI integrated the prevailing three Ombudsman Schemes to formulate the Reserve Bank Integrated Ombudsman Scheme, 2021. The scheme covers all Commercial Banks, Regional Banks, Scheduled as well as Non-Scheduled Primary Urban Co-operative Banks (with deposit size ₹ 50 crore and above), deposit taking / customer interfacing Non Banking Financial Companies (NBFCs) as well as other system participants. Besides, select NBFCs have been asked to appoint Internal Ombudsman.
- **Measures to boost economy amidst recurring pandemic waves:** Against the backdrop of recurring Covid waves ravaging the economy, the Government of India and RBI took several steps to revive the affected sectors:
 - ✓ Unveiling of package worth ₹ 6.3 trillion to help revive public health facilities, increase private investment in healthcare, and strengthen healthcare infrastructure for children. These include loan guarantees for pandemic-affected sectors; credit guarantees for sectors like travel and tourism, funds for boosting medical infrastructure in non-metros,

guarantees to Scheduled Commercial Banks (SCBs) for loans to Micro Finance Institutions (MFIs), extension of the Atmanirbhar Bharat Rozgar Yojana, to name a few.

- ✓ Separate liquidity window for hotel and tourism sector and other related services
- ✓ Special Liquidity facility to SIDBI for on-lending and refinancing purpose
- ✓ Liquidity tap for banks to onlend to healthcare sector
- ✓ Change in definition of MSMEs include retailers and wholesale traders. Prior to this change, MSMEs would include only manufacturing and service enterprises.
- ✓ Priority Sector Lending (PSL) status to Loans taken by Micro Finance Institutions (MFIs) from Small Finance Banks (SFBs) for specified period.
- ✓ Special Long Term Repo Operations (SLTROs) for SFBs to extend due support to MSMEs and other entities of unorganised sector.

Other Measures include making Legal Entity Identifier (LEI) mandatory for cross-border transactions above a certain threshold, imposing monetary penalties for ATMs running out of cash, etc.

3. MAJOR DEVELOPMENTS IN THE URBAN CO-OPERATIVE SECTOR

Draft Report of the Expert Committee on Primary (Urban) Co-operative Banks – The Reserve Bank of India (RBI) released the report of the Expert Committee on Primary Urban Co-operative Banks (UCBs), thus providing a road map for strengthening the sector. The Committee has recommended a four tier structure for the Urban Co-operative Banks (UCBs) depending upon the deposits and prescribed different capital adequacy and regulatory norms for them based on their sizes. The Committee has also prescribed

separate ceilings for home loans, loan against gold ornaments and unsecured loans for different categories of UCBs. The Report also recommends setting up of an Umbrella Organisation (UO) which may take up the role of a Self-Regulatory Organisation (SRO) for smaller UCBs.

Dual audit firms for statutory audit – As per RBI's revised norms, Urban Commercial Banks (UCBs) with asset size of ₹ 15,000 crore and above will have to rope in at least two auditors unaffiliated with each other. Banks will have to take RBI's prior approval for appointment or reappointment of statutory auditors on an annual basis.

Guidelines to manage outsourcing risks – The RBI has issued a set of guidelines to help co-operative banks manage risks that could arise from outsourcing of financial services, other than technology. According to the new norms, banks shall retain ultimate control of outsourced activities and shall be responsible for the actions of their service provider. Co-operative banks will need to conduct a self-assessment of their existing outsourcing arrangements and bring them in line with the guidelines within a stipulated time.

Requirement of Chief Risk Officer (CRO) – RBI has mandated that all UCBs with an asset size of ₹ 5,000 crore or above, will have to appoint a Chief Risk Officer (CRO), as part of the bigger exercise of focussing attention on installing appropriate risk management mechanism commensurate with business profile and strategic objectives. The Board has to clearly define the CRO's role and responsibilities and ensure that he/she functions independently. The CRO should have an independent functioning and have direct reporting lines to MD/CEO or Board or the Risk Management Committee of the Board (RMC).

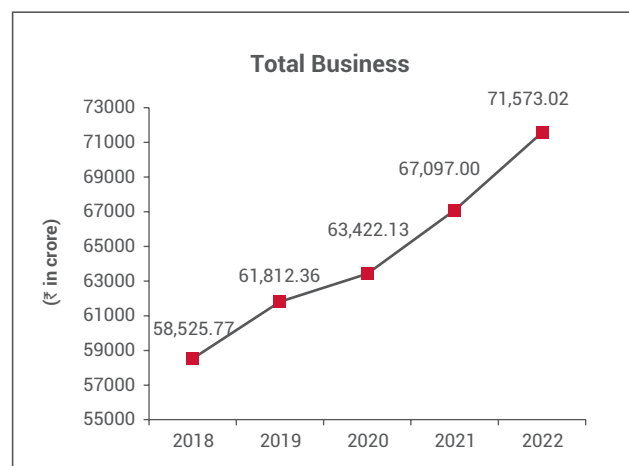
Your Bank has adopted the said RBI stipulations of dual statutory audit firms, appointment of CRO and adherence to guidelines with respect to outsourcing. Your Bank also welcomes the recommendations of the Expert Committee

Report and is eagerly looking forward to its early implementation.

4. FINANCIAL PERFORMANCE DURING FY 2021-22

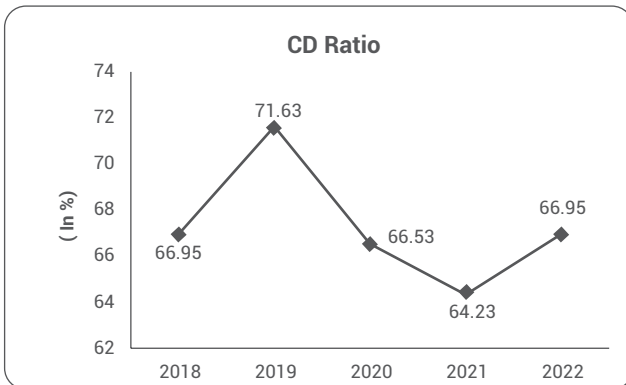
- The total business of your Bank increased from ₹ 67,097.00 crore as on 31st March, 2021 to ₹ 71,573.02 crore as on 31st March, 2022 i.e. a rise of ₹ 4,476.02 crore in absolute terms and a rise of 6.67% in percentage terms.

Graph No. 1



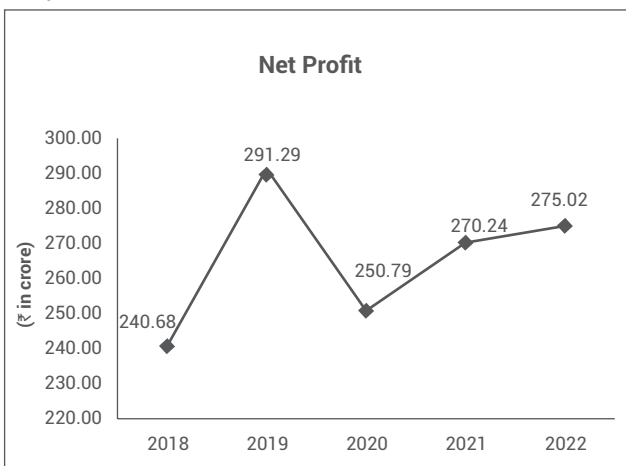
- Deposits increased from ₹ 40,855.30 crore as on 31st March, 2021 to ₹ 42,870.53 crore as on 31st March, 2022 i.e. a rise of ₹ 2,015.23 crore in absolute terms – a rise of 4.93% in percentage terms. The CASA deposits which constitute the low-cost deposits of the Bank grew by 8.69% thus increasing by ₹ 1,085.82 crore during the year i.e. from ₹ 12,497.76 crore as on 31st March, 2021 to ₹ 13,583.58 crore as on 31st March, 2022.
- Advances increased from ₹ 26,241.70 crore as on 31st March, 2021 to ₹ 28,702.49 crore as on 31st March, 2022, a rise of ₹ 2,460.79 crore in absolute terms thereby registering a growth of 9.38% in percentage terms. A balanced growth was seen in both the segments i.e. Retail as well as Wholesale, which grew by 9.04% and 10.03% respectively. The Credit Deposit (CD) ratio of the Bank has improved from 64.23% as on 31st March, 2021 to 66.95% as on 31st March, 2022.

Graph No. 2



- The net profit of your Bank stood at ₹ 275.02 crore as on 31st March, 2022 vis-à-vis ₹ 270.24 crore as on 31st March, 2021.

