

**DIRECTORS' REPORT**

Dear Shareholders,

Your Board of Directors has pleasure in presenting the Forty First Annual Report along with the Audited Statement of Accounts for the Financial Year ended 31<sup>st</sup> March, 2017.

**GLOBAL SCENARIO**

World growth is expected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018 (Source: IMF report). In the second half of 2016, the stronger global momentum in demand & investment in particular resulted in marked improvements in manufacturing and trade. Similarly, equity markets in emerging market and developing economies have strengthened since August, 2016.

Fluctuation in oil prices plays a vital role in global economy. Oil prices increased by about 20% between August 2016 and February 2017 - partly due to the agreement by the OPEC and other producers to cut oil production, which impacted the global economy.

**INDIAN ECONOMY**

India witnessed lower economic growth in current fiscal compared to previous year. India's economy faced the withdrawal of around 86% of money in the demonetised notes. The Banks witnessed a surge in deposits due to the inflow of money in to the banking system, but credit off-take dipped sharply. In the backdrop of this and considering other facts, the IMF lowered India's growth forecast to 6.6% in 2016-17 while anticipating India's growth to pick up in 2017-18 at 7.2%. Moody's, while maintaining Indian rating at Baa3, has said that after temporary dampening effect on consumption and investment in the medium term, demonetization is likely to strengthen India's institutional framework by reducing tax avoidance and corruption.

For the next financial year, it is expected that smooth passage for the GST over the coming months will streamline indirect taxes, cesses, surcharges and so on in fairly distributing weight of taxes between the direct and indirect tax structures. This measure will also be a positive for the Indian economy .

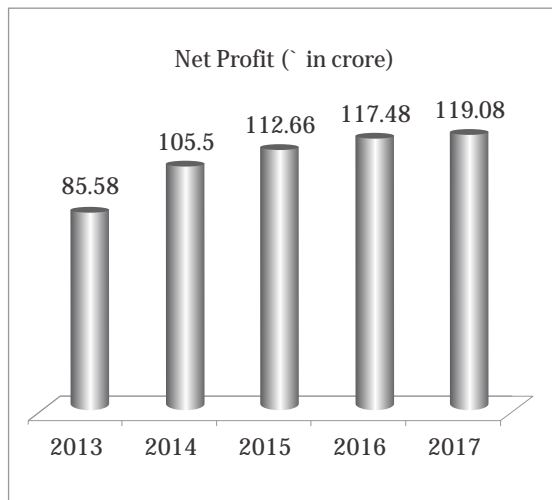
RBI, in its monetary policy reviewed in February 2017, lowered the economic growth to 6.90% and pegged it at 7.40% in 2017-18 as it expected the growth to recover sharply in 2017-18. RBI also stated that the global trade remains subdued due to increasing tendency towards protectionist policies and the global growth is projected to pick up modestly in 2017. It stated that indicators of global growth suggest signs of stronger activity in most advanced economies and easing of recessionary conditions in commodity exporting large emerging market economies. On the domestic front, it observed that several indicators are pointing to a modest improvement in the macro economic outlook. Similarly, the RBI expects that improving global environment will boost external demands which will support domestic growth.

FINANCIAL PERFORMANCE

The key performance highlights of your Bank for the Financial Year ended 31<sup>st</sup> March, 2017 are:

Particulars	Amount (₹ in crore)	
	31/03/2016	31/03/2017
Paid up capital	181.66	228.75
Reserves	729.88	899.01
Working Capital	10,479.20	11,988.98
Deposits	9,117.71	10,385.02
Advances	6,033.68	6,731.34
Gross Income	1,092.86	1,240.37
Profit (after Tax & Provision)	117.48	119.08
CRAR	13.18%	13.05%

- TOTAL BUSINESS of the Bank increased by ₹ 1,964.97 crore reflecting a growth of 12.97%.
- DEPOSITS grew by ₹ 1,267.30 crore with a growth of 13.90%
- ADVANCES increased by ₹ 697.66 crore, registering an increase of 11.56%.
- NET PROFIT stood at ₹ 119.08 crore as compared to ₹ 117.48 crore in F.Y. 2015-16.
- BUSINESS PER EMPLOYEE increased from ₹ 12.03 crore to ₹ 12.42 crore.
- Bank has opened 13 new branches and 1 Extension Counter with On-site ATMs.

PROFIT

Your Bank has earned an operating profit of ₹ 207.23 crore during the year ended on 31<sup>st</sup> March, 2017 as against ₹ 195.05 crore for the previous year inspite of the challenging economic scenario and Net Profit increased from ₹ 117.48 crore to ₹ 119.08 crore.

