

13th Annual Report 2017-18



CHAITANYA GODAVARI GRAMEENA BANK

(A Government Undertaking Sponsored By Andhra Bank)

**HEAD OFFICE : Raghu Mansion, 4/1, Brodipet,
GUNTUR - 522 002, ANDHRA PRADESH - INDIA.**

website : www.cggb.in



STATUTORY AUDITORS FOR 2017-18

Statutory Central Auditors
M/s. GRANDHY & Co
Chartered Accountants, VISAKHAPATNAM

BRANCH AUDITORS

M/s Krishna Prabha Associates
Chartered Accountants, Narasaraopet

M/s Ch Veerababu & Co
Chartered Accountants, Guntur

M/s Rao & Murty
Chartered Accountants, Vijayawada

M/s B Panduranga Rao & Co
Chartered Accountants, Guntur

M/s N Koteswara Rao & Co
Chartered Accountants, Guntur

M/s Lakshmipathi & Co
Chartered Accountants, Kovvur

M/s P V M Rao & Associates
Chartered Accountants, Guntur

M/s Repala Mangeswara Rao & Co
Chartered Accountants, Guntur

M/s Anantha & Associates
Chartered Accountants, Guntur

M/s Bhaskara Reddy & Co
Chartered Accountants, Guntur

M/s Polineni Associates
Chartered Accountants, Guntur

M/s Ravi Sarma & Co
Chartered Accountants, Kakinada

M/s Chinta Krishna Rao & Co
Chartered Accountants, Guntur

M/s Rao & Sharma
Chartered Accountants, Bhimvaram

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CHAITANYA GODAVARI GRAMEENA BANK

HEAD OFFICE

GUNTUR - 522 002, ANDHRA PRADESH

LETTER OF TRANSMITTAL

**The Secretary,
Ministry of Finance,
Department of Economic Affairs,
Banking Division, Government of India
Parliament Street,
NEW DELHI - 110001**

Dear Sir,

In accordance with the provisions of section 20 of the Regional Rural Banks Act 1976, I forward herewith the following documents.

A Report of Board of Directors as to the Bank's working and its activities during the period 1st April 2017 to 31st March 2018.

A copy of the Audited Balance sheet and Profit and Loss Account for the year ended 31st March 2018.

A copy of the Auditors report in relation to the Bank's accounts for the period 1st April 2017 to 31st March 2018.

Yours Sincerely

V. Brahmananda Reddy

Chairman

Place : Guntur

Date : 07.05.2018

INTRODUCTION

Government of India, Ministry of Finance has announced the amalgamation of Chaitanya Grameena Bank and Godavari Grameena Bank sponsored by Andhra Bank into a single Regional Rural Bank with its Head Office at Guntur, Andhra Pradesh, Vide Notification bearing F.No.1/26/2005-RRB, Dated 01.03.2006.

Thus Chaitanya Godavari Grameena Bank has emerged as a new entity effective from 01.03.2006. The Head Office of the new Bank is situated at Guntur, Andhra Pradesh.



VISION

Chaitanya Godavari Grameena Bank is committed to usher in prosperity & plenty by care & concern to the financial needs of cross section of rural populace in Guntur, East Godavari & West Godavari districts.



MISSION

To leverage technology for according utmost customer satisfaction & providing credit & credit plus financial services to the rural people.



BOARD OF DIRECTORS AS ON 31.03.2018

Chairman	:	1 Shri V Brahmananda Reddy Dy.G.M. on deputation from Andhra Bank
Nominees of Central Government under section 9(1)(a) of the Regional Rural Bank's Act, 1976	:	2 Shri K Chandra Mohan Advocate R/O Palagummi, Amalapuram Mandal, E.G.Dist
	:	3 Shri Jai Prakash Rapolu H.No. 16-11-511/D/345, Shalivahana Nagar, Moosarambagh, Hyderabad-500 036
	:	4 Shri C B Ganesh Assistant General Manager, Reserve Bank of India, FIDD, Regional Office, Hyderabad
Nominee of Reserve Bank of India section 9(1)(b) of the Regional Rural Bank's Act, 1976	:	5 Shri R Shankar Narayan Deputy General Manager-NABARD, Regional Office-AP, Hyderabad
Nominee of NABARD under section 9(1)(c) of the Regional Rural Bank's Act, 1976	:	6 Shri P S R K Prasad Dy G M, Andhra Bank, Zonal Office, Guntur, Guntur Dist.
Nominees of Andhra Bank under section 9(1)(d) of the Regional Rural Bank's Act, 1976	:	7 Shri K Bhaskara Rao Dy G M, Andhra Bank, Zonal Office, Eluru, W.G.Dist
	:	8 Shri K Sasidhar I.A.S., Collector & District Magistrate, Guntur
Nominees of State Government under section 9(1)(e) of the Regional Rural Bank's Act, 1976	:	9 Dr K V V Satyanarayana I.R.A.S., Spl. Secretary to Government of Andhra Pradesh, Finance Department, AP Secretariat, Velagapudi, Thulluru Mandal, Guntur Dist.





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DIRECTORS' REPORT

The Board of Directors of CHAITANYA GODAVARI GRAMEENA BANK have pleasure in presenting the THIRTEENTH ANNUAL REPORT of the Bank together with the audited Balance Sheet as on 31st March 2018, Profit & Loss account for the Financial year ended 31st March 2018 and Cash Flow Statement for the financial year 2017-18, in terms of Section 20 of the Regional Rural Banks Act, 1976.

OPERATIONAL AREA

The operational area of the Bank is spread across Guntur, East Godavari and West Godavari Districts, which are located in the rich coastal belt of Andhra Pradesh. The soils in these Districts are very fertile due to the Rivers Krishna and Godavari respectively.

Guntur District is bounded on the North by Nalgonda District & Krishna River, on the South by Prakasam District, on the West by Mahaboobnagar District, and on the East by Krishna District & Bay of Bengal.

The Total Geographical Area of the District is 11,391 sq. kms, consisting of 57 Mandals spread over 729 Villages. The Total Population of the District as per 2011 census is 48.89 Lakh.

The important rivers and river lets in the District are River Krishna and rivulets Naguleru, Chandravanka and Gundlakamma. Predominant crops grown in the District are Paddy, Cotton, Chilies, Tobacco, etc.

West Godavari District is bounded by river Godavari on the East, Krishna District on the West, Khammam District on the North, and Krishna District & Bay of Bengal on the South.

The total Geographical Area of the District is 7,742 sq. kms divided into 46 Mandals spread over 887 Villages. The Total Population of the District as per 2011 census is 39.35 Lakh.

Godavari is the important river with its branches, Gowthami Godavari and Vasista Godavari, irrigates 85% of the cultivated land in the District. Paddy is the main crop followed by Sugarcane, Tobacco, Maize, Cotton, Chilies, etc.. Oil palm cultivation is increasing day by day.

East Godavari District is bounded on the North by Visakhapatnam District and the State of Orissa, on the East by Bay of Bengal, on the South and on the West by West Godavari and Khammam Districts.

The total Geographical Area of the district is 10,818 sq. kms divided into 60 Mandals and 1404 Villages. The Total Population of the District as per 2011 census is 51.52 Lakh.

SHARE CAPITAL

Share Capital and Share Capital Deposit Account : As per the RRB (Amendment) Act 2015, the authorized share capital of RRBs was raised from Rs 5 crore to Rs 2000 crore.

