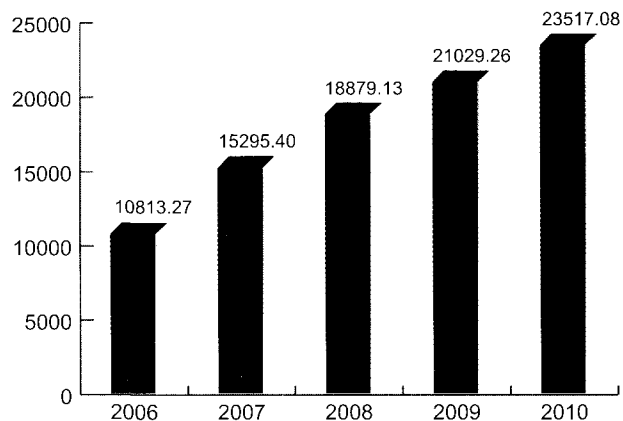


Saraswat
Bank

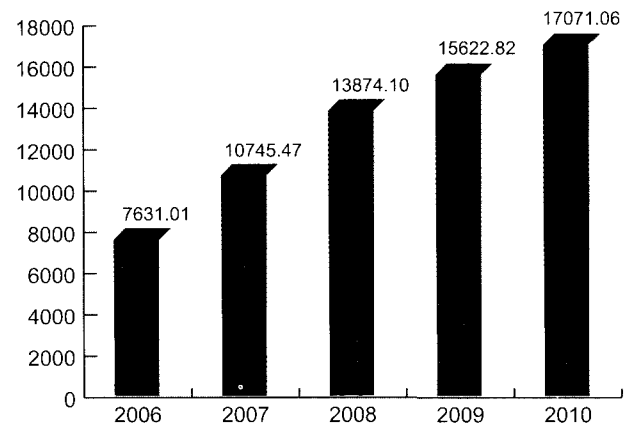
Total Business

(₹ in crore)



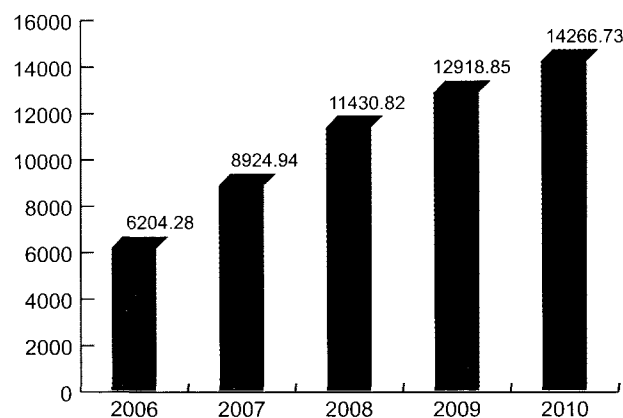
Working Funds

(₹ in crore)



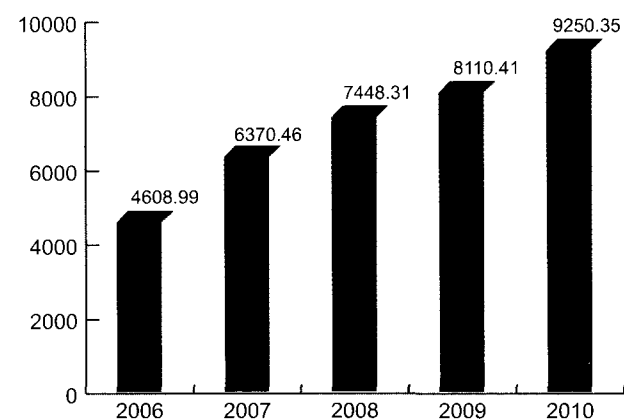
Deposits

(₹ in crore)



