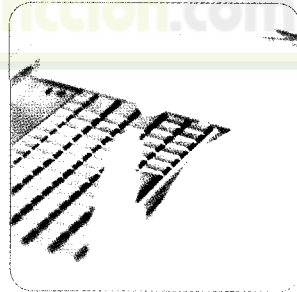
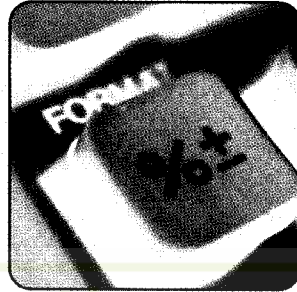




THE MOGAVEERA CO-OP. BANK LTD.

दि मोगावीरा को-ऑपरेटिव्ह बँक लिमिटेड

Bank that makes
your **dream** a
reality



61st

ANNUAL REPORT
2005 - 2006



PRESENT BOARD OF DIRECTORS



Shri. K. R. Puthran
Chairman



Shri. Kirthiraj K. Salian
Vice-Chairman



Shri. G. S. Puthran



Shri. G. C. Kanchan



Shri. S. Y. Suvarna



Shri. K. A. Kunder



Shri. S. K. Bangera



Shri. V. K. Suvarna



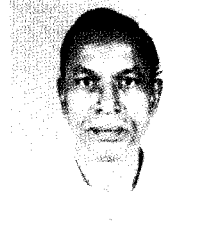
Shri. S. M. Salian



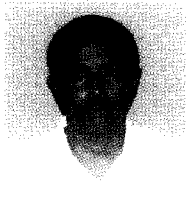
Shri. Kishorkumar



Shri. P. R. Salian



Shri. A. H. Gaikwad



Shri. V. J. Tandel



Shri. G. M. Tandel



Shri. Y. S. Kotian



Smt. T. Anuradha Vijay



Smt. P. G. Sakpal



Shri. Y. B. Puthran
Staff Rep.



Shri. R. G. Salian
Staff Rep.



Shri. C. K. Karkera
Staff Rep.



Shri. N. B. Karkera
G. M.



Shri. V. G. Kotian
C.E.O.



THE MOGAVEERA CO-OP. BANK LTD.

BOARD OF DIRECTORS

CHAIRMAN	:	*Shri. K. R. Puthran, B.A., F.C.A.
VICE-CHAIRMAN	:	Shri. Kirthiraj K. Salian, B.E. (Mech) M.F.M.
DIRECTORS	:	Shri. Ganesh S. Puthran, B.A., LLB., Shri. Gopal C. Kanchan, M.A., LLB., CAIIB Shri. Shekar Y Suvarna, B.A. Shri. K. A. Kunder, B. Com., CAIIB Shri. S. K. Bangera, B.A. Shri. V. K. Suvarna, B.Com., LLB., Dip. in Co-op. Shri. Shridhar M. Salian, B.Com., LLB. Shri. Kishor Kumar, B.Com., F.C.A. Shri. P. R. Salian, B.A., LLB., D.B.M.
SC/ST DIRECTOR	:	Shri. Arun H. Gaikwad
OBC DIRECTOR	:	Shri. Vasudev J. Tandel
SP. BACKWARD DIRECTOR	:	Shri. G. M. Tandel
EBC DIRECTOR	:	Shri. Yatish S. Kotian
WOMEN DIRECTORS	:	Smt. T. Anuradha Vijay, M.A. Smt. Premlata G. Sakpal, B.A., LLB.,
STAFF REPRESENTATIVES	:	Shri. Y. B. Puthran, B.Com., GDC&A ** Shri. Ramesh G. Salian, B.Com., GDC&A ** Shri. C. K. Karkera, B.A., GDC&A
CHIEF EXECUTIVE OFFICER	:	Shri. V. G. Kotian, M.Com., LLB., CAIIB., DBM., DIFFE.
GENERAL MANAGER	:	Shri. N. B. Karkera, B.Com., CAIIB
STATUTORY AUDITOR	:	M/s. M.L. Puri & Co., Chartered Accountants
CONCURRENT AUDITORS	:	M/s. Jagdish & Harish Chartered Accountants M/s. Subhash Bhaskaran & Associates Chartered Accountants M/s. Yashwant & Co. Chartered Accountants M/s. K.B. Jorapur & Co. Chartered Accountants
BANKERS	:	Reserve Bank of India The Maharashtra State Co-op. Bank Ltd. The Mumbai Dist. Cen. Co-op. Bank Ltd. Dena Bank Allahabad Bank Punjab National Bank Bank of India The Federal Bank Ltd. UTI Bank

*Shri. K.R. Puthran resigned w.e.f. 23.09.2006

**Mr. Ramesh G. Salian Resigned as Staff Rep. w.e.f. 2nd July, 2005 & Mr. C. K. Karkera inducted as Staff Rep. from 2nd July, 2005



THE MOGAVEERA CO-OP. BANK LTD.