Graph No. 3



- The Gross NPAs of your Bank have decreased from ₹ 1,200.58 crore as on 31st March, 2021 to ₹ 1,106.62 crore as on 31st March, 2022. In percentage terms, Gross NPA to Advances ratio improved from 4.58% to 3.86%. The ratio of Net NPA to Advances of the Bank which stood at 1.04% as on 31st March, 2021 has improved to 0.65% as on 31st March, 2022.
- Own funds of your Bank have risen from ₹ 3,937.34 crore as on 31st March, 2021 to ₹ 4,181.54 crore as on 31st March, 2022 i.e. a rise of 6.20%.
- The Capital to Risk Weighted Assets Ratio (CRAR) stands at 13.94% as on 31st March 2022, much higher than the 9% stipulated by the Reserve Bank of India.

5. SEGMENT-WISE PERFORMANCE

(i) Retail Banking

Retail Advances – Under retail advances, your Bank offers Schematic loans as well as Retail Business loans upto ₹ 10 crore for small entrepreneurs and start-ups.

The disbursals under the retail schematic segment increased from ₹ 2,530 crore during FY 2020-21 to ₹ 2,802 crore this year i.e. FY 2021-22. This rise in disbursals is mainly on account of increase in Education loans, Vehicle loans and Kwik LAP. The rise in Vaastu Siddhi loans was static on account of cap reached on exposure.

Retail Loan Disbursement of key schemes

Table No. 1: (₹ in crore)

Sr. No.	Schemes	F.Y. 2021-22	F.Y. 2020-21	Rise (y-o-y)
1	Vehicle Loans	436.21	281.97	154.24
2	Education Loan	121.53	18.58	102.95
3	Kwik LAP	538.19	484.58	53.60
4	Vastu Siddhi	1,338.31	1,375.76	-37.44

Under the Retail Commercial loan segment, the disbursals increased from ₹ 880 crore to ₹ 921 crore this year.

Overall, your Bank was successful in garnering 9.04% growth in the retail advances. The portfolio has increased from ₹ 11,993.07 crore as on 31st March, 2021 to ₹ 13,077.77 crore as on 31st March, 2022.

Table No. 2: (₹ in crore)

Advances	31-03-2022	31-03-2021	Rise in absolute terms	Rise in % terms
Retail Schematic	9,459.22	8,578.47	880.75	10.27
Retail Commercial upto ₹ 10 crore	3,618.55	3,414.60	203.95	5.97
Total	13,077.77	11,993.07	1,084.70	9.04

Retail loans also include loans under Unnati scheme - our tailor-made scheme for small businessmen and also loans under Government subsidised schemes viz. Chief Minister's Employment Generation Program (CMEGP), Prime Minister's Employment Generation Program (PMEGP) and Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE).

The loans disbursed under Self Help Groups (SHG) and micro-finance during FY 2021-22 stood at ₹ 142.84 crore - a rise of 21.60%. This reflects the support that the Bank has been extending to the cause of financial inclusion. The Bank has extended loans to more than 5,000 SHGs and 1,100 plus individual loans during the year. Also, 4,400 Self Help Group savings accounts were opened through our association with Mahila Arthik Vikas Mahamandal (MAVIM).

Table No. 3: (₹ in crore)

	FY 21-22	FY 20-21
SHG Loans	134.97	105.56
Micro Finance	7.87	11.90
Total	142.84	117.46

The Bank also achieved priority sector target of 51.90% for the year (on the average priority sector basis), against the minimum required 50% with an average priority sector business of ₹ 13,134 crore.

Your Bank also implements the Pradhan Mantri Awas Yojana (PMAY) - Credit linked subsidy scheme which is launched for by the Central Government for Economically Weaker Sections (EWS) and Lower Income Groups (LIG) to provide affordable housing. The details of subsidy claims sent and settled by National Housing Bank (NHB) under the said scheme during the FY 2021-22 is as below:

Table No. 4: (₹ in lakh)

Scheme Types	Total applications sent to NHB	Total applications settled	Total amount of subsidy received
EWS/LIG new	1,965	1,593	3,377.78
MIG	816	187	404.09
TOTAL	2,781	1,780	3,781.87

Retail Deposits - During FY 2021-22, there was increase in CASA balances from ₹ 12,497.76 crore as on 31st March 2021 to ₹ 13,583.58 crore as on 31st March 2022 i.e. an increase of ₹ 1,085.82 crore in absolute terms (8.69% growth in CASA). The CASA percentage to overall deposits has also increased from 30.59% to 31.69%. Focus was laid on improvement in the quality of CASA accounts.

Launch of Society Connekt & Society Variants - To cater to the demands of Housing Society Accounts, we have introduced a white label application in the name of "Saraswat Bank Society Connekt", which is presently offered for free on higher Society Account variants. "Society Connekt" and its variants 'Society Value', 'Society Plus' & 'Society Prime' are specially designed applications for Co-operative Housing Societies, Commercial and Residential Complexes for managing their expenses, collection/payment of maintenance charges and accounting of the Society. The demo of Society Connekt has been showcased to over 300 societies in Mumbai and the product is being widely appreciated by all the societies.

Position of CASA Deposits

Table No. 5: (₹ in crore)

Particulars	31.03.2022	31.03.2021
Savings deposits	10,527.62	9,782.36
Current deposits	3,055.96	2,715.40
CASA Deposits	13,583.58	12,497.76
Total Deposits	42,870.53	40,855.30
Increase in CASA	1,085.82	1,773.82
% of CASA to total deposits	31.69%	30.59%

The Bank has undertaken several major reforms in Retail Banking over the past few years, in order to spur the business growth.

Business Development Officers - The Business Development Officers (BDO) vertical was started in July 2019, with the intention

of having a dedicated sales team across the Bank. A member of this team is designated as 'Business Development Officer' (BDO) and is fully equipped with specialised training as well as devices like Tablet to offer instant account opening so as to facilitate faster customer service.

We had started off with 105 BDOs during FY 2019-20 who were able to garner around ₹ 430 crore of business within this 9 month period. Today, we have built a dynamic and enthusiastic team of more than 126 individuals in this vertical, who are successfully functioning at their best in all areas, be it customer service or business performance in most of our branches. With the BDO concept firmly rooted, the number of BDOs has increased to 126. The BDO team was able to muster a total business of around ₹ 1,100 crore during the year 2021-22. Also, the team which had collected ₹ 11 crore of insurance premium in the first year of inception of the concept has now also doubled the insurance premium collection. The Business Development Officers have thus contributed towards strengthening our retail/commercial business portfolio.

Branch Sales Officers - A dedicated Branch Sales Officer (BSO) vertical was launched this year i.e. 2021-22. This vertical focusses on qualitative aspects of customer service like catering to walk-in customers and servicing their requirements as also generating business through existing relationships. The said vertical was launched in a phased manner with 101 BSOs in FY 2021-22 and is all set to expand in the coming year. The vertical successfully garnered ₹ 69 crore of advances and around 4,000 CASA accounts, during the year.

Customer Relations and Experience (CRE) - Customer Relations and Experience Department primarily focusses on resolving customer queries and complaints,

introducing new initiatives and campaigns for re-engaging with customers and improving Bank's processes and systems which enhance the customers' overall banking experience. During FY 2021-22, your Bank reached out to more than 2.19 lakh customers through our Contact Centre team. This has helped in garnering around 18,000 business leads for the Bank. Our contact team also answered around 1.79 lakh incoming calls/requests and queries, 7,400 queries/requests through email and 1,500 calls under "Sparsh" initiative which was launched to address customer concerns on priority basis. To engage with customers at the branch level, establishment days were celebrated for total 53 branches wherein branches along with the Zonal Team arranged for customer meets.

Launch of Depositor Engagement Cell - Your Bank has a sizeable number of Term Depositors who consistently place term deposits with the Bank and have stood firmly with the Bank for decades. With a view to rejuvenate the connect with its term depositors who have remained with it for decades, your Bank during the year, established the Depositors Engagement Cell (DEC) which will re-engage with these depositors, roll out various initiatives and ensure continued service to these important stakeholders of the Bank.

Other products/services offered to retail depositors include insurance, mutual funds, demat and credit cards.

Insurance - The Bank offers Third-Party Products (TPP) to customers under its tie-up arrangement with various private Insurance Partners with focus on specific segments viz. life insurance, general insurance, health insurance and also under Government schemes like Pradhan Mantri Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, etc.