APPROPRIATION OF PROFITS

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

Reserve Fund & Other Reserves	Amount of Appropriation (`)	Position as on 31/03/2017 after appropriation* (`)
Statutory Reserve	30,00,00,000.00	229,77,28,460.27
Contribution to Education Fund of N.C.U.I.	1,19,08,283.00	-
Special Reserve	12,00,00,000.00	82,08,00,000.00
Building Fund	7,00,00,000.00	225,98,00,000.00
Dividend Equalization Fund	-	2,35,00,000.00
Bad and Doubtful Debts Reserve	30,69,00,000.00	142,72,87,746.78
Contingent provision against Standard Assets	-	27,55,00,000.00
Charity Fund	-	10,00,000.00
Contingent Provision against Depreciation in Investment	-	55,00,97,475.00
Investment Fluctuation Reserve	10,00,00,000.00	69,41,48,756.00
Education Fund	-	10,00,000.00
Special Reserve for Restructured Assets	-	3,72,50,000.00
General Reserve	50,00,000.00	2,40,00,000.00
General Reserve (Deferred Tax)	-	9,11,30,000.00
Dividend to Shareholders	27,70,72,160.00	-
Net Open Foreign Currency Position Reserve	-	1,00,00,000.00
Special Reserve u/s.36(1)(viii)	-	2,00,00,000.00
Members Welfare Fund	-	10,00,000.00
Balance carried forward to the next year	20,994.84	20,994.84
	119,09,01,437.84	853,42,63,432.89

\* (subject to approval from General Body)

PROVISION FOR TAXES

After considering items allowable / inadmissible as per the Income Tax Act, provision for tax in the F.Y. 2016-2017 has been computed. The estimated tax outflow for the current year is ` 55.80 crore, which has been fully provided for. The net provision for taxes after giving effect to the Deferred Tax Asset arising out of the timing differences and provisioning in accordance with the Accounting Standards is ` 52.86 crore as detailed hereunder.

	(` in crore)
Net Tax Liability for the year	55.80
ADD : Tax paid for earlier year	0.33
LESS : Deferred Tax Asset	3.27
Provision made in Profit & Loss Account	52.86

#### CAPITAL TO RISK ASSETS

Under the prudential regulatory regime, capital adequacy has assumed utmost importance. Your Bank has always maintained a healthy Capital to Risk Assets Ratio (CRAR), well above the minimum requirement stipulated by the Reserve Bank of India. The CRAR of the Bank stood at 13.05% as on 31<sup>st</sup> March, 2017, which is above the minimum regulatory requirement of 12% for Banks with license to transact Foreign Exchange Business.

#### DIVIDEND

Your Bank has a consistent dividend payment history. Board is pleased to propose a dividend of 15% for the year ended on 31<sup>st</sup> March 2017. While proposing the dividend of 15%, which is the maximum permissible as per the Bye-laws of the Bank, the Board has kept in mind the need to balance multiple objectives of not only rewarding shareholders, but also to plough back profit to the business to maintain healthy CRAR. The Board seeks co-operation from members in its endeavour to strengthen capital base to power future growth.

#### AWARDS/ RECOGNITIONS

During the fiscal, in recognition of its performances and initiatives, your Bank received various awards, which are as follows:-

- The Maharashtra Urban Co-operative Banks' Federation Ltd., Mumbai awarded the Bank 2<sup>nd</sup> prize for overall performance of the Bank during the Financial Year 2015-16 in the category of Banks having deposits of ` 3000 crore and above.
- The Maharashtra Urban Co-operative Banks' Federation Ltd., Mumbai awarded the Bank "Best Information Technology Award -2016".
- The Brihanmumbai Nagari Sahakari Banks Association Ltd., Mumbai awarded the Bank 2<sup>nd</sup> prize for overall performance and Annual Report for the Financial Year 2014-2015 in the category of Banks having deposits of ` 1500 crore and above.
- Mumbai District Central Co-operative Bank Ltd., awarded the Bank 1<sup>st</sup> prize "Sahakari Gaurav Puruskar 2016" for the performance for the Financial Year 2015-16 in the category of Urban Co-operative Banks.