EXECUTIVES & BRANCH MANAGERS

EXECUTIVES :

Shri. V.G. Kotian M.Com, LLB., CAIIB, DBM., DIFFE.	Chief Executive Officer
Shri. N.B. Karkera B.Com., CAIIB.	General Manager
Shri. Umesh N. Karkera B.Com., Dip. in Co-op., GDC&A	Manager – Accounts
* Shri. N.K. Surdas B.Com., Dip. in Co-op.	Manager – Loans, Advances & Shares
Shri. H.C. Kanchan B.Com.	Manager – Recovery
Shri. V.L. Kanchan M.A., Dip. in Co-op.	Manager – Personnel & Administration
Shri. J.B. Karkera B.A.	Manager – EDP & Development
Shri. K.R. Amin B.Sc., CAIIB, GDC&A	Internal Auditor
Shri. P.K. Sawant B.Com., CAIIB.	Manager – Advances – L/C Dept.
Shri. B.M. Parikh B.Sc. (Hons.)	Manager – Advances
Shri. B.B. Shetty M.Com., CAIIB.	Manager – Advances
BRANCH MANAGERS :	
Shri. H.K. Shriyan M.Com., CAIIB, GDC&A.	Fort Branch
Shri. M.S. Kotian B.Com., LLB.(Gen.), CAIIB, GDC&A.	Andheri (West) Branch
Shri. Uday Kumar M.Com., CAIIB, GDC&A.	Goregaon Branch
Shri. Shekar Maindan B.A., CAIIB(I), GDC&A. (Officiating Branch Manager)	Kurla Branch
Shri. G.C. Suvarna B.A., LLB., CAIIB, GDC&A.	Borivli Branch
Shri. S.C. Puthran B.Com. (Officiating Branch Manager)	Ghatkopar Branch
Shri. N.G. Mendon M.Com., LLB., CAIIB, GDC&A.	Andheri (East) Branch
Shri. Jagdish R. Kotian B.Com., LLB., CAIIB, GDC&A.	Saki Naka Branch
Shri. Suresh K. Amin B.Com., CAIIB, GDC&A.	Kandivli (W) Branch
Shri. Madhusudan Iddya B.Com., CAIIB., GDC&A. (Officiating Branch Manager)	Vikhroli Branch

*Retired on 17.08.2006



THE MOGAVEERA CO-OP. BANK LTD.

THE MOGAVEERA CO-OPERATIVE BANK LTD.

Registered & Administrative Office

203, Venkatesh Chambers, Prescott Road, Fort, Mumbai-400 001.

NOTICE

Notice is hereby given that the Sixty-first Annual General Meeting of the members of The Mogaveera Co-operative Bank Ltd., will be held on Tuesday, the 7th November, 2006 at 3.00 p.m. at the "Mogaveera Bhavan", Veera Desai Road, Andheri (W), Mumbai – 400 058, to transact the following business:

1. To confirm the minutes of the 60th Annual General Meeting held on 14th November, 2005.
2. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the year ended 31st March, 2006 together with the report of the Board of Directors thereon.
3. To ratify the appointment of Auditors for the year 2006-2007 for conducting Concurrent audit/other audits.
4. To approve the amendments to the Bye-laws as proposed by the Board of Directors.
(For text of the amendments, please refer to Annexure-A)
5. Any other matter with the permission of the Chair.

By Order of the Board of Directors,

V. G. Kotian
Chief Executive Officer

Place : Mumbai

Dated : 20th October, 2006

N.B.

1. If there is no quorum at the appointed time, the Meeting shall stand adjourned at 3.30 p.m. on the same day, at the same venue and the agenda of the Meeting shall be transacted whether there is a quorum or not in terms of Bye-law No. 24(i).
2. The Members desiring to ask questions about the statement of accounts are requested to furnish the same in writing to the Chief Executive Officer, at the Registered Office, atleast Three (3) days before the Annual General Meeting.



THE MOGAVEERA CO-OP. BANK LTD.

THE MOGAVEERA CO-OPERATIVE BANK LTD.

Registered & Administrative Office

203, Venkatesh Chambers, Prescott Road, Fort, Mumbai-400 001.