During the year 2021-22, your Bank has earned revenue of ₹ 27.06 crore from sale of Third-Party Insurance Products as under:

Table No. 6: (₹ in crore)

	Premium Mobilised		Revenue Generated	
	2021-22	2020-21	2021-22	2020-21
	Life Insurance	111.88	95.74	22.10
General Insurance	18.65	18.73	2.33	2.22
Health	18.82	15	2.60	2.59
Other Insurance	0.25	0.24	0.03	0.03
Total	149.60	129.71	27.06	22.66
Growth	15%		19%	

Mutual Funds - Your Bank undertakes mutual fund distribution with HDFC Mutual Fund, LIC Mutual Fund, L & T Mutual Fund, Nippon India Mutual Fund, Aditya Birla Mutual Fund, ICICI Prudential Mutual Fund and SBI Mutual Fund. During FY 2021-22, Bank achieved a net business of ₹ 68.57 crore and total AUM stands at ₹ 363.60 crore with earned income of ₹ 1.85 crore.

Demat - Your Bank provides depository services through NSDL and CDSL. The total revenue earned from Demat services during the year was ₹ 4.28 crore. This includes income of ₹ 1.07 crore through tie-up arrangement with M/s. Religare Securities Ltd. and M/s. Axis Securities Ltd. for providing online broking facility. More than 1,019 trading accounts have been opened during FY 2021- 22.

Credit cards - Your Bank issues RuPay Platinum cards in collaboration with National Payments Corporation of India (NPCI). Your Bank also offers secured credit card which is backed by term deposits and is offered free of cost to our customers.

As on 31st March, 2022, your Bank has a total card base of more than 38,000 cards with an exposure of ₹ 40.63 crore.

Income recorded by Credit Card Department is as under:

Table No. 7: (₹ in lakh)

Particulars	F.Y. 2021-22	F.Y. 2020-21
Interest Income	474.03	336.10
Interchange Income	179.84	109.18
Other Income	223.93	158.79
Gross Income	877.80	604.07

(ii) Wholesale Banking

The Bank has undertaken several reforms during the year to spur business growth in the Wholesale segment. A Wholesale Banking Conclave was held in the month of August 2021 in order to have a dialogue between all the key forces which contribute to the Wholesale Banking viz. SBU – Wholesale Business and all the support departments. Few of the major reforms undertaken in Wholesale Banking vertical in fiscal 2021-22 subsequent to the Conclave were:

- Upward revision in delegation of power of Wholesale Banking Credit Committee (WBCC) from ₹ 20 crore to ₹ 30 crore, since our focus during the year was on select sectors, like Mid-Corporate and SME segments with a ticket size of ₹ 30-40 crore.
- Conducting daily Wholesale Banking Credit Committee (WBCC) meetings which helped to reduce Turn-around-Time (TAT) for sanctions.
- Structured teaser mechanism adapted to speed up new sanctions and adding new connections.
- As a result of concentrated efforts in this direction, we added close to 70 new credit relationships amounting to advances of ₹ 1,295 crore in the Wholesale Banking segment during the year.
- Introduction of SPOC (Single Point of Contact) at each SME center for

smooth coordination with our Credit Administration Department (CAD) and role of Wholesale Banking Department acting as a catalyst between SMEs, CAD and Legal Department to enable and ensure smooth disbursement.

- In fiscal 2021-22, about ₹ 4,400 crore of funded limits were sanctioned (P.Y. ₹ 3140 crore) and ₹ 2,900 crore were disbursed (P.Y. ₹ 2,155 crore) and remaining ₹ 1,500 crore are expected to be disbursed in current year.
- Out of total sanctions of ₹ 4,400 crore, about 24% loans were sanctioned to eligible borrowers under the Government's Emergency Credit Line Guarantee Scheme (ECLGS) i.e ₹ 1,070 crore, of which 75% loans were disbursed.

The combined effect of the above factors resulted in Wholesale advances growing from ₹ 12,686 crore to ₹ 13,958 crore as on 31st March, 2022; a rise of ₹ 1,272 crore in absolute terms and a rise of 10.03% in percentage terms. The credit growth largely pertains to industries such as 'Engineering', 'Chemicals & Chemical products', 'Food processing', 'Textile', 'Paper & Packaging', 'Auto', 'Iron & Steel' & 'Renewable Energy'.

A notable fact was that despite economic activity being affected across industries due to the pandemic scenario, there have been no major slippages in the Wholesale Banking portfolio during the year.

Few accounts were restructured during the year under the Resolution Framework 1.0 and 2.0 for Covid-related stressed assets; details of the same are provided below:

Table No. 8: (₹ in crore)

	No.	Exposure as on date of implementation
Resolution Framework 1.0	21	604.43
Resolution Framework 2.0	8	79.86
Total	29	684.30

The above accounts are being monitored regularly and there is no cause of concern in most of the above Restructured Wholesale accounts. With improved economic conditions in the second half of FY 2021-22, in fact 9 accounts have prepaid their dues and provision to the extent of ₹ 31.27 crore is reversed.

(iii) Forex Business

Your Bank has 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 ₹ 37,922.55 crore. Export finance outstanding as on 31st March 2022 was at the level of ₹ 1,524.55 crore.

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 year under review, lines of credit of ₹ 155 crore for foreign exchange business were continued to 11 co-operative banks.

(iv) Treasury Operations:

The Treasury Operations of the Bank undertake the crucial role of maintenance of statutory requirements viz. Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) as well undertaking the day-to-day funds

management, thus extending active support to all the other branches and departments. Your Bank's Treasury also deals in foreign exchange and extends support to branches offering foreign exchange services.

Your Bank's Treasury deals actively in the fixed income markets, thereby contributing to the profitability of the Bank. During the year, bond yields largely remained range-bound during the first half of the year as RBI maintained a soft interest rate Policy for sustainable growth and ensured ample surplus liquidity. Yields rose substantially in the second half driven by sustained global inflation, rising US yields, indications of tapering by the Federal Reserve, domestic inflationary pressures and higher than expected market borrowings.

Amidst surging yields, your Treasury focussed on garnering interest income and avoiding depreciation on investments in its books. Your Treasury therefore invested in short-duration papers i.e. SLR as well as corporate bonds. With this strategy, we could fetch yields higher than the reverse repo, thereby earning interest income. The Treasury team also encashed on the intra-day yield movements to generate trading profits for the Bank. As the interest rate cycle turns, your Treasury will deploy funds in high yielding securities at the appropriate levels.

6. HUMAN RESOURCES

The HRD Department of your Bank continues to deliver in its role as the catalyst for overall success of the Bank by aligning its human resources function to the achievement of business goals.

The Department believes in building and sustaining a supportive, people-oriented culture within the organization, as "quality human resources" is a competitive advantage. Your HRD Department has recognised the need of forging stronger bonds with employees and is focussing on new initiatives, such as employee engagement, introduction of CTC structure of

salary, identification of high potential performers and creation of talent pool for succession pipeline through "Project Varasa", developing competency framework, etc. The idea is to promote meritocracy-based performance culture in the Bank. The emphasis is thus on revolutionizing the existing HR systems and processes with a keen emphasis on engagement with all members of Team Saraswat Bank.

The "Buddy" Approach - an effective tool for smooth onboarding of new employees was introduced this year. The approach provides the new recruit with a reliable, motivated, ongoing, single point of contact for general queries regarding day-to-day operational issues and for understanding work processes.

Recruitment:

During the year under review, 819 employees were recruited, of which 7 were in the Executive cadre, 106 were in the Management cadre and 706 were in the Non-Management cadre. Amongst the new recruits, 7 candidates selected for various positions in Executive cadre and 66 candidates selected for positions in Management cadre have prior work experience in the banking sector, thus bringing with them specific skill sets and experience strategic towards specific roles or goals.

Employee Strength:

During the year under review, 819 employees were recruited while 376 employees exited due to various reasons like death, retirement, resignation and dismissal.

Table No. 9: (₹ in crore)

Summary of Employees Recruited/ Exited during FY 2021-22	
Number of Employees as on 31.03.2021	4,242
Number of Employees recruited during the year 2021-22	819
Sub-Total	5,061
Less the number of employees who exited during the year	376
Number of Employees as on 31.03.2022	4,685
Net addition during the year	443

The Bank has made an addition of 443 employees during the year under review, unlike the preceding five years, during which the number of employees were more or less static, inspite of growth in business. The additional employees have been absorbed primarily in view of future growth. Of the said 443 additions, 220 employees have been recruited as JOs/BSOs, 90 are recruited as BDOs while the rest are towards incremental requirement of Departments and Branches.

Promotions:

The HRD Department of your Bank believes in timely recognition of performance and offering challenging opportunities to high potential performers for their development. During the year, there were 600 promotions to various positions in the Executive, Management and Non-Management cadres, based on the eligibility criteria and basis of selection decided by the Bank.

In the Executive cadre, 33 officials were promoted to various positions including 2 Deputy Managing Directors, 3 Chief General Managers, 2 Deputy Chief General Managers, 5 General Managers, 8 Deputy General Managers and 13 Assistant General Managers in view of their proven competence, and important assignments / portfolios as per the business requirements were assigned to them in their new roles.