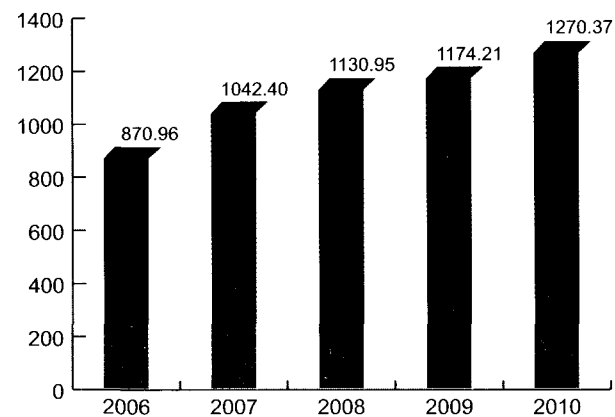
Advances

(₹ in crore)



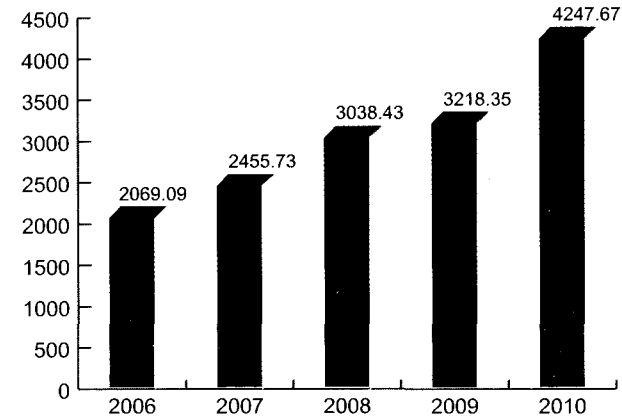
Own Funds

(₹ in crore)



CASA

(₹ in crore)



THE SARASWAT CO-OPERATIVE BANK LIMITED

(A SCHEDULED BANK)

- **REGISTERED OFFICE** : 'Madhukosh', S.V.Sovani Path,
Girgaum, Mumbai – 400 004.
- **CORPORATE CENTER** : Saraswat Bank Bhavan,
Plot No. 953, Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400 025.
Website : www.saraswatbank.com
- **DATE OF ESTABLISHMENT** : September 14, 1918.
- **NO. AND DATE OF RBI LICENSE** : ACD-MH-220-P, dated 27.08.1980.
- **AUDIT CLASSIFICATION** : 'A' (Since 1933, i.e. the year in which
we were registered as a Bank).

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NOTICE

The Ninety-second Annual General Meeting of the Members of The Saraswat Co-operative Bank Ltd., will be held on Saturday, 25th September, 2010 at 4.00 p.m. at Yogi Sabhagruha, Near Dadar Central Railway Station, Behind Swami Narayan Mandir, Dadar (East), Mumbai – 400014 to transact the following business concerning the Bank: -

1. To consider and approve the Annual Accounts, which consist of the Report of the Board of Directors, the Report of the Statutory Auditors, the Balance Sheet and the Profit and Loss Account, for the year ended 31st March, 2010.
2. To appropriate net profit and declare dividend as recommended by the Board of Directors for the year ended 31st March, 2010.
3. To appoint Statutory Auditors for the financial year 2010-11 and to authorize the Board of Directors to fix their remuneration. The Board of Directors recommends M/s Kulkarni & Khanolkar, Chartered Accountants, 13/14, Bell Building, Sir P.M. Road, Fort, Mumbai - 400 001; for appointment as Statutory Auditors.
4. To approve amendment to Bye-law No.34
5. To place for consideration and adoption, the Annual Report and Audited Accounts of Saraswat Infotech Ltd. (Bank's wholly-owned subsidiary company, registered under Companies Act, 1956), which consist of the Report of the Board of Directors, the Report of the Statutory Auditors, the Balance Sheet and the Profit and Loss Account, for the year ended 31st March, 2010.
6. To grant Leave of Absence to the members of the Bank other than to those whose names appear in the Attendance Register of this 92nd Annual General Meeting.

By Order of the Board of Directors

sd/-
S.K.Banerji
Managing Director

Mumbai : 28th August, 2010

NOTE : The printed Annual Report of the Bank consisting of the Report of the Board of Directors, the Report of the Statutory Auditors, the Balance Sheet and the Profit and Loss Account for the year ended 31st March 2010 is enclosed to this notice.