The share capital of the Bank as on 31.03.2018 is as under:

Central Government	: Rs 3,72,11,000
State Government	: Rs 1,11,63,300
Sponsor Bank	: Rs 2,60,47,700
Total	: Rs 7,44,22,000

STATUTORY RESERVES

Statutory Reserves increased to Rs.7205.53 Lakh during the year from Rs. 5567.43 Lakh as on 31.03.2017

The total reserves and surplus increased to Rs 36026.26 lakh during the year from Rs 27984.56 lakh as on 31.03.2017. Prior period Income Tax (net) of Rs 148.63 lakh was charged to General Reserves.



CHAITANYA GODAVARI GRAMEENA BANK

Own funds increased to Rs.36770.48 Lakh during the year from Rs.28728.78 Lakh as on 31.03.2017

NETWORK OF BRANCHES

The Bank is operating through 204 Branches and 1 Extension Counter. The District-wise break up of Branches is as under:

Category	Guntur Dist.	East Godavari Dist.	West Godavari Dist.	Total
Rural	64	24	22	110
Semi-Urban	36	20	16	72
Urban	14	4	4	22
Total	114	48	42	204
Extn. Counters	1	0	0	1

In addition, the bank had 42 own ATMs and 1 Cash Recycler as on 31.03.2018

The Bank has opened 12 branches [4 Branches in Guntur District, 2 Branches in East Godavari & 6 Branches in West Godavari District] during the Financial Year 2017-18. The Bank proposes to open 26 new Branches during the Financial Year 2018-19.

REGIONAL OFFICES

Two regional offices are opened on 29.12.2017, one at Guntur and another at Narasaraopet in Guntur District. The regional office at Guntur covers 64 branches in Guntur District and the regional office at Narasaraopet covers 50 branches in Guntur District. The total number of regional offices as at the end of the financial year stood at 3, including the one at Rajahmundry in East Godavari District covering all the 90 branches in East and West Godavari Districts.

CATEGORISATION OF BRANCHES

The categorization of branches was undertaken as per the applicable norms and the position as on 31.03.2018 is as under:

Category of Branch	No of Branches
Scale V	2
Scale IV	13
Scale III	100
Scale II	76
Scale I	13
Total	204

DEPOSITS

The Total Deposits of the Bank as on 31st March 2018 stood at Rs. 390672.27 Lakh. The net accretion of Deposits during the year 2017-18 is Rs.61545.89 Lakh registering a growth rate of 18.70%. The percentage of Low Cost Deposits to Total Deposits is 30.28% as on 31st March 2018. The Cost of Deposits worked out to 6.60%. Per Branch Deposits worked out to Rs.1915.06 Lakh.

The category-wise break-up of deposits as on 31.03.2018 is as under:

Nature of Deposit	No. of Accounts	Amount (Rs.inLakh)	% To total Deposits
Current Deposits	15935	11068.20	2.83
Savings Deposits	1406703	107231.76	27.45
Term Deposits	176914	272372.31	69.72
Total Deposits	1599552	390672.27	100.00

CUSTOMER BASE

During the year, there has been an increase in the number of accounts as furnished hereunder, registering 12.19% growth rate in customer base.

	2016-17	2017-18	Growth
Deposits	1461021	1599552	138531
Advances	356982	403547	46565
Total	1818003	2003099	185096



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CUSTOMER SERVICE

The Bank has been extending best customer service through its network of Branches duly taking care of their total banking needs. The Bank has conducted several "Customer Meets" for creating awareness about the various Deposits and Advances schemes offered by the Bank. Besides, Financial Literacy Camps are conducted at all branches at periodical intervals to make the customers aware of services available at branches and improved technology in our services. This has given an opportunity to the Bank for understanding the needs of the customers in a better way. Chairman, General Manager and Regional Managers have attended the Customer Meets.

BORROWINGS

Major source of Borrowings for the Bank continued to be from NABARD followed by Sponsor Bank i.e., Andhra Bank, NHB, MUDRA and NSCFDC. Bank has adopted a judicious approach on Borrowings considering the Cost of Borrowings. High Cost limits from Sponsor Bank are drawn as and when required only utilizing Low Cost limits from NABARD to the full extent. Bank was prompt in repaying the installments and interest on refinance throughout the year.

The details of borrowings outstanding sector-wise as on 31.03.2018 are given hereunder:

(Rs. in Lakh)					
Sector					
	NABARD	Andhra Bank	NHB	MUDRA	NSCFDC
STL (SAO)	12100.00	4.84	0.00	0.00	0.00
STL (DTP)	900.00	0.00	0.00	0.00	0.00
STL (Addl.)	23500.00	0.00	0.00	0.00	0.00
ST (Others)	5300.00	0.00	0.00	0.00	0.00
MT (SCH)	72482.42	0.00	307.55	6940.00	720.00
Total Borrowings	114282.42	4.84	307.55	6940.00	720.00

CASH & BALANCES WITH BANKS IN CURRENT ACCOUNTS

Cash management has been given utmost importance and cash retention limits were fixed to the Branches. Cash

Balances maintained by branches are being monitored regularly to ensure that only minimum cash balances are maintained.

Adequate balances are maintained with Reserve Bank of India, as per the requirement of CRR throughout the year.

The Bank is maintaining Current Accounts with Sponsor Bank in order to have effective cash remittances from the Branches. Apart from Sponsor Bank, Bank is also maintaining Current Accounts with State Bank of India, Indian Overseas Bank, Kotak Mahindra Bank Ltd., Axis Bank Ltd and IDBI Bank Ltd. to facilitate Cash & Clearing Transactions.

The details of cash on hand and balances held by the Bank in Current Account with Reserve Bank of India and Current Accounts and Other Accounts with other banks are as under:

	(Rs. in Lakh)
Average Deposits	335869.11
Average Cash Holdings	6372.06
% Average Cash Holding to Average Total deposits	1.90
Average Balances held with Reserve Bank of India	13080.18
Average Balances with Sponsor Bank/Other Banks	9232.86
Average Balances with Sponsor Bank/Other Banks in Other Accounts	21421.52
Income received on the balances in other accounts	1133.65

INVESTMENTS

The Bank has invested its surplus funds in approved securities as per the investment policy of the Bank, after



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carefully considering the various options available, in consultation with the Investments and International Banking Department, Andhra Bank, Mumbai in order to earn maximum possible income. Investments in Government Securities are made through Investments and International Banking department, Andhra Bank, Mumbai. The premium paid for the purchase of Government Securities is being amortized over the remaining period of currency of the Investment.

The Bank had earned profit of Rs.412.56 lakh on sale of G – Sec. Investments from AFS category during the year under review.

The Bank had also earned profit of Rs 264.93 lakh on sale of Non-SLR bonds during the year under review

The details of Investments and Income thereon are furnished hereunder.

PARTICULARS	(Rs. in Lakh)		
	INVESTMENTS		
	SLR	NON-SLR	TOTAL
Total Gross Investments	81354.00	17763.41	99117.41
Less : Amortization/Depreciation	177.04	0.00	177.04
Net Investments	81176.96	17763.41	98940.37
Interest Earned	5690.90	2593.01	8283.91

LOANS & ADVANCES

Bank has made all efforts to meet the integrated credit needs of customers especially in Rural Areas by intensive credit expansion.

The aggregate Loans and Advances of the Bank as on 31st March 2018 stood at Rs. 418926.38 Lakh. The net accretion of advances during the year 2017-18 was Rs.84412.96 Lakh registering a growth rate of 25.23%.