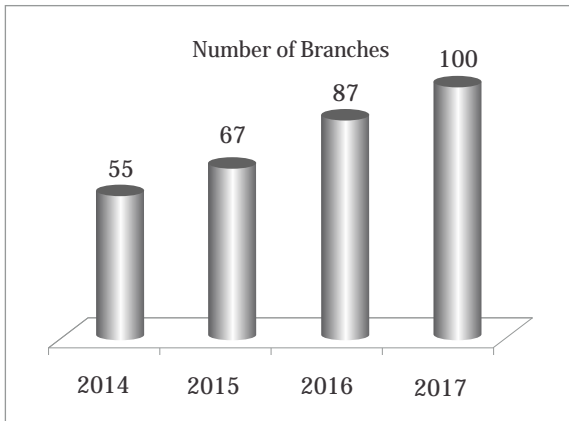
- “Banco Puruskar-2016” 1<sup>st</sup>Prize awarded by Avies Publication for the best performance for the Financial Year 2015-16 in the category of Banks having deposits of ` 5000 crore and above.

MEMBERSHIP

The number of members of the Bank as on 31<sup>st</sup> March, 2017 are under:

Type of Membership	As on 31 <sup>st</sup> March, 2016	Deletion of members due to death, resignation and transfer of shares during the year	Admission of new members during the year	As on 31 <sup>st</sup> March, 2017
Regular Membership	161235	1518	6596	166313
Nominal Membership	28284	951	1879	29212

BRANCHEXPANSION



Your Bank continued to target business in fast growing cities and niche areas. This year too, your Bank continued to augment the branch network thereby reaching a milestone figure of 100 branches. The branch expansions significantly contributed to the growth of CASA accounts for the Bank. The branches opened in the last 2 years are expected to add further pillars of strength to the Bank's business & provide a strong stimulus to the bottom line in the years ahead.

This fiscal, your Bank has added 13 new branches and 1 Extension Counter with On-site ATMs at the following locations:

- MAHARASHTRA : Akurli Road-Kandivli (East), Shirdi, Diva (East), Powai, Shreenagar-Mulund (West), Masjid Bunder, Palghar, I. C. Colony-Borivli (West), Matunga (East) and Khar (West).
- KARNATAKA : Belagavi, Hubballi and K. H. Road Branch Extension Counter at Bannerghatta.
- GUJARAT : Ahmedabad.

Your Bank has approval from RBI to open 6 branches at the following locations:

- MAHARASHTRA : Malvani-Malad, Chembur and Khar (East).
- KARNATAKA : Bannerghatta-Bengaluru.
- GUJARAT : Ankleshwar and Surat.

Your Bank proposes to open Off-Site ATM centre at Della Resort-Lonavala in June, 2017.

100 BRANCHES CELEBRATION EVENT

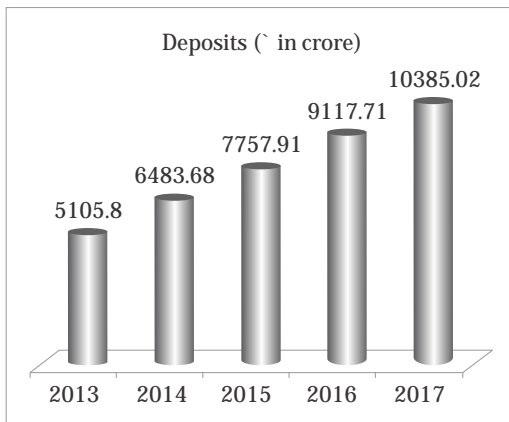
Your Bank opened its 100<sup>th</sup> branch at Khar (West) on 20.08.2016.

To celebrate the achievement, your Bank had organised an event at Yogi Sabhagruh- Dadar on 21<sup>st</sup> August, 2016 coinciding with the 38<sup>th</sup> Foundation Day of the Bank. All the Ex-Chairmen viz. Shri. Varad Ullal, Shri. D. U. Salian, Shri. D. B Amin, Shri. D. K. Anchan, Shri. Sooru C. Karkera, Shri. M. B. Kuckian & Shri. Vasudeva R. Kotian, Ex-Directors & Ex-CEO's of the Bank were also felicitated during the event for their selfless and dedicated service to the Bank.

DEPOSIT INSURANCE

The deposits of customers continued to be insured in terms of Deposit Insurance & Credit Guarantee Corporation Act, 1961 and enjoy the insurance protection at par with any other Bank in India. Bank is regular & prompt in paying insurance premium to DICGC.