The printed Annual Report consisting of the Report of the Board of Directors, the Report of the Statutory Auditors, the Balance Sheet and the Profit and Loss Account for the year ended 31st March 2010 of Saraswat Infotech Ltd., Bank's wholly-owned subsidiary, is enclosed to this notice.

If there is no quorum for the Meeting at the appointed time, in terms of Bye-law No. 48 the Meeting shall stand adjourned to 5.00 p.m., on the same day and the Agenda of the Meeting shall be transacted at the same venue irrespective of the Rule of Quorum.

Dividend, when declared, will be paid on or after 1st October, 2010, to those shareholders whose shares are fully paid as on 31st March, 2010 and whose names are on the record of the Bank as on 6th September, 2010 .

If any member desires to have information in connection with the Accounts, he/she is requested to address a letter to the Managing Director of the Bank, to reach his office at The Saraswat Co-operative Bank Ltd., Saraswat Bank Bhavan, Plot No. 953, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025, not later than 20th September, 2010, so that the required information may be made available at the Annual General Meeting.

TO SERVE YOU BETTER:

1. Shareholders are hereby requested to kindly verify their name and address on the Annual Report sent to them. Change in address, if any, may kindly be intimated by post or by e-mail to Share Department of the Bank for updating Bank's records. E-mail address of the Share Department is incharge_shareddepartment@saraswatbank.com
2. Shareholders are requested to avail of nomination facility by submitting prescribed Nomination Form, as required under Section 36 of the Multi-State Co-operative Societies Act, 2002 and Bye-law No. 19.
3. Shareholders having Current / Savings Bank / Cash Credit accounts with the Bank and desirous of crediting their dividends to their accounts are once again requested to record their standing instructions with the Share Department.

Unclaimed Dividend

Notice is hereby given that dividend for the year ended March 31, 2007 (86th Dividend) if not drawn on or before 31st October, 2010, will be forfeited by the Bank and credited to Reserve Fund in terms of Bye-law No. 68A.

BOARD OF DIRECTORS

(As on 28.8.2010)

Shri E. K. Thakur, B.A. (Hons.), C.A.I.I.B.
Chairman

Shri K. V. Rangnekar, M.A.
Vice- Chairman

DIRECTORS

Shri M. K. Mantri, M.A.

Late Shri. R.K.Patkar, B.A. (Hons.), B.Com.
(upto July 22, 2010)

Dr. Subhash V. Bhende, M.A., Ph.D.

Shri A.V. Dubhashi, B.Com., A.C.A.

Shri S.V. Deshpande, B. Com., LL.B.

Shri S. D. Panse, B. Com., F.C.A.

Shri H. M. Rath, B. Com.

Shri S.S. Sanzgiri, B.A.

Shri A.A. Pandit, B.Com., F.C.A., D.B.F.

Shri S. S. Shirodkar, Dip. (Indl. Electr.), PGDM

Shri S. V. Saudagar, B. Com., F.C.A., D.I.S.A.

Dr. (Mrs.) Anuradha P. Samant, M.B.B.S.

Shri M. V. Desai, B.Com.

Shri S. K. Banerji, B. Sc. (Hons.), D.B.M., LL. M., FIIBF.
Managing Director

ADVISOR TO THE BOARD

Shri N. R. Warekar, B. Com., C.A.I.I.B.

STATUTORY AUDITORS

M/s M. P. Chitale & Co., Chartered Accountants

LEGAL ADVISORS

Dr. B.R.Naik, LL.M., Ph.D.

Shri A.V.Sabnis, LL.B.

Shri K.M.Naik, B.A., LL.B.

M/s Little and Company

Govind Desai Associates

Shri Shekhar Naphade, B.A., LL.B.

ADVISOR FOR PROJECTS

Shri S. N. Sawaikar, M.Com., DMA, C.A.I.I.B.

BANKERS

State Bank of India,

Bank of India,

HDFC Bank Ltd.,

Maharashtra State Co-operative Bank Ltd.