The Scheme-wise break-up of Outstanding is as under:

Particulars	No. of accounts	(Rs. in Lakh) Amount
Short Term Agricultural Loans	289776	254884.49
Agricultural term Loans +AAA	17880	10781.03
Crop loans Converted Term Loans	184	88.43
MSME	51774	35349.07
Other Priority Sector Loans	27362	82544.20
Non-Priority sector Loans	16571	35279.19
TOTAL ADVANCES	403547	418926.41

ADVANCES BREAK UP	(Rs. in Lakh)
Total Advances- As per GLB	418926.41
Less-IBPC sold with the participation of HDFC Bank Ltd	45000.00
Less – Provision for NPAs	3881.85
Net Advances	370044.56

DISBURSEMENTS OF LOANS & ADVANCES

The Total Disbursements of loans and advances during the year are Rs. 360572.94 Lakh as against the MoU target of Rs.180000.00Lakh. The details of achievement during the year under report are furnished hereunder:

Particulars	(Rs. in Lakh) Amount
Short Term Agricultural Loans	240238.39
Medium Term Agricultural Loans	8050.20
MSME	25810.15
Self Help Groups	49036.22
Other Priority Sector Loans	13557.54
Non-Priority Sector Loans	18610.35
Total Disbursements	355302.85



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The Sector wise break up of advances is as furnished below :

Particulars	(Rs. in Lakh)
	Amount
Total Advances	418926.41
Of which: Advances to Priority Sectors	383647.22
% to Total Advances	91.58%
Advances to Non-Priority sectors	35279.19
% to Total Advances	8.42%
C D Ratio	95.71
Average Yield on Advances (%)	10.77
Per Branch Advances	2053.56
Per Employee Advances	562.32
Agricultural Advances	327162.32
No. of SHGs credit linked during the year	14638

IRAC NORMS

ASSET CLASSIFICATION

In tune with the guidelines given by the Reserve Bank of India, assets of the Bank as on 31.03.2018 were classified into Standard, Sub-standard, Doubtful and Loss Assets and provisions were made accordingly.

	(Rs.in Lakh)
Substandard Assets	1511.99
Doubtful Assets	2363.52
Loss Assets	6.34
Total NPAs	3881.85

PROVISIONS

	(Rs.in Lakh)
Cumulative Provision against NPAs	3881.85
% of Provision to NPA	100.00%

The classification of Assets and Provisions made is furnished hereunder:

Particulars	(Rs.in Lakh)		
	Amount Outstanding	Provision To be made	Provision Made
Standard Assets	370044.56	1002.76	1402.76
Sub-standard assets	1511.99	290.70	1511.99
Doubtful assets	2363.52	1891.11	2363.52
Loss assets	6.34	6.34	6.34
Non-performing assets	3881.85	2188.15	3881.85
Loss Assets written off	0.00		
Total assets (advances)	418926.41		
Total Assets less IBPC	373926.41		
Cumulative provision against NPAs	3881.85		3881.85
% of NPA to Gross Advances	1.04		
% of Net NPA to Net Advances	0.00		

MOVEMENT OF NPA

Particulars	(Amount in Rs.Crore)	
		Amount
Gross NPA as on 01.04.2017 (Opening Balance)		39.64
Additions (Fresh NPAs) during the year		16.66
Sub Total (A)		56.30
Less :		
(i) Up Gradations		4.41
(ii) Recoveries (excluding recoveries made from up graded a/cs)		6.89
(iii) Write offs/compromise		6.18
Sub Total (B)		17.48
Gross NPA as on 31.03.2018 (Closing Balance) (A – B)		38.82



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INTEREST DERECOGNISED

Owing to the implementation of prudential norms, the Bank has not booked income and has derecognized interest and other charges to the extent of unrealized amounts under NPAs, the details of which are furnished hereunder:

	Rs. in Lakh
Derecognized Income at the beginning of the year	2424.36
Additions during the year	669.96
Recovery during the year	898.66
Derecognized Income at the end of the year	2195.66

RECOVERY OF LOANS

The Bank continued thrust on Recovery of Loans through various modes with the objective of reduction of NPAs and also made efforts for recovery of 'Written off Accounts' in order to improve the profitability.

Intensive recovery efforts were made through the following channels:

1. Comprehensive Compromise Settlement
2. Special Recovery Drives
3. Enforcement of SARFAESI Act
4. One-Time Settlement Scheme

The recovery to total demand as on 30th June 2017 stood at 83.40 % for the period under report.

	(Rs. in Lakh)
FARM SECTOR	
Demand	291307.56
Recovery	242706.89
Overdue	48600.67
% of recovery	83.32
NON - FARM SECTOR	
Demand	26013.70
Recovery	21954.77
Overdue	4058.93
% of recovery	84.34

COMPREHENSIVE CROP INSURANCE

In pursuant with the Govt. of India guidelines and National Agriculture Insurance Company's Crop insurance schemes, the bank is implementing Weather Based Crop Insurance Scheme (WBCIS), Modified National Agriculture Insurance Scheme (MNAIS) and National Agriculture Insurance Scheme (NAIS) and the details of claims pertaining to various branches of the bank and settled by the corporation during this financial year are furnished hereunder:

	(Rs. in Lakh)	
SEASON	Number of Farmers	Claim Amount
Kharif 2015–Oil Palm	6	0.79
Kharif 2015–Red Chillies	2315	142.19
Rabi 2015-16 Maize	41	2.53
Rabi 2015-16 Paddy	123	4.20
Kharif 2016 – Paddy	1386	148.39
Kharif 2016 – Cotton	22	2.22
Total	3893	472.64

WRITE OFF LOANS

The details of written off loans and recoveries made under written off loans are as follows:

	(Rs. in Lakh)	
Particulars	2016-17	2017-18
Amount Written off	0.00	0.00
Number of accounts written off	0	0
Recovery made in written off accounts	21.48	19.01

A.P. GOVT. DEBT REDEMPTION SCHEME

The Bank got an amount of Rs. 115.44 Crores in different phases of the Second and Third instalment amounts from Govt. of Andhra Pradesh under Debt Redemption Scheme 2014 and the claim amount was passed on to individual borrowal accounts.



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INTER BANK PARTICIPATION CERTIFICATE [IBPC]

The Bank had issued Inter Bank Participation Certificate of Rs 450.00 crore on risk sharing basis with the participation of HDFC Bank Ltd. during the current year covering Priority Sector Advances –Direct Agri. at a competitive interest rate.

PROFIT

The Bank has earned Operating Profit of Rs. 13632.01 Lakh and Net profit of Rs.8190.33 Lakh during the year 2017-18 under report as against Rs. 7536.10 Lakh and Rs.5516.69 Lakh respectively during 2016-17.

INCOME EARNED

The details of the interest earned are furnished below:

Particulars	(Rs.in Lakh) 2017-18
Interest Received on Loans and Advances	41168.81
Income on Investments	7471.32
Interest on RBI balances and other Inter-Bank Funds	1133.65
Non-Interest Income	5403.56
Total	55177.34

The Non-Interest Income to the Total Income works out to 8.61%.

EXPENDITURE INCURRED

The details of the expenditure incurred are furnished below:

Particulars	(Rs. in Lakh) 2017-18
Interest paid on Deposits	22157.35
Interest paid on Refinance availed	8013.73
Interest on Inter Bank Participation Certificate	1146.14
Other Expenditure	10228.11
Total	41545.33

NON-FUND BUSINESS

The Bank has issued Bank Guarantees to the tune of Rs. 1429.78 Lakh through its Branches.