REPORT OF THE BOARD OF DIRECTORS TO THE SHARE HOLDERS

Dear Members,

The Board of Directors of your Bank have pleasure in presenting to you the 61st Annual Report on the business and operational results of your Bank together with Audited Balance Sheet and Profit & Loss Account for the year ended March 31, 2006. The salient financial indicators of the Bank for the year ended 31st March, 2006 are summarized below

(Rs. in lacs)

		31.03.2006	31.03.2005
1	Share Capital	482.69	469.89
2	Total Reserves	5,161.87	3,639.65
3	Total Deposits	23,696.91	21,762.57
4	Total Advances	15,742.28	12,749.83
5	Working Capital	30,779.47	26,519.42
6	Investments	12,300.29	10,264.27
7	Net Profit/ (Loss)	(729.89)	55.81

DEPOSITS

The breakup of deposits is as under:

(Rs. in lacs)

		31.03.2006	31.03.2005
1	Savings Deposits	7,243.88	5,657.04
2	Current Deposits	2,053.52	1,710.16
3	Term & Other Deposits	14,399.51	14,395.37
	TOTAL:	23,696.91	21,762.57

During the year under review, Bank has reversed the downward trend in the deposit growth. As could be observed from the above, Bank's deposit has registered an increase of Rs.1934.34 lacs which shows a growth of 8.89%. It is heartening to note that the entire deposit growth of more than Rs. 19 crore has come in the form of low cost deposits consisting of Savings and Current deposits. Consequently, the Bank's low cost deposit has stood at 39.25% as on 31.03.2006. This could be considered as one of the best performance amongst the Co-operative Banks.



THE MOGAVEERA CO-OP. BANK LTD.

ADVANCES

Unlike last year, during the current year the advances of the Bank have grown from Rs. 127.50 crores to Rs.157.42 crores, showing a growth of Rs.29.92 crores or 23.47%, which compares well with the general growth in the industry. Consequently, the Bank's CD ratio has improved from 58.41% to 66.43%.

The purpose wise classification of Loans and Advances outstanding as on 31.03.2006 is as follows:

		(Rs. in lacs)
	Purpose	Balance
1	Cottage & Small Scale Industries	4,216.69
2	Professional and Self employed	318.28
3	Road & Water Transport Operators	528.55
4	Retail Traders	1,189.11
5	Whole Sale Traders	1,238.98
6	Education	32.49
7	Ceremonial	4.75
8	Housing: a) Acquisition of house Property	741.21
	b) Repairs to house property	625.90
9	Medical	4.39
10	Others	6,841.93
	TOTAL	15,742.28

SHARE CAPITAL & MEMBERSHIP

The Share Capital of the Bank has increased marginally from Rs.469.89 lacs to Rs. 482.68 lacs showing an increase of Rs.12.79 lacs. The Membership of the Bank as on 31st March 2006 stood at 31,032 after deletion of 2857 members from the roll who ceased to be the members of the Bank due to death, resignation and transfer of shares. The nominal membership rose from 2720 to 2736.



THE MOGAVEERA CO-OP. BANK LTD.

RESERVES AND OTHER FUNDS

The Bank's reserves and other funds as at 31.03.2006 vis-à-vis 31.03.2005 are as under:

(Rs. in lacs)

		31.03.2006	31.03.2005
1	Statutory Reserve Fund	684.84	658.05
2	Building Fund	130.40	130.40
3	Dividend Equalisation Fund	47.40	38.00
4	Bad & Doubtful Debt Reserve	3,527.92	2,636.69
5	Investment Fluctuation Fund	3.85	3.85
6	Development Fund	25.80	25.80
7	Staff Welfare Fund	3.12	3.37
8	Contingency Prov. Agt. Std. Assets	42.38	26.00
9	Revaluation Reserve	685.67	109.25
10	Invt. Deprn. Reserve	10.50	8.25
11	Overdue Interest Reserve	1,884.70	1,473.71

PROFITABILITY OF THE BANK

As could be observed from the above figures, during the year under review, the Bank has been able to show an allround improvement under all the basic parameters of the Bank. It is also worth mentioning that the Bank has been able to show an operating profit of Rs.1.78 crores as against Rs.0.56 crores in the previous year. However, this performance of the Bank has not reflected in the final profit figure as shown in the balance sheet. This is mainly because of the Management and the Board of Directors of the bank deciding to comply with RBI guidelines with reference to NPA provisioning and taking a decision to declare loss in the books of accounts. Accordingly, during the year, the Bank has made 100% provision towards the present balance in respect of Rs.7.90 crore fraud committed during the year 2004 at our Borivali branch. This has resulted into our profit & loss account showing a negative figure of Rs.7.30 crores. We would also like to inform our members that we are taking all the possible steps i.e. legal or otherwise to recover the full amount in this regard. Since the loss is mainly on account of this fraud, we shall be able to write back this amount on our succeeding to recover this amount in future.