Wells Fargo Bank N.A.,

Standard Chartered Bank Ltd.,

ICICI Bank Ltd.,

— WHOLLY-OWNED SUBSIDIARY —

SARASWAT INFOTECH LIMITED

Shri E. K. Thakur, B.A. (Hons.), C.A.I.I.B.
Chairman

Shri S. K. Sakhalkar, M.Com., PGD (I.R.) PGD (Comp. Sc.)
Managing Director & Chief Executive Officer

Shri D. M. Chandgadkar, M.Com., LL.B., C.A.I.I.B., A.C.S.
Chief Domain Officer

PERFORMANCE HIGHLIGHTS

Table A

(₹ in Crore)

Particulars	FOR THE YEAR ENDED		
	31-Mar-09	31-Mar-10	% Change
Total Income	1,499.92	1,458.20	-2.78%
Total Expenditure	1,174.56	1,242.36	5.77%
Gross Profit	325.36	215.84	-33.66%
Less: Provisions	9.75	36.68	276.21%
Net Profit Before Tax and Exceptional Items	315.61	179.16	-43.23%
Less: Income Tax	74.32	40.00	-46.18%
Net Profit after Tax and before Exceptional items	241.29	139.16	-42.33%
Less: Exceptional Items	30.50	19.49	-36.10%
Net Profit	210.79	119.67	-43.23%
AT THE YEAR END			
Own Funds	1,174.21	1,270.37	8.19%
Share Capital	77.50	86.23	11.26%
Reserves and Surplus	1,096.71	1,184.14	7.97%
Deposits	12,918.85	14,266.73	10.43%
Current	916.22	1,244.30	35.81%
Savings	2,302.13	3,003.37	30.46%
Term	9,700.50	10,019.06	3.28%
Advances	8,110.41	9,250.35	14.06%
Secured	7,995.04	9,151.61	14.47%
Unsecured	115.37	98.74	-14.41%
Priority Sector	4,940.81	5,300.48	7.28%
% to Advances	60.92%	57.30%	—
Small Scale Industries	2,454.11	2,946.54	20.07%
Small Businessmen and Traders	556.78	689.47	23.83%
Other Priority Sectors	1,929.92	1,664.47	-13.75%
Working Capital	15,622.82	17,071.06	9.27%
Investments	4,791.51	5,321.39	11.06%
Borrowings and Refinance	664.00	562.00	-15.36%
Net NPAs (%)	0.00	0.00	0.00
Capital Adequacy (%)	10.92	14.63	
Number of Members			
Regular *	1,29,741	1,34,417	
Nominal	4,67,644	4,94,292	
Number of Branch Licences	175	200	
Number of Employees	2,904	2,911	

* Shareholders holding fifty shares and above

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors have great pleasure to present the Ninety-second Annual Report on the business and the operations of your Bank together with the Audited Accounts for the year ended 31st March, 2010. During the year under Report, uncertainty and stress in the world economy lessened, even as sporadic events like the Dubai crisis in the midst of the year and the Greek fiscal deficit crisis towards the end, gave some destabilising moments. We would therefore like to first brief you on the global economic scenario that prevailed during the period under Report.

1. THE GLOBAL ECONOMY:

The global financial crisis, which commenced during September 2008, has subsided to a large extent. The year 2009-10 was largely a year of recovery for the global economy. This rebound in world growth was on account of extraordinary policy stimulus both fiscal as well as monetary. However, if private sector demand does not pick up, the effects of fiscal stimulus will wane, resulting in lower growth.

Impact on India:

The Indian economy bounced back impressively, on the back of strong domestic demand combined with active monetary management by policy makers. The GDP growth for FY 2009-10 stood at 7.4 per cent, up from 6.7 per cent in FY 2008-09. A resurging manufacturing sector led to the Index of Industrial Production (IIP), registering a double-digit growth at 10.4 per cent. Despite a deficient monsoon, the agricultural sector grew by 0.2 per cent. However decline in the growth of 'Community, Social and Personal services' moderated the pace of growth.