FINANCIAL RATIOS

	2017-18	2016-17
Average Working Funds (Rs.in Lakh)	542464.30	473130.25
Financial Return (% of interest income to average working funds)	9.18	8.91
Financial Cost (% of interest expended to average working funds)	5.77	6.26
Financial Margin (Financial return – Financial Cost)	3.41	2.65
Operating Cost (% of operating expenses to average working funds)	1.88	1.89
Miscellaneous Income (% of non-interest income to average working funds)	1.00	0.83
Operating Profit (Financial margin + Miscellaneous Income) —operating cost	2.53	1.59
Risk Cost (% of provisions on average working funds)	0.09	0.04
Net Margin (Return on Assets)	1.51	1.17

CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio (CRAR) of the Bank stood at 11.13% as on 31.03.2018 as against the mandatory requirement of 9.00%.

ACHIEVEMENTS UNDER MOU

The Bank has achieved major MoU parameters for the year 2017-18

The Bank's performance vis-à-vis the MoU projections are furnished hereunder:



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Parameter	(Rs. in Lakh)		
	Actual 31.03.2017	Target 2017-18	Actual 31.03.2018
Own Funds	28728.78	34000.00	36770.48 ✓
Total Business	633639.80	730000.00	764598.68 ✓
Deposits	329126.38	370000.00	390672.27 ✓
Advances	304513.42	360000.00	373926.41 ✓
Borrowings	96265.83	120000.00	122254.82 ✓
Operating Profit	7536.10	8000.00	13632.01 ✓
NPA	3964.02	5400.00	3881.85 ✓
Investments	87026.92	95000.00	98940.37 ✓
Loans Issued	282370.47	231425.00	360572.94 ✓
Per Branch			
Business	3300.28	3443.40	3748.03 ✓
Per Employee			
Business	900.67	972.04	989.39 ✓
CD Ratio (%)	92.53	97.30	95.71
Cost of			
Deposit (%)	7.10	6.97	6.60 ✓
Yield on			
Advances (%)	10.40	10.50	10.77 ✓
Recovery % to			
Demand	83.51	70.00	83.40 ✓

MoU REVIEW BY SPONSOR BANK

The MoU Review by MD&CEO, Andhra Bank is held at the end of every quarter that provided valuable insights for the growth of the Bank.

STAFF POSITION

The details of manpower in the Bank are furnished here under:

Senior Management Grade Scale V officer	1
Senior Management Grade Scale IV officers	17
Middle Management Grade Scale III officers	75
Middle Management Grade Scale II officers	134
Junior Management Grade Scale I officers	277
Total Officer Cadre	504
Clerical Cadre	231
SCM Cadre	10
Total Staff	745

INDUSTRIAL RELATIONS

The industrial relations atmosphere in the Bank during the year under report has been healthy and very cordial.

SC/ST WELFARE

A separate SC/ST cell is functioning at Head Office as per guidelines. The General Manager is the liaison officer. Quarterly Joint Meetings were held with SC/ST Employees Welfare Association during the year under report. The representation of SCs and STs is 107 and 48 respectively in the total work force of 745 in the Bank.

Dr.B.R.AMBEDKAR'S BIRTH DAY CELEBRATIONS

Dr. B. R. Ambedkar's Birth Anniversary was celebrated at Head Office on 14.04.2017 by paying tribute to the leader and conducting staff meeting.

GRATUITY SCHEME

The bank has entered into GROUP GRATUITY CASH ACCUMULATION SCHEME with the LIC of India & India First Life Insurance Company as a staff welfare measure. The annual premium is being paid regularly. The Gratuity is paid to retiring members or in case of death from the Fund regularly.

INCOME TAX

During the year 2017-18, the Bank had paid an advance tax of Rs.3400.00 Lakh. Provision for income tax of Rs 4514.75 lakh was made at the end of the financial year. Prior period Income Tax (net) of Rs 148.63 lakh was charged to General Reserves.

HUMAN RESOURCE DEVELOPMENT

The Bank has a committed workforce of 745, comprising 504 officers, 231 Office Assistants and 10 Office Attendants.

During the Financial year 2017-18, Bank has effected promotions to 62 staff members in different cadres, viz. 1 Officer from SM-IV to SM-V, 8 Officers MM-III to SM-IV, 17 Officers from MMII scale to MM III scale, 10 Officers from JM I to MM II, 26 Office Assistants to Officer JM-I cadre.



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Bank has been imparting need-based training to all employees for enhancing their knowledge and skills.

STAFF WELFARE:

A new Medical Insurance Scheme for Staff is formulated and a new mediclaim policy was entered with United India Insurance Company Ltd. on 06.04.2017 as per the Govt. of India, Ministry of Finance letter dated 20.10.2016 issued in terms of Joint Note dated 25.05.2015 on Salary revision and 10th Bi-Partite Settlement between IBA and Employees' Unions of PSBs. The coverage for Officers, Office Assistants and Office Attendants, along with their dependents, is Rs 4.00 lakh, Rs 4.00 lakh and Rs 3.00 lakh respectively.

Provision of Rs 215.00 lakh towards pay revision arrears payable and Rs 219.00 lakh towards pension arrears payable is made considering them as known liabilities.

RISK MANAGEMENT:

Integrated Risk Management Department was introduced in the Bank on 16.07.2012. At present as a part of Market Risk, Asset Liability Management (ALM) is introduced.

The Bank has put in place a comprehensive "Asset Liability Management Policy" for the management of market risk as per the guidelines of NABARD/RBI guidelines. Accordingly the functions of Asset Liability Management (ALM) are introduced in the Bank.

Asset-Liability Committee (ALCO) oversees the ALM in the Bank and deliberates on liquidity and Interest rate scenario in the market. ALCO regularly monitors the identification, measurement, monitoring and mitigation of market risk in liquidity and interest rates.

Asset Liability Committee [ALCO] meets at regular intervals to provide guidance and directions in implementing the risk management initiatives of the Bank. The Management Information System (MIS) required for ALM i.e., Deposits and Advances is being tracked 100% through system i.e. CBS.

The 'liquidity risk' is measured and managed through 'gap analysis' for maturity mismatches based on residual maturity. The liquidity position of the bank is tracked by means of Structural Liquidity statements and projections. For assets and liabilities, which are of non-maturity nature, Bank is conducting behavioral studies and factoring the observations in the gap analysis. The behavioral study findings are subject to back-testing. Prudential limits are fixed as per NABARD guidelines and these limits are measured and monitored regularly.

The 'Interest Rate Risk' is managed through gap analysis.

The ALM status note is being put up to the Board for approval every quarter regularly.

OPERATIONAL RISK MANAGEMENT IN THE BANK:

To have a consistent and effective Operational Risk management framework which can help achieve organizational objectives with enhanced performance, a Booklet in the form of "Dos and Don'ts" is on Operational Risk Management is introduced so as to ensure that the risks embedded in the day-to-day operations are identified and addressed timely. The booklet on "Dos and Don'ts" is supplied to each and every staff member of the Bank.

Bank is reviewing staff transactions of Rs.50,000/- and above as per the RBI norms.