In the Management Cadre, 519 promotions were made to various positions including 31 Chief Managers, 74 Senior Managers, 105 Managers and 309 Deputy Managers while 48 Office Assistants were promoted to the post of Junior Officer in the Non-Management cadre.

Revision in compensation structure for Executives & Information Technology/allied departments:

Rewards approach or compensation strategy is always a major motivating factor for employees. A comparison of our Cost-to-Company (CTC) package with those of other banks helps both the employees as well as the Bank to be certain that

compensation structure is in line with comparable banks.

During the year under review, your Bank has taken a historical step by adopting CTC Salary structure for employees in the Executive Cadre and some niche departments like Information Technology, Information Security, Digital Banking Departments and Data Analytics Department of the Bank by redesigning the existing payment structure of the employees. The CTC structure not only gives prospective employees a better comparative picture at the entry-level but also helps retain existing talented employees working in the Bank.

Learning and Development (L&D):

Your Bank is a learning organisation which believes that continuous learning is fundamental in acquiring key critical skills and discovering new ways of self-development and performance enhancement. The L&D initiative is a subsystem of Human Resource Development of the Bank and is associated in the process of conducting several need-based training programmes for its employees to inculcate a learning culture and to assess the knowledge level and work towards enhancing the same. Your Bank has a fully dedicated "Staff Learning Centre" which conducts the training programmes and regularly obtains onsite feedback from the participants to gauge the efficiency and adapts necessary course corrections.

The SLC conducted 68 training programmes virtually during the year. In all, 3,125 employees of different cadres were trained.

Your Bank also deutes its employees for external training programmes. During the year, 227 employees benefited from 74 programmes through reputed institutions 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 including IT & Cyber Security, risk management, lending to MSMEs, FEMA

regulations, etc. were covered during these training programmes.

7. RISK MANAGEMENT DEPARTMENT

Banking business is exposed to a broad spectrum of risks, the major risks among them being Credit Risk, Market Risk and Operations Risk. Of course, there is no reward without risk. However, a healthy trade-off always has to be ensured between risk and reward in order to achieve the overall business goals.

Your Bank has a structured and disciplined approach towards risk management, which is effectively managed by the Risk Management Department of your Bank. The Risk Management Department, independent of business functions manages all the key risks viz. Credit Risk, Market Risk, Operations Risk, Fraud Risk, to name a few.

Your Bank has in place the integrated Risk Management Committee (RMC) which evaluates overall risks faced by the Bank in line with the risk appetite of the Bank. During the current year, your Bank has appointed Mrs. Malavika Dalvi as Chief Risk Officer of your Bank, as a part of extended regulatory governance structure.

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. The Board approved Credit Risk Management Policy of your Bank covers crucial aspects of credit risk management viz. adherence to various exposure norms, setting up and monitoring of sectoral caps, undertaking credit rating migration study, etc. which helps to minimize the risk and maximize Bank's returns by assuming and maintaining credit exposure within the acceptable parameters.

Market Risk:

Market Risk is the risk associated with the effect of changes in market factors which is interest and foreign exchange rates, equity and commodity

prices, credit spreads or implied volatilities on the value of assets and liabilities.

The market risk management team of your Bank defines market risk policies and procedures and monitors market risks on an ongoing basis. Market risk exposure is managed primarily through various limits set up in the Market Risk Management Policy of the Bank and through timely reporting of breaches, if any. Your Bank also has in place Liquidity & Asset Liability Management (ALM) Policy which details various regulatory and internal limits as also contingency plans.

The Asset Liability Management Committee (ALCO) & Risk Management Committee (RMC) of the Bank meet at monthly & bi-monthly intervals respectively to take view on the management of interest rate risks, Asset Liability mismatches and liquidity gap position of the Bank in line with the Board-approved policies and amidst changing market scenarios.

Operational Risk:

Operational Risk is the risk of losses caused by flawed or failed processes, policies, systems or events that disrupt business operations. The Operational Risk Team of your Bank is in continuous process of identifying and assessing inherent operational risk in products, processes and systems of your Bank, in line with the norms laid down in the Operational Risk Policy of your Bank. To address the risks in any outsourced activities, the Bank has also put in place the Outsourcing Policy.

Operational Risk Management Committee (ORMC) of your Bank has been put in place which is instrumental in identifying, highlighting and addressing risks related to processes, policies and systems, identifying gaps and improving business processes by reducing risks involved.

Fraud Risk Monitoring:

As part of an organization's governance structure, your Bank also has a Fraud Risk Management

Cell (FRM) Cell for monitoring digital channels like Debit cards, Credit cards, UPI, etc. Bank has purchased the enterprise-wise fraud risk management tool and the same is under implementation. This tool will facilitate robust cross channel monitoring of all digital products.

The Risk Management team of your Bank thus endeavours to adopt the best practices in Risk Management to counter today's dynamic economic scenario.

8. INTERNAL AUDIT DEPARTMENT

Your Bank's Internal Audit Department (IAD) continues to provide an unbiased, independent review of systems, business organizations, and processes in place in the Bank as a whole, and functions as an effective tool of control and compliance under the able guidance of the Audit Committee of the Board (ACB). Your Bank has a robust Audit charter and Policy outlining the audit purpose, roles, stature, authority and responsibilities of the IAD.

1. **Concurrent Audit** - Your Bank has a regular and well-defined process of concurrent audits by reputed Chartered Accountant firms for all the branches and important functions such as treasury, demat, forex and credit card in line with the extant regulatory guidelines.
2. **Internal Audit (Transaction audit)** - In addition to the concurrent audit, IAD team also carries out independent checks, including surprise checks, based on automated account sample selection for branches as also departments. During the year 2021-22, IAD has undertaken 304 audits of the various branches and departments of the Bank through automated processes covering all aspects of banking functions. Branches were also rated based on their business as well as control risk score.
3. **Credit Portfolio Audit (CPA)** - IAD in-house team with credit expertise performs exclusive scrutiny of credit portfolio regularly with focus on advances of ₹ 5 crore and above.

Risk-based approach is also followed in this vertical and borrowers are audited based on their risk profiling.

4. **Internal control assessment** - IAD independently carries out evaluation of the adequacy of all regulatory guidelines as well as internal controls by evaluating the products/processes and systems and ensures the robustness of the Systems and Procedures.
5. **Information System (IS) Audit** - IAD has adopted appropriate systems and practices for conducting IS audit on annual basis covering all the critically important branches. To conduct these audits, your Bank has appointed CERT-IN empanelled security assessment firms having well-qualified and experienced ISO 27001 LA certified, CISAs, CISM, etc.
6. **Risk Based Internal Audit (RBIA)** - IAD has been conducting Risk Based Internal Audit (RBIA) under which risk is quantified through scores, categorised based on level of risk i.e. high, medium and low, and audit risk areas are then prioritised on the basis of risk perception. IAD Team has started making use of data analytics to improve audit quality, enhance efficiency, strengthen processes, cut down on audit time schedules and also bring uniformity in audit.

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

9. VIGILANCE

Your Bank believes in adopting a pro-active & pre-emptive approach towards vigilance, especially in today's era of adoption of digital

channels. Towards this end, your Bank's Vigilance Department focusses on, and performs the functions of preventive vigilance (creating awareness with the tag-line, "Prevention is always better than cure"), corrective vigilance (initiating corrective steps to plug the loopholes in the systems & procedures) along with detective vigilance (investigation of frauds / complaints etc.) and punitive vigilance (examining staff accountability).

With a view to achieving the true goal of vigilance, the Vigilance Department of your Bank

- undertakes Staff Awareness through issuance of circulars, publishing of articles and other pre-emptive measures.
- ensures timely reporting of cases of frauds, reporting of counterfeit notes detected at branches and reporting of payment related frauds/data of counterfeit notes through regulatory reporting.
- investigates cases of frauds, quick mortalities and complaints, if any and undertakes reporting of same to appropriate authorities / Committees constituted internally.
- analyses fraud cases and undertakes root cause analysis of any event/ occurrence.
- undertakes corrective measures to prevent recurrence of such events.
- undertakes scrutiny of various types of transactions/unusual transactions to detect suspicious/fraudulent transactions at early stage.

10. DIGITAL BANKING

Your Bank offers an array of digital products like Tab Banking, WhatsApp Banking, Mobile Banking, Internet Banking, UPI, NETC, Gift Cards, etc. The digital transactions of your Bank stand at constitute more than 80% of the overall transactions. UPI transactions have been a major contributor with almost 70% transactions being routed through this channel.