Price situation:

The key concern during the year remained in the form of the runaway inflation, which shot up to 9.9 per cent in March 2010. The inflation was largely driven by supply side pressures, which had led to a spurt in the food prices. Since the policy challenge for the RBI was to anchor inflationary expectations, without harming the recovery, a calibrated approach

to monetary unwinding was adopted. The Reserve Bank of India (RBI) raised key policy rates of Reverse Repo, Repo and Cash Reserve Ratio (CRR) during the last quarter of FY 2009-10. The RBI places greater importance on the management of inflation than on growth and therefore, it appears that RBI will continue to adopt tight monetary policy to anchor inflationary pressures.

Large divergence between inflation as measured by wholesale and consumer price indices was a major feature of inflation trends in India in FY 2009-10. Since November 2009, relative price variability has declined, indicating that inflation has become increasingly generalised. Economists have also realised that when inflationary pressures are dominated by adverse supply shocks, monetary policy could be a less effective tool in containing inflationary pressures.

Fiscal Situation:

On the fiscal front, the expansionary policy of the Government led to an elevated level of fiscal deficit. The combined fiscal deficit went up from 8.5 per cent of GDP in FY 2008-09 to 9.7 per cent of GDP in FY 2009-10. In FY 2010-11, good monsoon, pick-up in private consumption and additional revenue from the auction of 3-G and Broadband spectrum in the Telecom sector will significantly ease the pressure on Government finances, thereby arresting the fiscal slide.

Monetary and Liquidity Conditions:

On the monetary front, the money supply (M3), increased by 16.9 per cent during FY 2009-10 as against 19.1 per cent in FY 2008-09. The Bank deposit and Bank credit during FY 2009-10 increased by 17 per cent and 16.7 per cent respectively, which was lower than the corresponding preceding year's figures of 19.9 per cent and 17.5 per cent respectively. There was a surfeit of liquidity in the system throughout the year on the back of lower credit off-take and robust deposit growth. Mirroring easy liquidity conditions, average call money rate stayed in the range of 3.15 per cent to 3.50 per cent during the year.

Financial Markets:

Overall, financial markets remained orderly. With the revival of foreign institutional investment, equity markets gained strength and the BSE stock index nearly doubled from 9,709 as on 31st March, 2009 to 17,528 as on 31st March, 2010. As regards debt markets, long-term yields hardened significantly from 7.01 per cent to 7.84 per cent, while short-term rates remained low. The Rupee strengthened against the US Dollar to close at ₹ 44.90 by 31st March, 2010 (an appreciation of 11.87 per cent) on the back of increase in FII inflows and continued inflow of foreign direct investment. India's foreign exchange reserves increased by USD 27.1 billion to reach USD 279.10 billion at the end of March, 2010.

Overall Assessment:

Going forward, the fundamentals of the Indian economy remained strong. The monetary and exit measures initiated by the policy makers will result in interest rates moving upwards, thereby attracting higher capital inflows as interest rate differentials widen. In such a scenario, the monetary management in FY 2010-11 will largely tilt towards reining of inflationary pressures while, at the same time remaining supportive of economic growth. It should however be noted that inspite of strong recovery across the globe, there are significant risks on the global front viz. sizeable increase in fiscal deficits, worsening Debt-GDP ratios and rising unemployment in developed countries, which may indirectly impact the Indian economy.

Measures taken by RBI:

Since the outbreak of the global financial crisis in September 2008, the RBI followed an accommodative monetary policy. The financial year began with RBI announcing a 25 basis points reduction in the repo and reverse repo rates in its Annual Policy statement. The focus remained on providing ample rupee liquidity, ensuring comfortable Dollar liquidity and maintaining continued credit flow to productive sectors. In the course of FY 2009-10, this stance was principally geared towards supporting early recovery of the growth momentum.

The process of shift from the expansionary monetary stance to the exit strategy began on 27.10.2009 with the Statutory Liquidity Ratio (SLR) of scheduled commercial banks being restored to the pre-crisis level of 25 per cent. As we entered the calendar year 2010, the RBI announced a total 100 bps hike in the Cash Reserve Ratio (CRR), signalling beginning of winding up of the expansionary policy.

The RBI also announced a 100 bps hike in the repo and 125 bps hike in reverse repo starting from March 2010 till July 2010, in order to curb inflationary pressures. It is apparent that RBI has given precedence to price stability than growth in the near term.