SECURITY ARRANGEMENTS

Bank has drawn up plans and taken up measures to strengthen the security arrangements at Branches. As part of enhancing security and ambience, fourteen branches are shifted to new premises with Strong Room with adequate space for customer use during the financial year. Burglar Alarms and Fire Extinguishers are provided at all Branches. CCTV cameras were arranged at all branches.

INSPECTION

As on 31.03.2018, out of 164 branches eligible for inspection, Regular Internal Inspection of 153 branches



CHAITANYA GODAVARI GRAMEENA BANK

has been completed and that of remaining 11 branches, the inspection is in progress for the year under report

Out of these 153 branches, 127 branches have got 'A' rating and 26 branches have got 'B' rating.

Necessary follow-up action is taken on continuous basis for rectification of lapses and deviations.

CONCURRENT AUDIT

Concurrent Audit of branches by independent chartered accountant firms is being undertaken for 66 branches as on 31.03.2018.

SYSTEMS INSPECTION & FINANCIAL AUDIT

Sponsor Bank, i.e. Andhra Bank has conducted the Management Audit of the Bank from 06.01.2018 to 25.01.2018. The Bank has secured "VERY GOOD" rating.

STATUTORY INSPECTION BY NABARD

NABARD has conducted statutory inspection under section 35(6) of Banking Regulation Act 1949 from 03.07.2017 to 20.07.2017 with reference to the financial position of the bank as on 31.03.2017.

FRAUD CASES

During the year under report, three fraud incidents at branches were identified. Adequate provision has been made to the extent of loss assessed.

TECHNOLOGY UPGRADATION

1	CIBIL	Implemented on 18.09.2017
2	New FI Gateway	Our bank has constructed our own FI Gateway and migration of all FI services to new Gateway completed by 20.01.2018
3	IMPS	IMPS implemented in the bank on 24.10.2017
4	Mobile banking	Implemented on 29.09.2017. Service extended to staff on 17.01.2018 Service extended to Customers on 13.03.2018

5	NEFT Customization	NEFT customization for automatic returns, resolution of outward NEFT issues etc Implemented on 03.10.2017
6	Cash recycler	First Cash Recycler installed in Rayapudi branch on 30.06.2017
7	Implementation of Registered devices services as per UIDAI standards.	Implemented in Oct'2017
8	Aadhaar authentication.	Implemented in Oct'2017
9	IFLIC module	Implemented on 22.01.2018
10	New FI vendor MAGNOT customization	Completed on 19.01.2018
11	Implementation of Dash board for Sankranthi Siri	01.12.2017
12	Implementation of Dash board for PNPA	10.01.2018
13	IRAC module	Implemented in Mar'2018
14	PoS machines at merchant establishments	Implemented on 29.09.2017
15	Implementation of GST	Implemented on 03.10.2017
16	UPI as Issuer	UPI service implemented on 28.03.2018

SELF HELP GROUPS

The Bank is pioneered with the tradition of extending credit support to SELF HELP GROUPS as per the requirement and needs of the members like Agrl. Farming, dairying, housing, debt swapping, petty business, self-employment programs etc. apart from consumption needs of the members.



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The Bank has extended financial assistance to the tune of Rs. 54913.47 lakh spread in 14638 self-help groups covering more than 286260 members during this financial year under report.

The Bank has opened one new scheme during the year 2017-18, named Small Business Group for SHGs for promoting business activity up to a maximum limit of Rs 25.00 lakh per group without collateral security.

FINANCE TO JOINT LIABILITY GROUPS

The Bank entered into an MoU with NABARD for promoting JLGs through BCs. The bank financed 2665 JLGs to the tune of Rs 50.59 crore during the f.y. 2017-18 and the outstanding under JLG head of account as on 31.03.2018 is Rs 80.43 crore with 5926 groups.

The bank has financed to 20,000 tenant farmers to Rs 211.04 crore through RMGs, COCs and LECs.

PROMOTION OF INNOVATIVE SCHEMES

The bank has formulated special area development schemes for POLYHOUSE for vegetable farming at Vinukonda, Epuru, Karemputi, Durgi, Macherla, Veldurthi and Nuzendla mandals. Finance for 27 units with a loan amount of Rs 5.67 crore under this scheme is made.

INTERNATIONAL WOMEN'S DAY CELEBRATIONS

International Women's Day celebrations were conducted at Branches, Regional Offices & Head Office on 08.03.2018.

SOCIAL RESPONSIBILITY

The Bank has always been conscious of its responsibility to the society and has been in the forefront in participating in events of importance and utility to the Society to which it serves.

The Bank Contributed Rs. 5000/- to Deaf Enabled Foundation, a voluntary Organization is dedicated to work for the development of the deaf community by providing educational facilities, promoting social and cultural awareness and working towards barrier free communication for the deaf.

Our Bank Contributed Rs. 7500/- to "Help Age India" a Non Govt. Organization supporting over 60 Old Age Homes across the country by providing Shelter and Medicare to the Orphan aged persons and Handicapped people.

Our Bank has donated Rs. 5000/- to "Save the Children" a child rights organization which works for providing healthy childhood, education and ensure protected environment.

Our Bank has donated Rs. 5000/- to "Chintala Memorial Charitable Trust" a Voluntary Organization, engaged in conducting social activities like medical camps, awareness programs and charitable activities for the better lively hood of the needy people.

Our Adigoppala & Mutukuru Branches have distributed water and butter milk packets for more than 20,000 pilgrims at Nidanampati Ammavari Tirunalla at Adigoppala village.

CROSS SELLING OF INSURANCE PRODUCTS OF IFLIC

Bank is functioning as corporate agent for selling life insurance products of India First Life Insurance Company (IFLIC). Bank could secure business worth of Rs. 416.01 lakh from about 5637 applications. 13378 new accounts were opened under Raksha Insurance Scheme with life insurance cover of Rs.50,000/-

As a result, our Bank could earn non-interest income of Rs. 86 lakh during the year 2017-18 towards commission received from IFLIC.

FINANCIAL INCLUSION

Progress under Financial Inclusion during the current year was multi-faceted.

The Financial Inclusion was in operation in 189 villages, viz., Guntur District – 106, East Godavari District – 40 and West Godavari District – 43

Three FI points were converted into Brick and Mortar branches – Edlapalli, Ananthavaram and Choppella



CHAITANYA GODAVARI GRAMEENA BANK

M/s Coromandel Infotech India Ltd. and M/s **Magnot Consultancy Services Pvt. Ltd.** are the Technical Service Providers (TSP)

Implementation of FI as on 31.03.2018 is summarized hereunder:

Sl No	Item	Target March 18	Achievement March 18
1	No of villages with population above 2000	125	
2	No of villages with population below 2000	64	
3	Total Enrolments	85,000	99,027
4	No of Cards Personalized	85,000	88,363
5	No of BCs deployed	189	189
6	No of transactions taken place from 01-04-2017 to 31-03-2018	2,79,493	10,20,791
7	Amount involved in transactions	Rs7038.87 lakh	Rs. 22792.03 lakh
Progress Under PM Schemes		31-03-2018	
A	BSBD Accounts opened under PMJDY		1,84,005 (Out of which 1,72,377 A/Cs transacted)
B	PMSBY		3,55,182
C	PMJBY		88,981
D	PMAPY		28,056

The performance under Prime Minister's Social Security Schemes is given hereunder:

Sl No	Parameter	PMJBY	PMSBY	APY	PMJDY
1	Total Enrolments	88981	355182	28056	184005
2	Zero Balance accounts				11628
3	% of Zero Balance accounts				6.32%

ATAL PENSION YOJANA (APY)

Our Bank stood second in South India. Our Bank has achieved 74% of APY Target.