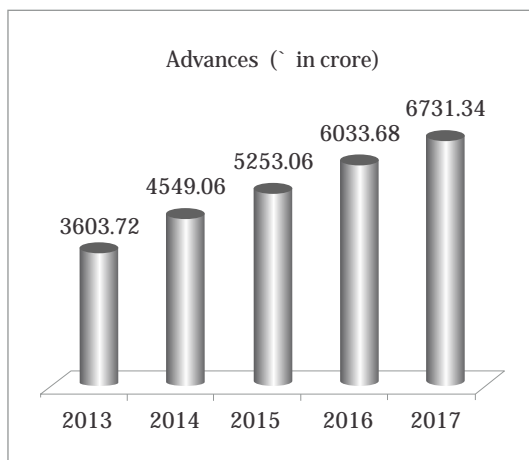
DEPOSIT GROWTH



During this Financial Year, deposits of the Bank increased from ₹ 9,117.71 crore to ₹ 10,385.02 crore, registering a growth of 13.90%.

The Bank has continued to focus on mobilising the CASA deposit to improve its profitability. As part of strategy, the Bank is focussing on retail deposits. This approach has helped the Bank to reduce the cost of deposits & ensure a wider base of depositors.

ADVANCES GROWTH



During the Financial Year 2016-17 advances portfolio have increased by ₹ 697.66 crore to ₹ 6731.34 crore, registering a growth of 11.56%. The Credit Deposit Ratio after taking into account 75% of Capital fund, stood at 61.20%.

Despite the challenging market conditions, the Bank could post growth higher than the Industry growth rate by constantly evolving on the business needs of the customers & prevailing economic conditions. Bank cut interest rates on its credit portfolio to remain relevant in a falling interest market. The new schemes targeted at specific segments resulted in better credit off-take in the last quarter.



The Bank has strengthened the diligence mechanisms for every stage of the loan life cycle especially the post sanction processes. These processes are likely to further improve the quality of assets.

#### NON-PERFORMING ASSETS

In the year under the review, banking industry has witnessed an upward trend in stressed assets. Slowdown in the economic growth resulted into considerable stress build up on advances portfolio of the banking industry in general. This resulted into delays and defaults in servicing the loans. Despite Bank's sustained recovery efforts, NPA's have increased. The Bank has made adequate provisions as required by the RBI guidelines.

Bank has further strengthened its recovery measures with regular monitoring of stressed accounts. All borrowal accounts are scanned for signs of slippages & necessary actions as deemed fit & proper are initiated.

In Maharashtra, the Bank refers disputes relating to recovery of Bank's dues to Justice Shri. Rajan Jodharaj Kochar, (Retd.) High Court Bombay, who was appointed as the Arbitrator by the Commissioner for Co-operation and Registrar of Co-operative Societies, Maharashtra State, Pune for Maharashtra Region.

In Karnataka, recovery cases were referred to Shri. A. H. Naik, (Retd.) District and Sessions Judge, Karnataka, Bengaluru and Shri. C. N. Badarinath, Additional Registrar of Co-operative Societies (Retd.) and Central Arbitrator & Ex-Member, Karnataka Appellate Tribunal who were appointed as the Arbitrators by the Central Registrar of Co-operative Societies in Karnataka, Bengaluru for Karnataka Region.

The recovery measures in all stressed accounts have been initiated by taking appropriate legal re-course under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI), wherever warranted. Bank through its concerted efforts, diligent and regular follow up ensured substantial recoveries.

The Banking Industry has witnessed a sharp raise in NPAs during the year. The Gross NPA of your Bank was contained to ` 361.01 crore which forms 5.36 % of total advances of the Bank during the financial year ended on 31<sup>st</sup> March 2017 and Net NPA of your Bank as on 31<sup>st</sup> March, 2017 stood at 3.76%.

The Bank has proposed an additional provision of ` 30.69 crore towards Bad and Doubtful Debts Reserve, out of appropriation of profits. After appropriation, the Net NPA of your Bank will be 3.31%. In 2017-18, your Bank endeavours to bring down the gross NPA figure significantly.

Classification of assets and provisioning made against Non-Performing Asset as on 31<sup>st</sup> March, 2017

(` in lac)

Classification of Assets	No. of A/Cs	Amount Outstanding	% of Col.3 to total Loans outstanding	Provision required to be made		Existing provision at the beginning of the year	Provisioning made during the year under Report	Total provisions as at the end of the year	Remarks
				%	Amount				
1.	2.	3.	4.	5.		6.	7.	8.	9.
Total loans and Advances of which :	30443	673133.74							
A. Standard Assets	29956	637032.45	94.64	0.40 to 1	2755.00	2505.00	250.00	2755.00	
B. Non-Performing Assets						7803.88	3400.00	11203.88	
1. Sub-Standard	182	11851.14	1.76	10	1185.11				
2. Doubtful									
(i) Upto 1 year									
a) Secured	79	19051.34	2.83	20	3810.27				
b) Unsecured	30	407.92	0.06	100	407.92				
(ii) Above 1 year and upto 3 years.									
a) Secured	38	3622.38	0.54	30	1086.71				
b) Unsecured	36	467.48	0.07	100	467.48				
(iii) Above 3 years									
a) Secured	22	121.51	0.02	100	121.51				
b) Unsecured	18	8.72	0.00	100	8.72				
Total doubtful Assets (i + ii + iii)	223	23679.35	3.52		5902.61				
a) Secured	139	22795.23	3.39		5018.49				
b) Unsecured	84	884.12	0.12		884.12				
3. Loss Assets	82	570.80	0.08	100	570.80				
Gross NPA's (B1+B2+B3)	487	36101.29	5.36		7658.52	7803.88	3400.00	11203.88	