Bank tries to ensure that every new customer onboarded is registered for at least 1 digital product. In the financial year 2021-22, 73% of the newly onboarded customers have registered for at least 1 digital product. Also 43% of the accounts opened during the financial year 2021-22 were opened through 'Bank on Tab' application. The Bank issued more than 65,000 gift cards. There has been a rise in issuance of Point of Sale (POS) machines to Current account holders. In the financial year 2021-22, approx. 1,300 POS machines have been issued.

During the year 2021-22, the Bank changed its Internet Banking Platform to Finacle E-Banking Application (FEBA) which is a secure and robust internet banking solution.

11. ADVERTISING, ALLIANCES AND CORPORATE COMMUNICATIONS

Your Bank has an in-house team of marketing communication specialists which ensures that the brand and its products reach the right audience at the right time, through multiple advertising modes viz. Print, Radio, Digital, Outdoor and TV as well as through in-show brand and product placement on OTT Platforms and through L-bands and Aston bands in regional news channels.

During the year under review, your Bank advertised on large media formats such as gantries, hoardings, Digital OOH Screens, Mumbai Metro and NMMT Bus Grabs. The Bank also advertised on Digital screens at Nagpur railway station, at the popular Haldiram stores at Nagpur and also at a few prominent locations in Aurangabad city.

The Bank also continued to have digital presence through Facebook, Instagram, Twitter, LinkedIn and YouTube and official verified handles on all major social channels and online platforms

Your Bank featured in the top 61 brands in Maharashtra - a Sakal Media Group initiative, Maharashtra @61, showcasing Bank's successful journey, progress in the last 100 years and

business growth. As one of the organizations playing a pioneering role in the country's growth, your Bank was also featured in the Maharashtra Times, on the 75th year of Indian independence. The article highlighted the Bank's journey and its role in building a modern India.

Your Bank upgraded the look and feel of its official corporate website with relevant animations and special sections for offers, blogs and videos, engaging the visitors while keeping its core navigation user-friendly and intact. During the year, your Bank's website has seen a significant rise in its visitors.

12 . INFORMATION SECURITY

Your Bank has strengthened the information/cyber security posture at a rapid pace in recent times. A dedicated Information Security Department (ISD), headed by the Chief Information Security Officer (CISO), continuously ensures that robust security solutions are not only deployed but also monitored by internal subject matter experts, thereby ensuring that sensitive information of your Bank stays protected by all means - people, process, and technology.

ISD also strives to create awareness on cyber security at all levels viz. awareness among staff through trainings as also awareness for customers by means of social media / SMS / email. Your Bank has launched a dedicated webpage on the official website (<https://www.saraswatbank.com/satark-banking/Default.aspx>) under the banner 'Satark Banking' as also created a guide under same banner, bearing modus operandi of cyber scams along with their preventive measures and has made it publicly available via official website (<https://www.saraswatbank.com/Assets/Satark%20Banking%20.pdf>). ISD also conducts multiple security assessments by conducting simulations of major types of cyberattacks and also participates in sophisticated cyber drills to test the resilience framework periodically.

The inherent capabilities of ISD are scaled up on an ongoing basis to bring a more secure and safe banking experience at customer's fingertips.

13. SPECIAL CREDIT MONITORING CELL (SCMC)

Special Credit Monitoring Cell (SCMC) of your Bank regularly monitors Wholesale commercial borrowal accounts which are under stress and appropriate corrective action plan is formulated for ensuring upgradation of such borrowers within a reasonable timeframe. Early identification of such stressed accounts or 'Special Mention Accounts' as they are called, helps in taking timely remedial action to avoid their potential slippage into NPAs. Monitoring of retail accounts is done by the Retail Credit Monitoring Cell.

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

Table No. 10: (₹ in crore)

	Exposure as on 31.03.2022	Exposure as on 31.03.2021
SMA-2	136	85
SMA-1	621	862

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

Table No. 11: (₹ in crore)

	Exposure as on 31.03.2022	Exposure as on 31.03.2021
SMA-2	75	148
SMA-1	340	524

With the revival in the economy and support granted to the COVID-affected businesses in form of restructuring/GECL, there is significant reduction in SMA accounts having exposure below ₹ 1 crore.

SCMC in co-ordination with Retail Credit Monitoring Cell has implemented restructuring of the accounts for borrowers facing stress on account of COVID-19. These accounts are closely monitored by SCMC to ensure revival within the stipulated timeframe.

14. MOVEMENT OF NPAS

Non-Performing Assets:

The Recovery Team of your Bank re-engineered recovery strategies during the year by expediting restructuring, compromise settlement and sale of repossessed assets by mutual consent for Wholesale & Commercial NPAs. The team of specialist Retail Recovery Officers (RROs) functioned as foot-soldiers that recovered Retail NPAs and avoided incremental Retail NPAs through field calls.

During the year under review, your Bank has undertaken recovery of NPAs amounting to ₹ 126.34 crore and also upgraded an amount of ₹ 70 crore to Standard Assets. Further, write-off of ₹ 205.80 crore was undertaken. **Overall, the total Gross NPAs of your Bank reduced substantially from ₹ 1,200.58 crore to ₹ 1,106.62 crore during FY 2021-22.** Resultantly, the Gross NPA ratio has reduced from 4.58% to 3.86%. The Net NPA ratio has also improved from 1.04% to 0.65%.

Prompt recovery is in fact a profit centre for the Bank and hence recovery efforts have to be structured and focussed. For the next financial year therefore, your Bank has decided to form three verticals for Recovery of NPAs viz. Wholesale NPAs, Retail NPAs and Prudentially Written-off NPAs for focussed recovery efforts.

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

Table No. 12: (₹ in crore)

Particulars	Amount
ADVANCES	
As on 31 st March, 2022	28,702.49
GROSS NPAs	
As on 31 st March, 2021	1,200.58
(-) Reduction during the year.	402.14
(+) Additions during the year.	308.18
As on 31st March, 2022	1,106.62

Particulars	Amount
PROVISIONS	
As on 31 st March, 2021	898.56
As on 31st March, 2022	891.39
NET NPAs	
31 st March, 2021	1.04%
31st March, 2022	0.65%
PROVISION COVERAGE RATIO	
31 st March, 2021	74.84%
31st March, 2022	80.55%

Recovery in written off accounts:

Your Bank has recovered ₹ 39.64 crore against ₹ 5.28 crore during previous year from NPA accounts which are Prudentially Written-off during earlier years. Considering that prospects of recovery in such accounts are negligible since they are devoid of any secured assets, your Bank has recovered this amount with concerted recovery efforts.

The recovery in written-off account contributes directly 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, this additional provision is to the tune of ₹ 184.20 crore.

Resultantly, the Provision Coverage Ratio (PCR), which indicates the ratio of provisions made by the Bank against NPAs, as on 31st March, 2022 improved further to 80.55% over the previous year (74.84%). Higher PCR reflects better provisions made against the NPAs and is an indicator of the level of protection against future NPAs, if any.

15. CAPITAL ADEQUACY RATIO – CRAR

Capital adequacy as on 31st March, 2022 stands at 13.94%, much higher than the regulatory requirement of 9%.

Table No. 13: (₹ in crore)

Particulars	31-03-2022	31-03-2021
Capital-Tier I		
a. Share Capital (a)	322.32	304.05
b. Reserves and Surplus		
Statutory Reserve	984.68	912.59
Other Reserves	1,266.21	1,192.45
Profit and Loss Account	180.63	168.14
Sub-Total (b)	2,431.52	2,273.18
Gross Tier I Capital (a+b)	2,753.84	2,577.23
Less: Intangible assets & losses	238.12	249.65
Net Tier I Capital (A)	2,515.72	2,327.58
Capital-Tier II		
Revaluation Reserve	321.32	272.87
General Provisions	151.00	133.91
Investment Fluctuation Reserve	350.35	300.35
Subordinated Debts	733.20	671.82
Tier II Capital (B)	1,555.87	1,378.95
Total Capital Funds (A+B)	4,071.59	3,706.53
Risk Assets		
i. Funded Risk Assets	25,227.95	22,898.74
ii. Non-funded Risk Assets	1,259.58	952.21
iii. Risk Weighted Assets for market risk	2,720.44	2,146.25
Total Risk Weighted Assets (i+ii+iii)	29,207.97	25,997.20
Capital Adequacy Ratio %	13.94	14.26

16. APPROPRIATIONS

We propose the following appropriations from the Net profit for FY 2021-22.