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

- The Indian economic and financial system endured the shock of the global financial crisis reasonably well. The nature of the impact remained minimal during FY 2009-10 as the Indian economy continued to grow steadily.
- RBI increased the provisioning requirement for advances to the Commercial Real Estate (CRE) sector classified as 'Standard assets' from 0.40 per cent to 1.00 per cent.
- Export credit refinance facility was reduced from 50 per cent to 15 per cent and special refinance facility for banks was discontinued.
- RBI stipulated that the Banks should achieve a minimum NPA provision coverage ratio of 70 per cent by end-September 2010.
- Branch Authorisation Scheme for opening branches in Tier 3 to Tier 6 centres has been liberalized (i.e. with population upto 50,000) for the commercial banks.
- In pursuance of the recommendation of the RBI Working Group set-up to review BPLR system, BPLR has been replaced by Base Rate from July 2010. The switch over to the new "base-rate" system is expected to help in improving and enhancing the visibility of transmission of monetary policy signals to the credit market.

- In order to allow basic banking services to percolate down to the grass root levels of the society, RBI has permitted commercial banks to appoint additional entities as Business Correspondents (BC) and collect reasonable service charges from the customer in a transparent manner for delivering the services through BCs.
- RBI is also considering giving some additional banking licenses to private sector players, including Non Banking Finance Companies, if they meet RBI's eligibility criteria. A discussion paper has been placed in public domain in this regard.

3. THE URBAN CO-OPERATIVE BANKING SECTOR:

India's Urban Co-operative Banking Sector constitutes approximately seven per cent of the banking sector's total assets. However, considering the large concentration of Urban Co-operative Banks (UCBs) in five States such as Maharashtra, Gujrat, Karnataka, Tamil Nadu and Andhra Pradesh, the importance of these institutions in these States is even greater. The RBI has been fine-tuning its controls on the co-operative banking sector slowly, in order to improve the quality of supervision and regulation of this sector. Following are some such specific measures undertaken by RBI during the year 2009-10 for strengthening the Urban Co-operative Banking Sector.

- Guidelines have been introduced to UCBs on internal controls, risk management systems, ALM and disclosure norms.
- RBI increased the provisioning requirement for UCBs on advances to the Commercial Real Estate (CRE) sector classified as 'Standard assets' to 1.00 per cent.
- RBI has decided to apply duration based capital charge for market risks in respect of systemically important large UCBs w.e.f. 1st April, 2010.
- RBI has decided to permit extension of area of operation to well-functioning Primary UCBs which are located in the States that have signed MoUs with the RBI.

- UCBs have been permitted to declare dividends on shares without prior approval of the RBI, subject to certain conditions.
- From April 2010, UCBs will have to calculate interest on balances in savings bank accounts on a daily product basis. This will lead to higher interest payout on saving accounts.
- UCBs have been advised to discontinue all bilateral clearing arrangements arising out of normal banking transactions.
- RBI also released the Report of the working group on Umbrella Organisation and Constitution of Revival Fund for UCBs, during the year under Report.
- **The Future:** It must be admitted on all hands that the prudential and other calculated measures taken by RBI for the UCB sector over the last 4-5 years have accelerated the strengthening of the sector. RBI policy measures such as the issuance of Vision Document, signing of MOUs with State Governments, formation of TAFCUBs and having regular consultations with the leaders of the UCB sector and the Governments controlling them have created a greater sense of responsibility in the sector and a stage is now set where irreparable UCBs have to exit the sector, as the RBI has given clear signals that only responsible players in the sector, compliant of the regulatory regime will be supported and encouraged to grow and expand. Your Bank, therefore, feels that it will legitimately benefit from the new regulatory regime.