Bank has appointed counselors in all the 3 FLCs and they are conducting FLACs at satisfactory level. During 2017-18 they have conducted 107 Special Camps on Go Digital and 168 Target Group Specific camps. Our rural branches have conducted 284 FL Camps during Financial Year 2017-18. NABARD has sanctioned Rs.34.50 Lakh as grant assistance to conduct 690 FL Camps during FY 2017-18 against which we have conducted 271 camps in Four months (i.e. DEC 2017, Jan 2018, Feb 2018 and Mar 2018).

AWARDS AND ACCOLADES

During the current year, the bank received the following Awards and Accolades :

- (i) Skoch Order of Merit Award for Retail Banking.
- (ii) Skoch Order of Merit Award for e-Commerce
- (iii) Skoch Order of Merit Award for FI Initiative
- (iv) 'Achiever Award' for performance under APY
- (v) Award for 'Makers of Excellence' Campaign for APY

IBPS – RRB – CWE VI – INTERVIEWS

The Bank has successfully conducted interviews for all RRBs in A.P. on behalf of IBPS for candidates for Officer – Scale I, II and III posts and the Bank was appreciated by IBPS for the smooth conduct of the same with 3 panels for 8 days.

BOARD MEETINGS

Seven Board meetings have been convened by the Bank during the year 2017-18 as against stipulated minimum of six during a year and one in each quarter.

The following Directors assumed Office during the year under report.

- a) Mr P S R K Prasad, Dy.G.M., Andhra Bank, Z.O., Guntur
- b) Mr C B Ganesh, AGM, RBI, Hyderabad
- c) Mr R Shankar Narayan, Dy.G.M., NABARD, APRO, Hyderabad
- d) Dr K V V Satyanarayana, Special Secretary, A.P. Secretariat, Amaravathi, Guntur District



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The following Directors have vacated Office during the year under Report

- a) Mr C Dhananjaya, Dy.G.M., Andhra Bank,Z.O., Guntur
- b) Ms K Anuradha, AGM, RBI, Hyderabad
- c) Mr Indranil Chattopadhyay, Dy.G.M., NABARD, APRO, Hyderabad

The Board wishes to place on record its appreciation and gratitude for the valuable services and guidance rendered by the Directors who have demitted Office during the year under Report.

GRATEFUL ACKNOWLEDGEMENTS

The Board wishes to place on record its appreciation for the patronage extended by its valued customers, which has enabled the Bank to show a better performance. The Board thanks all the customers for the confidence reposed in the Bank and their continued patronage. The Bank renews its commitment for rendering a better service to them in future too.

The Board wishes to thank the owners of the Bank, viz., Government of India, Andhra Bank and Government of Andhra Pradesh for their cooperation at all levels for the growth of the Bank.

The Board also expresses its sincere gratitude to the Reserve Bank of India, National Bank for Agriculture and Rural Development, Andhra Bank, National Housing Bank, MUDRA and NSFDC for their valuable guidance and support extended to the Management from time to time.

The Board of the Bank also conveys its sincere thanks to the Collector and District Magistrate, District Administration in the three districts of Guntur, East Godavari & West Godavari, for their continuous support extended to the Bank.

The Board also thanks the Central Statutory Auditors M/s. Grandhy & Co., Visakhapatnam and Branch Auditors M/s Krishna Prabha Associates, Narasaraopet, M/s Rao & Murty, Vijayawada, M/s N. Koteswara Rao &Co, Guntur, M/s P.V.M.Rao & Associates, Guntur, M/s Anantha & Associates, Guntur, M/s Polineni Associates, Guntur, M/s Chinta Krishna Rao & Co, Guntur, M/s Ch Veerababu & Co, Guntur, M/s B Panduranga Rao & Co, Guntur, M/s Lakshmipathi & Co, Kovvur, M/s Repala Mangeswara Rao & Co, Guntur, M/s Bhaskara Reddy & Co., Guntur, M/s Ravi Sarma & Co., Kakinada and M/s Rao & Sharma, Bhimavaram, Chartered Accountants for their cooperation, guidance and completion of the Audit in a record time.

The Board records its appreciation for all the staff members for their dedicated involvement in the growth and functioning of the Bank. It is due to their unstinted efforts that the Bank could post good performance during this year and could surpass the targets under the MoU. The Board looks forward for their motivated involvement and sustained efforts for the overall development of the Bank in future also.

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FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

V. BRAHMANANDA REDDY

CHAIRMAN

BOARD OF DIRECTORS

Dr K V V SATYANARAYANA

K SASIDHAR

M VENKATESH

P S R K PRASAD

K BHASKARA RAO

K CHANDRA MOHAN

R JAI PRAKASH

Place : Guntur

Date : 07.05.2018



CHAITANYA GODAVARI GRAMEENA BANK

KEY PERFORMANCE INDICATORS

(Amount in Rs. Lakh)

S. No	Key performance indicators	2015-'16	2016-'17	2017-'18
1	No. of Districts covered	3	3	3
2	No. of Branches	174	192	204
	a) Rural	105	103	110
	b) Semi-Urban	52	66	72
	c) Urban	17	23	22
3	Total Staff	621	673	745
	a) Officers	361	429	504
	b) Office Assistants	245	234	231
	c) Office Attendants	15	10	10
4	Deposits	273336.49	329126.38	390672.27
	Growth %	25.03	20.41	18.70
5	Gross Loans & Advances	262877.21	334513.42	418926.41
	Growth %	19.82	27.25	25.23
	Loans & Advances Net of IBPC of Rs.20000 lakh, Rs. 30000 lakh and Rs. 45000 lakh	242877.21	304513.42	373926.41
	Growth %	21.81	25.38	22.79
6	Borrowings Outstanding	97657.07	96265.83	122254.82
	Growth %	(-) 3.90	(-)1.42	27.00
7	CD Ratio	88.86	92.53	95.71
8	Investments Outstanding	79881.87	87434.26	98940.37
	Growth %	118.95	8.94	13.16
9	Average Deposits	241408.05	308101.57	335869.11
	Growth %	41.75	27.62	9.01
10	Average Loans & Advances	236983.65	301352.19	382175.26
	Growth %	(-)1.90	27.16	26.82
11	Average Borrowings	89300.34	98909.43	117711.00
	Growth %	(-) 6.48	10.76	19.01



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12	Average Investments	68872.66	82544.44	88701.55
	Growth %	95.75	19.85	7.46
13	Average working Funds	373785.50	473130.25	542464.30
14	Loans Issued during the year			
	a) Loans to Priority sectors	233684.79	258922.61	336292.51
	b) Loans to Non Priority Sector	19227.34	23447.86	23880.43
	c) Total Loans issued	271733.11	282370.47	360572.94
15	Per Branch Business	2966.75	3300.28	3748.03
16	Per Employee Business	799.06	900.67	989.39
17	Recovery performance- % of Recovery	71.04	83.51	83.40
18	Asset Classification			
	a) Standard Assets	237984.74	330549.41	415044.56
	b) Sub-standard assets	1653.26	1278.70	1511.99
	c) Doubtful Assets	3225.48	2673.54	2363.52
	d) Loss Assets	13.73	11.78	6.34
	Loss Assets written off	0.00	0.00	0.00
	Total	242877.21	334513.42	418926.41
19	Standard Assets % to Gross Loans & Advances outstanding	90.53	98.81	99.07
20	Interest Paid			
	a) Interest paid on deposits	18776.03	21863.75	22157.35
	b) Interest paid on Borrowings	6446.34	6907.46	8013.73
21	Salary & Allowances	5169.52	6053.50	6324.86
22	Other Operating expenses	2523.03	2865.97	3903.25
23	Provisions made against Loans and Advances			
	a) Against NPA	4402.19	4402.19	3881.85
	b) Other provisions	711.07	909.83	1923.10
	Total	5113.26	5312.02	5804.95
24	Interest Received on			
	a) Loans & Advances	27303.40	31354.52	41168.81
	b) Investments	5721.74	7408.26	7471.32
25	Other Income	2953.62	3927.43	5403.56
26	Profit Before Tax	7477.77	7337.34	12705.08
27	Profit After Tax	4540.83	5516.69	8190.33
28	Cost to Income Ratio	56.94	54.20	42.87