Table No. 14: (₹ in lakh)

Particulars	2021-22	2020-21
Transfer to Reserve Fund (25%)	6,875.56	6,756.12
Contingency Reserve (10%)	2,750.22	2,702.45
Provision for Education Fund of N.C.U.I.(1%)	275.03	270.25
Dividend on PNCPS @10.50%	571.66	571.66
Dividend on equity shares @20%	5,088.50	4,670.00
Provision for Ex-gratia to employees @ 15%	3,340.00	4,536.00
Members' Welfare Fund	50.00	50.00
Provision for Staff Welfare	10.00	10.00
Provision for Public, Charitable & Co-operative Purposes (1%)	275.03	270.25
Investment Fluctuation Reserve	5,000.00	5,000.00
Special Reserve	1,800.00	2,000.00
General Reserve	1,500.00	185.00
Balance to be c/f to the next year	86.93	120.69
Total	27,622.93	27,142.42

Dividend on Equity Shares:

For the financial year ending 31st March, 2019, your Bank has paid a dividend of 17.50% to the equity shareholders. During the financial year 2019-20, the Reserve Bank of India vide Circular No. RBI/ 2019-20/218 dated 17th April, 2020 advised banks not to make any dividend payouts from the profits pertaining to the financial year 2019-20 on account of the pandemic. Hence, for FY 2019-20, there was no dividend payout to equity shareholders.

Therefore, for the financial year ending 31st March, 2021, your Bank has paid a dividend of 20% to its equity shareholders, higher by 2.50% than the last payout.

It is therefore now proposed to pay a dividend of 20% to equity shareholders for the year ended 31st March, 2022, which if approved by the General Body, will be at par with dividend paid in FY 2020-21.

Dividend on Perpetual Non-Cumulative Preference Shares:

Your Board of Directors recommends a Dividend of 10.50% for the year ended 31st March, 2022 on Perpetual Non-Cumulative Preference Shares.

Members Welfare Fund:

Your Board of Directors recommends contribution of ₹ 50 lakh towards Members Welfare Fund. With this accretion, the total amount in this fund will be ₹ 1,423.50 lakh. During the year, 892 members availed reimbursement of expenses towards medical treatment and medical check-up. Eleven awards were granted to meritorious children of members.

Ex-gratia to Employees:

We propose that an Ex-gratia payment at the rate of 15% be granted to our employees for the financial year ending 31st March, 2022.

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. ₹ 275.03 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 ₹1,800 lakh to be appropriated out of

profits derived from the said eligible business towards Special Reserve.

17. AMENDMENT TO BANK BYE-LAWS

The proposed amendments during the year are:

Amendment to Bye-law No.1A:

Deletion of the words "with the prior approval of the Reserve Bank of India. For any revision in this regard, prior approval in writing of Reserve Bank of India as also of the Registering Authority shall be necessary."

Our Bye-law No.1A states that "The area of operation of the Bank will be the entire Union of India, with the prior approval of the Reserve Bank of India. For any revision in this regard, prior approval in writing of Reserve Bank of India as also of the Registering Authority shall be necessary".

During the inspection for the year 2020-21 conducted by Reserve Bank of India, it was observed by RBI that the language of our Bank's Bye-law No.1A did not give a clear meaning.

Against this background, as the Bank has already received permission from Reserve Bank of India vide its letter No. UBD/MRO/BSS I/6490/12.07.228/2010-11 dated 4th January, 2011 for Extension of Area of operation to the entire Union of India, it is proposed to amend the Bye-law No.1A.

Amendment to Bye-law No. 54:

Substitution of the existing Bye-law No. 54:

Our existing Bye-law No.54 does not have the provision for reservation of seats on the Board as recommended in the Constitution (Ninety Seventh) Amendment Act, 2011. Hence it is proposed to substitute the existing Bye-law in order to make provision for reservation of seats on the Board (i.e. one seat for Scheduled Castes/Scheduled Tribes and two seats for Women) as recommended in the Constitution (Ninety Seventh) Amendment Act, 2011 and to comply with Hon'ble Supreme Court Order dated

27th September, 2021 and also to increase the maximum number of Directors from 19 to 21.

Amendment to Bye-law No. 55:

Deletion of the following text after Sr.no.3 :

"The candidates shall hold fifty fully paid shares on the last date of nomination.

A member who is indebted to the Society as Borrower except by way of advance against his deposits with the Bank shall not be eligible for election on the Board."

Our existing Bye-law No.55 provides the procedure for area-wise nomination of candidates as well as the eligibility criteria of candidates contesting the election of Directors.

Further, our existing Bye-law No.55A also provides for the eligibility criteria of candidates contesting the election of Directors. Since the above mentioned text provided under Bye-law No. 55 pertains to the eligibility criteria, it is proposed to delete the above mentioned text from the existing Bye-law No. 55 and incorporate the same under Bye-law No.55A.

Insertion of the following two points after Sr.no.3:

"4) Candidates for Two Reserved seats for Women from amongst the members of the Society residing in any State or Union Territory in the Union of India, where the Bank has or may have its Branches.

5) Candidates for One Reserved seat for Scheduled Castes or Scheduled Tribes from amongst the members of the Society residing in any State or Union Territory in the Union of India, where the Bank has or may have its Branches."

Bye-law No. 55 specifies about area-wise nomination of candidates for 16 seats on the Board of Directors. As provision for reservation of seats on the Board i.e. one seat for Scheduled Castes/Scheduled Tribes and two seats for Women is being made, the area from where the reserved category candidates will be nominated is required to be specified. Hence it is proposed

to amend the existing Bye-law No. 55 by incorporating sub-clause no. (4) and (5) to specify that the reserved category candidates can be nominated from amongst the members of the Society residing in any State or Union Territory in the Union of India, where the Bank has or may have its Branches.

Amendment to Bye-law No. 55 A:

Insertion of the following text in the existing Bye-law No.55A:

"The candidates shall hold fifty fully paid shares on the last date of nomination.

A member who is indebted to the Society as Borrower except by way of advance against his deposits with the Bank shall not be eligible for election on the Board."

Our existing Bye-law No.55A provides for the eligibility criteria of candidates contesting election of Directors. Since the above mentioned text provided under Bye-law No. 55 pertains to the eligibility criteria, it is proposed to delete the above mentioned text from the existing Bye-law No. 55 and incorporate the same under Bye-law No. 55A.

Amendment to Bye-law No. 63 (c):

Substitution of the existing Bye-law No. 63 (c):

Our Existing Bye-law No. 63 (c) specifies that no member of the Board of Directors except the Managing Director of the Society shall take any loans from the Society during his/her period of office except advances against his/her deposits with the Society and shall take no part in voting on any application for a loan in which he/she himself/herself is interested as surety.

During the inspection for the year 2020-21 conducted by Reserve Bank of India, it was observed by them that:

"Bye-law No. 63 (c) stipulated that no Director should take part in voting on loan application in which he / she was interested as surety as it was against the stipulation of extant guidelines.

So, this para of the bye-laws allows participation of the director even if he was interested as other than surety.”

Hence, to bring clarity and for complying with the observation of RBI Inspection Report for the financial year 2020-21, it is proposed to amend Bye-law No.63 (c).

The exact text of amendment of all above Bye-laws will be circulated in the Annual General Meeting.

18. AWARDS

Your Bank is proud to be recognised by important awards received from noted organisations in the banking sphere.

1) IBA Banking Technology Awards for

- Best Technology Bank of the Year for the sixth consecutive year
- Best IT Risk & Cyber Security Initiatives for the second year in a row
- Special Recognition under the 'Best Cloud Adoption' category

2) Jury Special Recognition at the DSCI Excellence Awards 2021 for Cyber Security Awareness in the Business category for making cyberspace safer by establishing the best practices and initiatives.

Your Bank has been also been recognised by Forbes in its Global Survey of World's Best Banks for the third year in a row. 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.

19. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Bank believes that business success is incomplete without collective social success. Issues such as systemic inequality and economic disparity continue to plague society.

Your Bank has always endeavoured to do its bit towards society through its Corporate Social Responsibility (CSR) efforts. Few of the CSR activities undertaken during FY 2021-22 are as below :

- The Konkan region of Maharashtra as well as parts of Western Maharashtra saw severe devastation during monsoon, with heavy rainfall triggering landslides and flooding. The rains wreaked havoc in large parts of Raigad, Mahad, Khed, Chiplun, Sangameshwar, Ratnagiri, Kolhapur, Sangli and Satara resulting in loss of life and livelihood for people. Your Bank handed over a cheque for Rupees One Crore on 27th July, 2021 to Shri Uddhavji Thackeray, Hon'ble Chief Minister of Maharashtra as financial assistance to the Chief Minister's Relief Fund, Maharashtra towards flood relief. This is a modest contribution by the Bank to help the State Government implement and execute various relief measures, and provide medical and financial assistance to the flood-affected.
- The Bank has consistently worked towards the development of Konkan region. Your Bank donated ₹ Fifty lakh to Manav Sadhan Vikas Sanstha, a Public Charitable Trust as financial assistance for its School of Nursing at Anav in Sindhudurg District. The Manav Sadhan Vikas Sanstha (MSVS) is a highly reputed Public Charitable Trust that has been working relentlessly towards the development of the Konkan region of Maharashtra for the past twenty-five years.
- During the year under review, we witnessed the second wave of Covid pandemic, during which there was a shortage of hospital beds and medical oxygen. Your Bank tried to do its bit by donating Jumbo Oxygen cylinders to hospitals in Sindhudurg District, Maharashtra on the appeal of the District Collector, Sindhudurg.
- Under the Runanubandh Sohala programme organised by the Bank, donations amounting

to ₹ 25.72 lakh were given to 198 worthy institutions.