4. COVER PAGE:

The cover page celebrates the completion of a five-year compact amongst the four major pillars of the magnificent edifice of your Bank, viz., (1) The Board of Directors, (2) The Central Management Committee (CENMAC) and all executives, (3) The Officers Association and all officers and (4) The Employees Union and all non-management employees. We may add that Dr. Adarkar Mission-I was conceived and announced by present Chairman of your Bank Shri E. K. Thakur, on Tuesday, 15th March, 2005, which was the eighth day after

demise of Dr. S. P. Adarkar. The business of the Bank on 31st March, 2004 was of the order of ₹ 6,670 crore. Dr. Adarkar Mission-I envisaged attaining the goal of total business of the Bank of ₹ 10,000 crore plus by 31st March, 2006. The Dr. Adarkar Mission-II of ₹ 25,000 crore plus was announced on behalf of the Board, by Shri E. K. Thakur immediately after successful completion of Dr. Adarkar Mission-I and it is to be achieved by 31st March, 2011.

The above Missions, i.e., Dr. Adarkar Mission-I of ₹ 10,000 crore plus and Dr. Adarkar Mission-II of ₹ 25,000 crore plus constituted a clarion call by your Bank on all its employees and fulfillment of these Missions called for a leap of faith on the part of all employees. The members of management and staff at all levels responded to this call of duty most wholeheartedly.

All the four major pillars of your Bank, have worked faithfully and ceaselessly to achieve these Missions. What is important and noteworthy is the fact that the two representative organizations in the Bank, i.e., the Officers Association and the Employees Union have shown wisdom and maturity in realizing and accepting the fact that destiny of employees is closely intertwined with the progress of the Bank. Therefore the leadership of these two bodies has continually exhorted their members to put in their best efforts in the pursuance of cause of Dr. Adarkar Missions.

The pictorial design in the cover page depicts the fact that INTEGRITY of the Bank and its personnel constitute the foundation of the Bank, the PROGRESS of the Bank has been possible because it is supported fully and well by the four pillars. TRUST of the public at large, which the Bank enjoys and which is the product of efficient and delightful SERVICE offered at the Bank's branches gives the real protection to the Bank in an otherwise competitive cut-throat banking space.

5. CHAIRMAN'S SPEECH 2009 IN RETROSPECT:

While delivering his speech at the Ninety-first Annual General Meeting on 25th July, 2009, the Chairman of your Bank, Shri E. K. Thakur, had dwelt on the global

financial developments, the Indian scenario and your Bank's position in wake of the same. Your Bank had, at that point of time, achieved a business milestone of ₹ 21,000 crore. While providing guidance for the next year, the Chairman, in view of the impact of strong recessionary trends in the economy; had anticipated a steep deceleration in the profit projections for FY 2009-10. At the same time, the Chairman had pencilled out three priorities for your Bank viz., emphasis on (1) CASA deposits, (2) Credit Marketing and (3) Strong NPA recoveries.

The following were the results of the guidelines:

- **Emphasis on CASA deposits:** High CASA provides competitive advantage as it helps lowering cost of funds and in turn, it helps reducing the lending rates and thus remaining competitive. Many Indian Banks and UCBs have a CASA level well above 40 per cent, which gives them a competitive advantage over your Bank. During the financial year 2009-10, your Bank's focus on this area helped in increasing the CASA deposits from ₹ 3,218.35 crore to ₹ 4,247.67 crore i.e. an increase of 31.98 per cent on a y-o-y basis. Resultantly, the ratio of CASA deposits to total deposits increased from 24.91 per cent as on 31st March, 2009 to 29.77 per cent during the year, which constitutes the highest ever increase in CASA in any single financial year.
- **Credit Marketing:** During the year, credit demand in the market declined steeply, impacting both, Banks' topline and bottomline. Your Bank also was not an exception to this rule. Concerted efforts were made to increase the credit portfolio of your Bank. The following table shows the results.

Table No. 1

(₹ in crore)

Advances as on 31.03.2009 (A)	8110.41
Total Advances sanctioned during FY 2009-10	5763.54
Total advances disbursed during FY 2009-10 (B)	2921.06
Total repayments/ recoveries during FY 2009-10 (C)	1781.12
Net additional advances disbursed during FY 2009-10 (D)	1139.94
Advances as on 31.03.2010 (A+D)	9250.35
Advances pending disbursement as on 31.03.2010	2842.48