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AUDITOR'S REPORT

To

THE PRESIDENT OF INDIA
New Delhi

Independent Auditor's Report on the Financial Statements

1. We have audited the accompanying financial statements of Chaitanya Godavari Grameena Bank as at 31st March 2018, which comprise the Balance Sheet as at March 31, 2018, and Profit and Loss Account and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 22 branches audited by us and 165 branches audited by branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by Government of India. Also incorporated in the Balance Sheet and the Statement of Profit and Loss are the returns from 17 branches which have not been subjected to audit. These unaudited branches account for 1.63% of deposits and 2.66% of advances.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with Banking Regulation Act, 1949, Regional Rural Banks Act, 1976, complying with the guidelines issued by Reserve Bank of India and NABARD from time to time and recognized accounting policies and practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICA). This responsibility includes the design, implementation and

maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

- Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- In our opinion, as shown by books of bank, and to the best of our information and according to the explanations given to us:



CHAITANYA GODAVARI GRAMEENA BANK

- (i) The Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, and is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March 2018 in conformity with accounting principles generally accepted in India;
- (ii) The Profit and Loss Account, read with the notes thereon shows a true balance of profit, is in conformity with accounting principles generally accepted in India, for the year covered by the account; and
- (iii) The cash flow statement gives a true and fair view of the cash flows for the year ended on that date.
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
- (b) The transactions of the Bank, which have come to our notice have been within the powers of the Bank.
- (c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
9. In our opinion, Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards.
10. We further report that:

Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.
8. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Regional Rural Banks Act 1976 and the Banking Companies (Regulation) Act, 1949, and subject also to the limitations of disclosure required therein, we report that:
- (i) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of Account and the Returns.
- (ii) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.
- (iii) The report on the accounts of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us.

As per our report of even date

Place : GUNTUR
Date : 07-05-2018

For GRANDHY & CO.,
CHARTERED ACCOUNTANTS
FRN : 001007S

NARESH CHANDRA GELLI. V
PARTNER
M.No. 201754



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CHAITANYA GODAVARI GRAMEENA BANK HEAD OFFICE : GUNTUR

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31st MARCH 2018

FORM- A

BALANCE SHEET AS ON 31st MARCH 2018

PARTICULARS	SCHEDULE	AMOUNT IN Rs. '000	
		31.03.2018	31.03.2017
CAPITAL & LIABILITIES			
Share Capital	1	74422	74422
Reserves & Surplus	2	3602626	2798456
Deposits	3	39067227	32912638
Borrowings	4	12225482	9626583
Other Liabilities & Provisions	5	2132324	1244654
TOTAL		57102081	46656753
ASSETS			
Cash & Balance with R B I	6	2047519	2086616
Balance with Banks & Money at call and Short Notice	7	5336690	3788266
Investments	8	9894037	8743426
Advances *	9	37004456	30054940
Fixed Assets	10	172407	157141
Other Assets	11	2646972	1826364
TOTAL		57102081	46656753
Contingent Liabilities	12	155638	113295
Bills for Collection		179053	139025



CHAITANYA GODAVARI GRAMEENA BANK

* Advances are netted of IBPC of Rs 450.00 crore as on 31.03.2018 and Rs 300.00 crore as on 31.03.2017

The Schedules referred to above and schedules 17 & 18 form an integral part of Balance Sheet

For **GRANDHY & CO.,**

CHARTERED ACCOUNTANTS

FRN : 001007S

NARESH CHANDRA GELLI. V

PARTNER

M.No. 201754

BOARD OF DIRECTORS

V. BRAHMANANDA REDDY

CHAIRMAN

Dr K V V SATYANARAYANA

M VENKATESH

K BHASKARA RAO

R JAI PRAKASH

K SASIDHAR

P S R K PRASAD

K CHANDRA MOHAN

Place : Guntur

Date : 07.05.2018



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CHAITANYA GODAVARI GRAMEENA BANK HEAD OFFICE : GUNTUR

FORM- B

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2018

PARTICULARS	SCHEDULE	AMOUNT IN Rs.'000	
		31.03.2018	31.03.2017
1. INCOME			
Interest earned	13	4977378	4148757
Other Income	14	540356	460645
Total		5517734	4609402
2. EXPENDITURE			
Interest Expended	15	3131722	2963845
Operating Expenses	16	1022811	891947
		4154533	3855792
Provisions & Contingencies		92693	19876
TOTAL		4247226	3875668
3. PROFIT / LOSS			
A. Net Profit before tax for the year(1-2)		1270508	733734
Provision for Income Tax		451475	182065
Net Profit after Tax for the year		819033	551669
B. Net Profit after tax for the year		819033	551669
Profit brought forward from the previous year		10	1
TOTAL		819043	551670
4. APPROPRIATIONS			
Transferred to Statutory reserve		163810	110330
Transferred to General reserve		655230	441330
Balance carried forward to balance sheet		3	10
TOTAL		819043	551670
Significant accounting policies	17		
Notes forming part of the accounts	18		



CHAITANYA GODAVARI GRAMEENA BANK

The Schedules referred to above and schedules 17 & 18 form an integral part of
Profit & Loss Account

As per our report of even date

For **GRANDHY & CO.,**

CHARTERED ACCOUNTANTS

FRN : 001007S

NARESH CHANDRA GELLI. V

PARTNER

M.No. 201754

BOARD OF DIRECTORS

V. BRAHMANANDA REDDY

CHAIRMAN

Dr K V V SATYANARAYANA

M VENKATESH

K BHASKARA RAO

R JAI PRAKASH

K SASIDHAR

P S R K PRASAD

K CHANDRA MOHAN

Place : Guntur

Date : 07.05.2018



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CHAITANYA GODAVARI GRAMEENA BANK

HEAD OFFICE : GUNTUR

SCHEDULE 1

CAPITAL

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
Authorised Capital of 200,00,00,000 Shares of Rs.10 each	20000000	20000000
Issued,Subscribed & Paid up Capital of 74,42,200		
Shares of 10/- each	74422	74422
Total	74422	74422

SCHEDULE 2

RESERVES & SURPLUS

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I Statutory Reserves		
a. Opening Balance	556743	446413
b. Additions during the year	163810	110330
II Capital Reserve	24000	24000
III Share Premium	0	0
IV Revenue and Other Reserves		
A. General Reserve		
a. Opening Balance	2217703	1776373
b. Additions during the year	655230	441330
c. Drawals during the year	14863	0
V Balance in Profit & Loss A/c.	3	10
Total	3602626	2798456