20. OTHER DEVELOPMENTS

Ekanath Thakur Memorial Lecture:

The fifth Ekanath Thakur Memorial Lecture was held on 15th February, 2022 at Swatantra Veer Savarkar Sabhagruh, Mumbai as a tribute to Shri Ekanath Thakur's visionary leadership and monumental contribution to the Bank's present stature in the banking industry and as an expression of love and gratitude toward him. The Ekanath Thakur Memorial Lecture series were instituted in FY 2016. This year, the Lecture was delivered by respected Shri Girish Kuber, Loksatta Editor and one of the finest and foremost learned minds of India's literary and journalistic fraternity. Shri Kuber extended valuable guidance to the assembled audience as he spoke at length about the 'Changing Geopolitics and Energy Challenge'.

Construction of additional floors to the Corporate Office Building:

Your Bank has its Corporate Office Building 'Ekanath Thakur Bhavan' at Prabhadevi since September 2010. The existing Corporate Office Building is fully occupied by strategic business verticals viz. Wholesale Banking, Retail Banking as well as key backup administrative departments like Legal, Risk Management, HRD, etc. The structure has paved the way for the Bank to shore up the business of the Bank from ₹ 23,500 crore to ₹ 71,500 crore over the last decade.

With the anticipated growth of business expected from additional branches in coming years, it would be prudent that the Executives/key personnel of business units as well as the key supporting departments as below, are housed under one roof in the same Corporate Office Building for seamless functioning of the Bank.

1. IT Department
2. Digital Banking Department
3. Information Security Department
4. Data Analytics Department

There is also requirement for bigger Executive discussion rooms. Additional space is required for Risk Management Department. Besides, in order to foster and facilitate further growth, Retail Banking and Wholesale banking verticals now require entire floor for their expansion.

Few Departments, as below, are in requirement of additional office space and can be shifted to Corporate Office building.

1. E-TDS Cell,
2. AML Cell,
3. Video KYC Cell,
4. Centralised Payment Cell and
5. Share Department

The shift of few Departments to Corporate Office will also create more space for the expansion of IT Department, Digital Banking Department and Staff Learning Center at Vashi premises.

Your Bank is therefore planning to add three floors to the existing Corporate Office Building, for which necessary permissions are being obtained from the relevant authorities.

21. COMPOSITION OF YOUR BANK'S BOARD

Election to the Board during FY 2021-22:

The five year term of the Board of Directors of your Bank ended in August 2021. To elect the Board of Directors of the Bank for a period of 5 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, the election process was initiated.

Shri Jayant D. Patil, District Deputy Registrar, Mumbai (1) City was appointed as the Returning Officer for conducting the said election. In the 103rd Annual General Meeting of the shareholders of the Bank held on 30th September, 2021, the Returning Officer declared the elected members for the period 2021-2026.

As per Supreme Court order dated 27th September, 2021, election was held for additional 3 reserved seats (2 Women Directors, 1 SC/ST Director) in October 2021, under which 3 members were elected for the period 2021-2026, taking the total strength of the Board to 19 members.

The list of the total 19 Board members is as below:

1. Shri Gautam E. Thakur
2. Shri S. K. Sakhalkar
3. Padmashri M.M. Karnik
4. Shri S. N. Sawaikar
5. Shri K. V. Rangnekar
6. Shri H. M. Rathi
7. Shri S. V. Saudagar
8. Dr. (Mrs.) A. P. Samant
9. Shri S. S. Shirodkar
10. Shri N. G. Pai
11. Shri A. G. Ambeskar
12. Shri S. M. Lotlikar
13. Shri S. S. Bhandare
14. Shri K. D. Umrootkar
15. Shri S. K. Banerji
16. Shri K. G. Masurkar
17. Dr. (Mrs.) S. A. Kamath
18. Mrs. G. S. Kulkarni
19. Shri M. B. Kadam

Shri S. S. Bhandare passed away on 5th February, 2022 after a brief illness.

The details of the new additions to the Board are as below:

Dr. (Mrs.) S. A. Kamath is MD (General Medicine), FICP and FACP. During her illustrious career, she has worked in the capacity of Dean, Seth G. S. Medical College and K.E.M. Hospital, Parel, Mumbai & Professor of Medicine, Seth G. S. Medical College and K.E.M. Hospital, Parel, Mumbai; Dean and Professor of Medicine,

Lokmanya Tilak Municipal Medical College & General Hospital, Sion, Mumbai; Professor & Head, Department of Medicine, Topiwala National Medical College & B.Y.L. Nair Charitable Hospital, Mumbai. She is also a member of the Board of Trustees of GSBS Medical Trust.

Mrs. G. S. Kulkarni is an Interior Designer by profession, having studied Interior Design and Decoration at Delhi University followed by a short course in Interior Design from Miami, USA. A topper and a gold medallist, her area of expertise involves corporate interiors, etc. An active social worker, she believes in empowering women artisans, underprivileged art workers and people with disabilities.

Shri M. B. Kadam is BE (Electrical) and MBA (Marketing and Finance). He has worked with Franklin Templeton Investments and UTI Asset Management Company Ltd. He is presently working with Global Financial Consultancy Services in the capacity of Cofounder and Partner. His expertise lies in managing funds, wealth management, relationship management and treasury management.

The composition of the Board of your Bank is governed by the Multi-State Co-operative Societies Act, 2002 and the bye-laws of the Bank. Presently, there are 18 Directors on the Board, apart from the post of Managing Director. The Board includes eminent persons with professional expertise and experience in banking, finance and other fields. Your Bank has one Chartered Accountant and six Bankers as its Directors.

Election of Shri Gautam E. Thakur as Chairman of the Bank:

In the Annual General Meeting held on 30th September, 2021, after declaration of the result of the elections of Board of Directors of your Bank for the period 2021-2026, Shri Jayant D. Patil, Returning Officer conducted a Special Board Meeting for the election of the office bearers. In the said meeting, Shri Gautam E. Thakur was

unanimously elected as the Chairman of the Bank.

Election of Shri S. K. Sakhalkar as Vice-Chairman of the Bank:

Further, in the said Special Board Meeting held on 30th September, 2021 of the newly elected Directors of your Bank, Shri S. K. Sakhalkar was unanimously elected as the Vice-Chairman of the Bank for the period 2021-2026.

During the year under report, twenty-five Board meetings were held.

Appointment of Managing Directors:

Mrs. Smita Sandhane was appointed as Managing Director of the Bank on 1st April, 2017 and her five-year term was due for expiry on 31st March, 2022. In view of retirement of the existing Managing Director and in line with the prevailing RBI norms, the Bank approached RBI four months prior to the expiry of the term of office of the then MD, for appointment of new Managing Director.

To enable focussed attention to aspects of Business and Operations, a need was felt to appoint two Managing Directors for looking after these verticals. Accordingly, a communication was made to the Reserve Bank of India for appointment of two Managing Directors viz. Mrs. Arti A. Patil and Mr. Abhijit V. Prabhu.

Mrs. Arti A. Patil was appointed as Managing Director-Operations and Mr. Abhijit V. Prabhu was appointed as Managing Director-Business with effect from 1st April, 2022.

Mrs. Arti A. Patil is B.Com. , AICWA, CAIIB, Advance Management Programme (IIBF), Executive Post Graduate Programme in Business Management (SIES). She joined the Bank in November, 1992 as a Probationary Officer and has nearly thirty years of experience with the Bank. She has worked as Processing Officer, Branch Manager, Retail Asset Centre In-charge, Zonal In-charge, SME In-charge, Treasury In-charge, Chief General

Manager and was Deputy Managing Director–Treasury, Accounts, Risk Management before this appointment.

Mr. Abhijit V. Prabhu is B.E. (Production Engineering), Master of Financial Management (MFM), CAIIB, AMFI, NCFM. He joined the Bank in November, 1992 and has nearly thirty years of experience with the Bank. He has effectively handled various roles and responsibilities in Retail Banking, Wholesale Banking, Corporate Banking, SMEs and Zones, Forex-Trade Finance, IT CBS Project and was Deputy Managing Director-Retail Banking before this appointment.