Sr. No.	Particulars	31.03.2017	31.03.2016
1	Gross Advances	673133.74	603367.69
2	Gross NPAs	36101.29	15673.71
3	Gross NPAs as percentage to Gross Advances	5.36	2.60
4	Deductions	---	---
	- Balance in interest suspense account/ OIR	---	---
	- DICGC/ ECGC claims received and held pending adjustment	---	---
	- Part payment on NPA account received and kept in suspense account	---	---
5	Total NPA provisions held (BDDR Special BDDR Balance after appropriation)	11203.88	7803.88
6	Net advances (1-4-5)	661929.86	595563.81
7	Net NPA (2-4-5)	24897.41	7869.83
8	Net NPAs as percentage of net advances	3.76	1.32

**FOREIGN EXCHANGE BUSINESS**

Your Bank's Foreign Exchange Business has been steadily growing over the years. The Bank is presently dealing in five foreign currencies viz. USD, EURO, SGD, AED & JPY and maintaining NOSTRO account with major International Banks. The Bank has also established SWIFT RMA with many overseas Banks for trade transactions.

India's trade for the current year has not grown as expected and data shows that the progress is made only during the fourth quarter of the financial year. However, your Bank could reach the merchant turnover of ` 1,412.45 crore during the financial year 2016-17 as against previous year's turnover of ` 1,314.78 crore. Forex revenue of the Bank stood at ` 16.49 crore as on 31<sup>st</sup> March, 2017.





The Bank is continuing to offer wide range of forex products such as Export credit in foreign currency (PCFC/PSCFC), Export LC discounting, issuance of Import Letter of Credits, arranging buyers credits for Capital goods as well as for working capital requirement through the network of correspondent Banks, Foreign Currency Term Loan (FCTL) to eligible exporters, Inward/Outward remittances, collection of export bills, issuance of foreign bank guarantees, maintaining EEFC/FCNR accounts & hedging services such as booking of forward contract to protect the customer from risk arising out of fluctuations in exchange rates.

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

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

#### TREASURY

Your Bank has an investment portfolio of ` 3,030.29 crore as on 31<sup>st</sup> March 2017 out of which an amount of ` 2,704.82 crore has been invested in Government and other approved securities. Your Bank's total investments in Government and other approved securities as at 31<sup>st</sup> March, 2017 stood at 25.44% of its applicable Net Demand and Time Liabilities (NDTL), which is well above the limit stipulated by the RBI.

The Bank's Treasury manages liquidity, interest rate risk of investment portfolio & complies with the reserve requirement. The Bank has always been regular in statutory and regulatory compliance w.r.t treasury operations.

During the year repo rate came down from 6.75% to 6.25% and 10 year yield came down from 7.43% to 6.19% (most of it came after demonetization). Under downward interest rate scenario & favourable market condition Bank has earned income of ` 100.52 crore in treasury operations including income of ` 36.99 crore from sale of securities after shifting from HTM to AFS. This was possible due to considerable increase in trading volume & churning of existing portfolio. Since February, 2017 due to change in policy stance of RBI 10 year yield has reversed to 6.90% level. Due to sudden reversal in yield, Bank had to provide depreciation of ` 55.01 crore and the same has been fully provided.

Yield on Govt. Securities portfolio stood at 7.73% against 7.96% last year. Bank has not invested additional funds in Govt. Securities under low interest rate & has concentrated more on trading.

Prudent investments in the market debt instruments, money market instruments and fixed deposits by the Bank led to maximization of the treasury returns.

The Bank continues to be a direct member of the Negotiated Dealing System (NDS) for settlement of Government Securities for Treasury operations and the Clearing Corporation of India Ltd., (CCIL) for Collateralized Borrowing and Lending Operations

segment (CBLO). The Bank is borrowing and lending under CBLO as per the guidelines of the RBI and rules and regulations of the CCIL. The Bank is also lending through Reverse Repo window of RBI-Ekuber for better return on excess liquidity. Both CBLO and Reverse Repo are used as an effective tool for liquidity and effective management of funds.