DEPOSIT INSURANCE COVER

Deposits upto Rupees one lac in respect of each depositor are fully protected by the Deposit Insurance and Credit Guarantee Corporation of India (DI&CGC). Your Bank has been regular and prompt in payment of



THE MOGAVEERA CO-OP. BANK LTD.

insurance premium to the D.I & C.G.C. The Board of Directors confirm that the advance premium has been paid up to 31.03.2007 on entire deposits of the Bank to D.I & C.G.C as per their present norms.

LOANS TO STAFF

Bank has been sanctioning housing loans to staff at concessional rates of interest ranging from 5% to 6 ½ % p.a., as the case may be, as per the Memorandum of Settlement subject to overall ceiling of 2% of TDL of the Bank. In addition to Housing Loans, Bank also sanctioned Surety Loans to staff at concessional rate of 6% p.a. Additionally, we have recently introduced Staff Overdraft (SOD) facility to the staff members carrying interest at the bank's PLR (i.e. 10.5% p.a.). The total outstandings in all the staff loans together amounted to Rs.6.70 crores as on 31.03.2006.

NPA MANAGEMENT

Your Bank is giving utmost priority for reduction of NPA. During the year under review, the Bank has initiated various steps for bringing down the existing NPAs and to contain the fresh slippages to NPA category. Apart from recovery by way of one time settlement (OTS) in NPA cases as per RBI norms, the Bank has also initiated action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and started taking possession of the assets charged to the Bank.

As a result of the above steps, the Bank could recover Rs.9.92 crores in respect of NPA accounts and the Bank's NPA has come down to Rs.51.46 Cr. as on 31.03.2006. With the increase in advances of the Bank and Bank providing for NPA to the full extent as per RBI guidelines, the Net NPA of the Bank in percentage terms has come down to 13.25% as on 31.03.2006 from 31.26% as on 31.03.2005. With the sustained efforts that are being made, we expect that our recovery position would improve during the ensuing year. Consequently, we expect to improve both the gross and net NPA percentages to satisfactory levels.

CASH AND BANK BALANCE

The Bank maintains requisite cash balance with Reserve Bank of India and sufficient liquid assets were also maintained as per Sections 18 & 24 of the Banking Regulation Act, 1949 as applicable to Co-operative Societies.

SALE OF PLOT OF LAND AT SAKI NAKA

Bank had acquired a plot of land at Saki Naka on 14.06.2003 with an intention to construct Bank's own building to accommodate Administrative Office and Saki Naka Branch. But due to objection raised by Reserve Bank of India, Board of Directors thought it fit to sell the plot of land since this asset is not yielding



THE MOGAVEERA CO-OP. BANK LTD.

any income. Accordingly, the plot was sold yielding a surplus of Rs. 1.63 crores which has been accounted as income for the year 31.03.2006 after paying requisite Capital Gains Tax.

INVESTMENTS

The total investments including call money stood at Rs.12300.30 Lac as on 31.03.2006. Details of the Investment in Government Securities and Other Approved Securities are given in the Schedule of Investments appearing in this report.

TREASURY DEPARTMENT

Treasury Department of your Bank has continued with trading activities in Govt. Securities. Bank has earned profit of Rs.107 lacs out of trading in Govt. Securities. Bank's Investment in Government Securities are in Constituent SGL account with The Federal Bank Ltd. Investment made in Government Securities is strictly as per Reserve Bank of India guidelines and adequate SLR has been maintained by the Bank throughout the year.

TIE-UP FOR BANK ASSURANCE AND OTHER BUSINESS

Your Bank has been looking out for various options available for shoring up Bank's fee based income. One of the avenues available to the Bank is to tie-up with the Insurance Companies for doing Insurance business on Referral basis. This would not only help us to generate good income, but also help our Customers/Shareholders to avail life and general insurance requirements from our branches. We have already negotiated with some of the private sector insurance companies and are in the final stage of completing the tie-up arrangements.

We are also exploring the possibility of tie-up arrangement for selling products of mutual funds etc., whereby we can provide one stop financial products to our customers, subject to regulatory approvals.

PRESENT STATUS OF THE FRAUD OF RS. 7.90 CRORE AT BORIVILI BRANCH

Main accused in the Fraud case Mr. Kishor T. Mehta, has been arrested by the Crime Branch C.I.D. EOW and later released on bail. Uptill now, the Bank has been able to recover Rs. 77.62 Lac from the fraudsters including a claim of Rs.7.62 Lac made by the Bank before the Addl. Chief Metropolitan Magistrate, 19th Court at Esplanade, Mumbai, the amount which was recovered from the residence of Mr. Vinit K. Mehta by the police at the time of raid, which was pending for disposal by the Court, now being disposed of and Court directed EOW to hand over said amount to the Bank.