The key verticals handled by Mrs. Arti A. Patil - Managing Director-Operations and Mr. Abhijit V. Prabhu - Managing Director-Business are detailed below:

Mrs. Arti Patil - Managing Director (Operations)	Mr. Abhijit Prabhu – Managing Director (Business)
• Compliance	• Wholesale Banking
• Risk Management	• Retail Banking
• Treasury	• Credit Administration
• Accounts	• Credit Enquiry
• Audit	• Foreign Exchange
• Vigilance	• Special Mention Accounts and Recovery
• Information Security	• Data & Analytics Department
• Information Technology	
• Human Resource Management	
• Legal	
• Services & Other Support Functions	

Appointment of Chief Risk Officer of the Bank:

RBI Circular No. RBI / 2021-22/62 DOR. CRE (DIR). REC. 26/21.04.103/2021-22 dated 25th June 2021 had advised that all UCBs having asset size

of ₹ 5,000 crore or more should appoint a Chief Risk Officer. The CRO shall support the Board in establishing an integrated risk management system, capable of identifying, measuring and monitoring all types of risk on an ongoing basis.

In accordance with the said directives, your Bank with effect from 14th October, 2021 has appointed Mrs. Malavika Dalvi as the Chief Risk Officer of the Bank. She is a Chartered Accountant by profession and has been working with the Bank for nearly thirty-two years. During her tenure, she has worked in various roles in the Bank, heading branches at Mulund, Linking Road, Goregaon East, Malad and Goregaon West and has been Head of SME-Nariman Point. She has also worked in Commercial Banking, Retail Banking, Treasury and Risk Management. Mrs. Malavika Dalvi has been heading the Risk Management Department from last 5 years, prior to this appointment.

Constitution of the Board of Management (BoM):

The Reserve Bank of India, vide its Circular No. RBI./2019-20/128 DoR (PCB). BPD. Cir. No. 8/12.05.002/2019-20 dated 31st December 2019 had directed Primary Urban Co-operative Banks (UCBs) to constitute a Board of Management comprising of persons with specialised knowledge and practical expertise in banking to facilitate professional management and focussed attention to the banking related activities of UCBs. During June 2021, the Board of Directors of your Bank constituted the Board of Management (BoM) of the Bank, which included three existing Board members and three external reputed persons from banking/finance and other related fields viz. Shri M. V. Tanksale, CA M. R. Bhadgaonkar and Shri M. P. Rege.

The BoM was subsequently reconstituted in December 2021 with three existing Board members and three external reputed persons from banking/finance and other related fields. Shri S. K. Banerji was appointed as the Chairman

of the Board of Management (BoM) by the Board of Directors.

The list of BoM members is as below:

Internal Members (from Board of Directors)	External Expert Members
<ul style="list-style-type: none"> • Shri S. K. Banerji Chairman of the Board of Management (BoM) • Shri S. S. Bhandare • Shri S. S. Shirodkar 	<ul style="list-style-type: none"> • Shri M. V. Tanksale • Shri A. S. Mokashi • Dr. V. Y. Tarale

Shri S. S. Bhandare passed away on 5th February, 2022 after a brief illness.

Details of the external expert BoM members are as given below:

Shri M. V. Tanksale is B.Sc., M.A. (Eng Litt), CAIIB, FCMA and is a career banker having spent over four decades in the Indian banking industry and retired as Chairman and Managing Director of Central Bank of India in 2013. Prior to this, he held senior positions with Union Bank of India and Punjab National Bank. After retirement, he became CEO of Indian Banks' Association (IBA) and in this role he represented the entire banking industry during the period from December 2013 to August 2016. Shri Tanksale is passionate about the role of Technology and Innovation in Banking and is recognized as a change agent. He is keenly committed to Leadership Development and mentors business leaders in the fields of Banking and Finance. He has held various positions in his career viz. Member - International Banking Federation, Member - Governing Council of Institute of Banking & Personnel Selection (IBPS), Member - Governing Council and Executive Committee of Indian Institute of Banking & Finance (IIBF), Chairman - Education and Training Committee, IIBF, Member - RBI Standing Committee for UCBs, Member - Committee set up by the Department of Financial Services, Ministry of Finance (MoF) to examine the financial architecture of the MSME Sector and Member - RBI Standing Advisory Committee

to review the flow of Institutional Credit to MSME Sector, Member - Pension Advisory Committee of the Pension Fund Regulatory and Development Authority (PFRDA), Member - National Governing Council of the Institute of Cost Accountants of India, Fellow Member of Institute of Cost Accountants of India.

Shri A. S. Mokashi is a veteran banker having 40 years of experience in the largest Public Sector Bank, i.e. State Bank of India from where he retired as Chief General Manager in June 2021. He was instrumental in setting up and stabilising new Credit Review Department of SBI which analyses underlying risk in Corporate Credit proposals. He has domain expertise in Corporate Credit, SME Finance & Resolution of Stressed Assets. He is currently associated with India Debt Resolution Company Ltd. as a SBI Nominee Director and holds few Independent Directorships in other Companies.

Dr. V.Y. Tarale is a seasoned co-operative banker with more than four decades of experience at The Maharashtra State Co-operative Bank and as CEO of The Maharashtra State Co-operative Banks' Association Ltd., Mumbai. He has worked as a Member of the SLR Committee of RBI for UCBs, Audit Committee of Govt. of Maharashtra-Co-op Dept., and Byelaws Committee for District Central Co-operative Banks. Presently he is an Expert Director of The Maharashtra State Co-operative Banks' Association Ltd., Mumbai.

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, 2022, seven 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
- Credit Committee of the Board
- Nomination and Remuneration Committee (NRC)

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, nine 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. Twelve 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. Five meetings of the Committee were held during the year.

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, seven 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 one occasion.

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

Nomination & Remuneration Committee (NRC):

The Nomination & Remuneration Committee of the Board, is a Committee formed at the Bank

to undertake the process of appointment/re-appointment/termination and remuneration of Managing Director/Whole Time Director and all officials in the 'Executive' cadre of the Bank, from the rank of Assistant General Manager upto the rank of Joint Managing Director, Consultants and Advisors. The scope of NRC covers the entire employee life cycle of the 'Executive' and includes but is not limited to appointment, re-appointment, transfer, performance assessment, remuneration, rewards and recognition, succession planning, exit/termination of any official in the Executive cadre whether on permanent/contract or advisory basis.

The Committee was constituted during the year under review itself, as prescribed under the RBI Circular no. RBI/2021-2022/60 dated 25th June, 2021. The Committee met on one occasion during the year.

Shri Gautam E. Thakur is the Chairman of the Nomination & Remuneration Committee of the Board.

Credit Committee of the Board:

During the year under review, your Board reconstituted the Credit Committee of the Board (CCB) for considering credit proposals which do not fall under the purview of CENMAC/SMECC viz. new/additional/renewal/review of credit limits and/or requests proposals of borrowers with individual credit exposures above ₹ 30 crore and group credit exposures above ₹ 60 crore. During the year under review, fourteen meetings of the Committee were held.

Shri N. G. Pai is the Chairman of the Credit Committee of the Board.

22. MEMBERSHIP

2,46,663 members of your Bank individually hold fifty and above fully-paid shares. The number of nominal members of the Bank stood at 1,26,310 as on 31st March, 2022.

23. APPOINTMENT OF STATUTORY AUDITORS

Since the financial year 2021-22, your Bank has in place joint statutory audit by two audit firms in line with the RBI Circular No. RBI/2021-22/25 Ref No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April, 2021 on broad requirements for appointment of Statutory Auditors for UCBs.

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 2022-23.

24. 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, 2022 and there are no arrears payable to DICGC.

25. OBITUARY

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

We also deeply mourn the sad demise of Shri Sunil Bhandare, Senior Director of the Bank, who passed away on 5th February, 2022 after a brief illness. Shri Bhandare was associated with the Bank as a Director since June 2016. Shri Bhandare was a well-known authority in the field of economic research. He was an Advisor (Economic and Government Policy) with Tata Strategic Management Group, Chief Executive Officer of Bombay First and Chief Economist of Maharashtra Economic Development Council. He was also a visiting faculty with some prestigious management institutes including Tata Management Training Centre, Pune.

He was associated with ASSOCHAM, Indian Merchants' Chamber and was the President of All India Bank Depositors' Association. Shri Bhandare has provided valuable guidance and insights to the Board on several matters and actively contributed to the progress of the Bank.

We, the Saraswat Bank family, deeply mourn Shri Bhandare's sad demise. May his soul rest in peace.

26. 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 May, 2022