#### INSURANCE BUSINESS

Your Bank holds a license as a Corporate Agent of Life Insurance Corporation of India and New India Assurance Company Ltd. Bank offers all types of Life and General Insurance policies through its network of branches. During the F.Y. 2016-17 Bank actively canvassed and spread awareness of insurance through marketing drives at branches.

Your Bank has earned a commission of ` 106.78 lac from Life Insurance business and ` 49.54 lac from General Insurance business during the year. Nineteen branches of the Bank have also earned the distinction of being BIMA BANK by exceeding the threshold limit stipulated by LIC of India for mobilizing minimum number of policies and premium amount.

#### AUDIT & INSPECTION

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

#### RBI INSPECTION

The Officials of RBI had carried out inspection of your Bank covering the period up to 31<sup>st</sup> March, 2016 under Section 35 of the Banking Regulation Act, 1949 (as applicable to Co-operative Societies).

#### STATUTORY AUDIT

M/s. U. G. DEVI & COMPANY, Chartered Accountants, which was appointed by the Shareholders at the fortieth Annual General Meeting held on 18<sup>th</sup> June 2016 carried out the Statutory Audit of the Bank. The Statutory Auditor has awarded 'A' Audit Classification to the Bank. The Statutory Audit Report is appended. M/s. U. G. DEVI & COMPANY, Chartered Accountants is eligible for reappointment as Statutory Auditors under Section 70(4) of the Multi-State Co-operative Societies Act, 2002.

#### INTERNAL AUDIT

M/s. ASHWAJITH ASSOCIATES, Chartered Accountants & M/s. NANJUNDA & CO., Chartered Accountants appointed as Internal Auditors have been conducting audit of Maharashtra, Gujarat Region & Karnataka branches for the F.Y. 2016-17.

#### CONCURRENT AUDIT

Fifty Two branches of the Bank are put under Concurrent Audit by external agencies viz. M/s. YARDI PRABHU & ASSOCIATES-LLP, M/s. DIVAKAR HARI & ASSOCIATES, M/s. AGARWALIYER & ASSOCIATES-LLP, M/s. GDCV & CO., M/s. GANDHALI VAIDYA &



ASSOCIATES, M/s. NPV & ASSOCIATES, M/s. SHETTY NAIK & ASSOCIATES, M/s. V. R. SHETTY & ASSOCIATES, M/s. SALIAN PAIYAPILLI & CO., M/s. YASHWANT & CO., M/s. DPR & CO., M/s. SHANTARAM SHETTY & ASSOCIATES, M/s. M. RAGHAVENDRA MOGERAYA.

#### INFORMATION TECHNOLOGY & SYSTEM AUDIT

M/s. YARDI PRABHU & ASSOCIATES LLP conducted IS Audit of the Bank and all the observations made by them have been complied with.

#### RISK MANAGEMENT

Your Bank has in place a detailed Risk Management Policy in order to maintain a healthy balance between the risks and returns associated with Bank's activities as well as products and services. The main objective of the policy is to ensure optimum utilisation of Banks' resources with least risk. Bank reviews the risk appetite viz-a-viz systems & procedures to identify, measure and mitigate the risks.

#### OPERATIONAL RISK

Bank has a detailed KYC and Anti-Money Laundering Policy alongwith guidelines on precautions to be taken while opening/closing and monitoring the operations of the accounts. Bank has also installed AML Software to monitor the accounts to ensure that there is no money laundering activities in the accounts.

Periodical review of risk categorisation of customer and periodic updation of Customer Identification data is being done at regular intervals as per the Reserve Bank of India guidelines for customers under the category of High Risk, once in eight years for customers under category of Medium Risk and once in ten years for customers under category of Low Risk.

#### CREDIT RISK

Bank has a well defined Credit Policy providing various guidelines for detailed and systematic credit appraisal, exposure limit to individuals / group of borrowers / industries & sectors / locations, threshold limits, standardised Credit rating / scoring system, sanctioning / approval powers & process, collateral support, loan review mechanism, controls, etc., and the same is reviewed and revised during the Financial Year. Bank also has a Credit Management Policy providing guidelines on post sanction activities and monitoring.

#### MARKET RISK

Investment activities are guided by well defined "Investment Policy" which is being reviewed on yearly basis and also guidelines are in place to check interest rate risks, exchange rate risks, exposure risks, etc. The Bank has been successful in evading risks to losses in "On and Off Balance Sheet" position arising out of volatile movement in Market price which might impact Bank's capital and the earnings.

### HUMAN RESOURCE MANAGEMENT

The Human Resource count in your Bank stood at 1378 as on 31<sup>st</sup> March, 2017. The Bank has been making constant endeavours to improve the functioning of HR as a strategic business partner by nurturing its loyal and dedicated employees who have made significant and lasting contributions towards achieving your Bank's goals.

Your Bank has taken some important measures to meet the business challenges, which include, recruiting young and qualified candidates. The current mixture of experienced professional and young and dynamic workforce has contributed significantly to your Bank's business interests and reputation.

Your Bank promotes a highly satisfying working environment and focuses on creating a more enabling workplace wherein the employees feel happy, engaged and enthusiastic about their work and take positive action to further nurture and grow. As a result of this employees are always attuned to customer's requirements and fulfill all expectations of stakeholders with the utmost commitment and dedication.

Your Bank continues a planned, proactive training process for individual growth and organisational effectiveness. Bank's goal is to enhance the competencies of the workforce through focused and need based trainings so that employees are well equipped to transform any challenges into opportunities.

### STAFF RELATIONS

Your Bank continuously endeavours to ensure that it has cordial relations with all the employees, recognized association and union. The Board of Directors place on record their appreciation for the sincere and dedicated services rendered by all the employees of the Bank. Your Bank undertakes employee centric initiatives to boost employee morale and promote healthy employer- employee relations.

Your Bank has a zero tolerance towards sexual harassment at workplaces and has put in place comprehensive guidelines in accordance with the Sexual Harrassment of Women at Workplace (Prohibition, Prevention & Redressal) Act and Rules, 2013.

### AMENDMENT TO BYE- LAWS

The Board of Directors had proposed amendment to the following Bye-laws of the Bank, which were unanimously approved at the Annual General Meeting held on Saturday, 18<sup>th</sup> June, 2016:-

- i) Bye-law No.1 (i) concerning Name, Address and Area of Operation.
- ii) Bye-law No.2 (z) concerning Definitions.
- iii) Bye-law No.10 iii) concerning Withdrawal from Membership / Partial Withdrawal of Shares Held.
- iv) Bye-law No.11 a) (i to iv) concerning Expulsion of Membership.



- v) Bye-law No.17 (iii, v, vi) concerning Joint Shareholders.
- vi) Bye-law No.19 (iii, iv) concerning Transfer of Shares / Partial Transfer of Shares.
- vii) Bye-law No.20 concerning Nomination.
- viii) Bye-law No.47 (d) concerning Linking of shareholding with Loan Limits.
- ix) Bye-law No.52 (ii) concerning Dividend.

The Joint Secretary to the Government of India and Central Registrar of Co-operative Societies, New Delhi vide their order bearing No.L-11016/8/1996-L&M dated 27<sup>th</sup> October, 2016 has since approved and registered the proposed amendment to Bye-law Nos. 1 (i), 2 (z), 10 (iii), 11 (a) (i to iv), 17 (iii, v, vi), 19 (iii, iv), 20, 47 (d) and 52 (ii).

Now, the Board of Directors has proposed amendment to Bye-law No.1 (iv) of the Bank concerning Area of Operation in order to enlarge the scope for expansion by extending to the State of Kerala pursuant to the request and desire of the members of the Bank and as permitted by the Reserve Bank of India vide letter No.DCBS.MRO.BSS-I/2086/12.07.022/2016-17 dated 30<sup>th</sup> September, 2016.

The proposed amendment is reproduced on page 46 for deliberations and members' approval.

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

Your Bank continued to be a member of the BCSBI with a view to improving the quality of Customer Service. Your Bank, as a member of BCSBI has formally adopted the Code of Commitment to Customers and the Code of Banks' Commitment to Micro and Small Enterprises for implementation and shall observe the same. It also adheres to voluntary codes of BCSBI, which set minimum standards for fair and transparent treatment of consumers of banking services.

#### CO-OPTION OF DIRECTORS

In terms of section 41 (3) of the Multi-State Co-operative Societies Act, 2002 and Bye-law No.31 (ii) of the Bank, the Board of Directors co-opted Shri. Jyoti K. Suvarna and Shri. C. T. Salian as Directors.

#### CORPORATE GOVERNANCE

Your Bank continuously strives to achieve excellence in corporate governance by balancing the interests of shareholders' and customers', compliance to the statutory & legal requirements and transparency in all activities. The Bank ensures adherence to these attributes, in addition to prudent Banking systems and procedures.

The Executive Committee of the Board, Loan Committee of the Board and Audit Committee of the Board constituted during the F.Y. 2013-14 and Legal & Debt Recovery Committee of the Board re-constituted during the F.Y. 2015-16 continued to meet at regular intervals.

## EXECUTIVE COMMITTEE OF THE BOARD

Shri. Jaya C. Suvarna	Chairman
Miss Rohini J. Salian	Member
Shri. M. B. Kuckian	Member
Shri. Vasudeva R. Kotian	Member
Smt. Pushpalatha N. Salian	Member
Shri. K. N. Suvarna	Member
Shri. Jaya A. Kotian	Member
Shri. Bhaskar M. Salian	Member
Shri. Chandrashekar R. Mulky	MD & C.E.O.

## LOAN COMMITTEE OF THE BOARD

Shri. K. N. Suvarna	Chairman
Shri. Jaya A. Kotian	Member
Shri. U. Shivaji Poojary	Member
Shri. Somnath B. Amin	Member
Shri. Chandrashekar R. Mulky	MD & C.E.O.

## AUDIT COMMITTEE OF THE BOARD

Shri. U. Shivaji Poojary	Chairman
Shri. Rohit M. Suvarna	Member
Shri. R. D. Poojary	Member
Shri. K. B. Poojary	Member
Shri. Ashok M. Kotian	Member
Shri. C. T. Salian	Member
Shri. Chandrashekar R. Mulky	MD & C.E.O.



LEGAL & DEBT RECOVERY COMMITTEE OF THE BOARD

Shri. Somnath B. Amin	Chairman
Shri. Vasudeva R. Kotian	Member
Shri. Chandrashekar S. Poojary	Member
Shri. Harishchandra G. Mulki	Member
Shri. Damodar C. Kunder	Member
Shri. Gangadhar J. Poojary	Member
Shri. Suryakant J. Suvarna	Member
Shri. Jyoti K. Suvarna	Member
Shri. Chandrashekar R. Mulky	MD & C.E.O

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

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

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

Meetings	No. of meetings held
Board Meeting	27
Executive Committee of the Board	30
Loan Committee of the Board	28
Audit Committee of the Board	12
Legal & Debt Recovery Committee of the Board	11

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

- Asset Liability Management Committee
- Investment Committee
- Executives' Loan Committee
- Risk Management Committee

#### CORPORATE SOCIAL RESPONSIBILITY

Your Bank's Corporate Social Responsibility vision is to actively contribute to the social and economic development of the societies in which it operates. Your Bank has focused on areas of education, health care by arranging health check-up camps and extended aid to orphanages viz. distributing food items, books and hygiene products'.

#### OBITUARY

The Board regret to state with a deep sense of sorrow about the sad demise of Shri. N. L. Suvarna, Ex-Director of the Bank on 27<sup>th</sup> November, 2016.

Shri. N. L. Suvarna was associated with the Bank as a Director for the period from 1983-84 to 1990-91. During the said tenure, he served as a Vice Chairman for the period of two years i.e. 1989-90 and 1990-91.

The Board places on record the sincere appreciation of the selfless and dedicated services rendered by Late Shri. N. L. Suvarna during his tenure as a Vice Chairman and Director in the growth and development of the Bank.

#### ACKNOWLEDGEMENT

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

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

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

1. Reserve Bank of India.
2. Central Registrar of Co-operative Societies, Government of India, New Delhi.
3. Commissioner for Co-operation and Registrar for Co-operative Societies, Maharashtra State, Pune.
4. Registrar of Co-operative Societies, Karnataka State, Bengaluru.
5. Registrar of Co-operative Societies, Gujarat State.





6. Officials of Revenue Department at all level in Maharashtra, Karnataka and Gujarat States.
7. Statutory Auditors, Internal Auditors, Concurrent Auditors, Information Systems Auditors, Legal Advisors & Valuers.
8. National Federation of Urban Co-operative Banks and Credit Societies Ltd., New Delhi.
9. Maharashtra Urban Co-operative Banks Federation Ltd.
10. Brihan Mumbai Nagari Sahakari Banks Association, Mumbai.
11. The Maharashtra State Co-operative Banks' Association Ltd., Mumbai.
12. Indian Banks' Association.
13. Print & Electronic Media.
14. All the valued Members, Customers, Shareholders and Well-Wishers.

For and on behalf of the Board of Directors

Place : Mumbai  
Dated : 24<sup>th</sup> April, 2017

JAYA C. SUVARNA  
CHAIRMAN