CHAITANYA GODAVARI GRAMEENA BANK

SCHEDULE-3

DEPOSITS

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. Demand Deposits		
i. From Banks	0	0
ii. From Others	1106820	1073846
iii. Saving Bank Deposits	10723176	9410485
II. Term Deposits		
i. From Banks	2750000	2750000
ii. From Others	24487231	19678307
TOTAL	39067227	32912638

SCHEDULE -4

BORROWINGS

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. Borrowings in INDIA		
i. Reserve Bank of India	0	0
ii. Other Banks -Andhra Bank	485	31222
iii. NABARD	11428242	9021474
iv. Other Inst. & Agencies	796755	573887
TOTAL *	12225482	9626583

*Secured Borrowings included above : Rs 12224997



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SCHEDULE- 5

OTHER LIABILITIES AND PROVISIONS

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. Bills payable	75237	47109
II. Inter-Office adjustments (Net)	0	0
III. Interest Accrued	86014	184859
IV. Others (Including provisions)	1971073	1012686
TOTAL	2132324	1244654

SCHEDULE-6

CASH & BANK BALANCES WITH RBI

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. Cash on Hand	577034	864331
II. Balances with Reserve Bank of India		
I. In Current Account	1470485	1222285
ii. In Other Accounts	0	0
TOTAL	2047519	2086616



CHAITANYA GODAVARI GRAMEENA BANK

SCHEDULE – 7

BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
IN INDIA		
i. Balances with Banks		
a) in Current Account	1672462	1413766
b) in Other Deposit Accounts	3664228	2374500
ii. Money at Call & Short Notice.	0	0
Total	5336690	3788266

SCHEDULE - 8

INVESTMENTS

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. INVESTMENTS IN INDIA		
i. Govt. Securities	8117696	6201054
ii. Other Approved Securities	0	0
iii. Shares	0	0
iv. Debentures & Bonds	1442786	2231638
v. Others-Mutual Funds	333555	310734
Total	9894037	8743426



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SCHEDULE - 9

ADVANCES

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
A. I. Bills Purchased & Discounted	7461	5751
II. Cash Credits, Overdrafts & Loans repayable on demand	28881114	24784440
III. Term Loans	8115881	5264749
TOTAL OF A	37004456	30054940
B. I. Secured by Tangible Assets	36662748	29854353
II. Covered by Banks/Govt. guarantees	0	0
III. Unsecured	341708	200587
TOTAL OF B	37004456	30054940
C. I. Advances in India		
a. Priority Sector*	33507793	27352027
b. Public Sector	0	0
c. Banks	0	0
d. Others	3496663	2702913
TOTAL OF C.I	37004456	30054940
II. Advances outside India	0	0
TOTAL OF C.I & C.II	37004456	30054940

*Advances are netted of IBPC of Rs 450 crore & Rs 300 crore during 2017-18 & 2016-17 respectively



CHAITANYA GODAVARI GRAMEENA BANK

SCHEDULE - 10

FIXED ASSETS

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. Premises	0	0
II. Other Fixed Assets		
WDV as on 31st March of the Previous year	157141	146382
Add: Additions during the year	55714	51323
Less: Deductions during the year	8	641
WDV at the end of the year before depreciation	212847	197064
Less: Depreciation for the year	40440	39923
Total	172407	157141

SCHEDULE-11

OTHER ASSETS

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. Inter office Adjustments (Net)	8251	7469
II. Interest Accrued	692015	495166
III. Tax paid in advance / TDS	341032	271479
IV. Stationery & Stamps	10749	9073
V. Non Banking Assets Acquired	0	0
VI. DTA	0	0
VII. Others	1594925	1043177
Total	2646972	1826364



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SCHEDULE-12 CONTINGENT LIABILITIES

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. Guarantees given on behalf of constituents	142978	101832
II. DEAF scheme - Amount transferred to RBI	12660	11463
Contingent Liabilities - Total	155638	113295
III. Bills for collection	179053	139025
Total	334691	252320

SCHEDULE-13 INTEREST EARNED

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. Interest/Discount on Advances/Bills	4116881	3135451
II. Income on Investments	747132	672925
III. Interest on balances with RBI and other Inter-Bank funds	113365	340381
IV. Others	0	0
Total	4977378	4148757

SCHEDULE-14 OTHER INCOME

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. Commission, Exchange & Brokerage	26433	24740
II. Profit on sale of Bank Assets	17	20
III. Profit on sale of Investments	47949	27167
Profit revaluation of Investments	63555	40734
Amortisation		
Depreciation on Non-SLR investments		
IV. Miscellaneous	402402	367984
Total	540356	460645



CHAITANYA GODAVARI GRAMEENA BANK

SCHEDULE-15

INTEREST EXPENDED

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. Interest on deposits	2215735	2186375
II. Interest on RBI/Inter-Bank Borrowings	801373	690746
III. Others	114614	86724
Total	3131722	2963845

SCHEDULE-16

OPERATING EXPENSES

Amount in Rs. '000

Particulars	31.03.2018	31.03.2017
I. Payments to & provisions for employees	632486	575913
II. Rent, Taxes & Lighting	59625	39077
III. Printing & Stationery	8954	9965
IV. Publicity	3524	3287
V. Depreciation on Bank's property	40440	39923
VI. Directors fee, allowances and expenses	28	28
VII. Auditors fee and expenses	2901	1455
VIII. Law charges	88	106
IX. Postage, telegrams, telephones	3612	3032
X. Repairs and Maintenance	6494	12332
XI. Insurance	32382	36423
XII. Other Expenditure	232277	170406
Total	1022811	891947

* Figures of the previous year are re-grouped wherever necessary.



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CHAITANYA GODAVARI GRAMEENA BANK

HEAD OFFICE : GUNTUR

SCHEDULE – 17

SIGNIFICANT ACCOUNTING POLICIES

1. The financial statements have been prepared under mercantile system of accounting on the historical cost basis and confirm to the statutory provisions and practices prevailing in banking industry in India except as otherwise stated.

2. Fixed Assets:

- a. Fixed assets are stated at historical cost net of depreciation.
- b. None of the fixed assets have been revalued during the year under review.

3. Depreciation Method:

Depreciation on fixed assets has been provided as per written down value method as under:

A. Rates of depreciation:

- ❖ 10% on Wooden & Steel furniture items and electrical installations etc.
- ❖ 15% on Plant & Machinery, Motor Vehicles (Zeep & Car) and cycles.
- ❖ 60% on Computers, Computer equipment and software.
- ❖ 10% on Library

B. Procedure followed

- ❖ No depreciation has been made on assets where the written down value is Rs.100/- or less than Rs.100/-at the beginning of the financial year.
- ❖ In case of items purchased during the year where cost of the item is Rs.100/- or less, full depreciation is provided by keeping Rs 1/- as book value
- ❖ In respect of assets purchased during the year, depreciation is provided proportionately as per the number of days the asset is put to use by the bank during the year
- ❖ Depreciation is calculated in furniture module of the system and the same is provided manually in respect of Library

4. Investments:

The guidelines issued by RBI for Investment Portfolio of RRBs are adopted by our Bank and the salient features of the same are as under:



CHAITANYA GODAVARI GRAMEENA BANK

4.1 Categorization

The entire investment portfolio of the RRBs comprising SLR securities and non-SLR securities will be classified under three categories viz. 'Held to Maturity', 'Available for Sale' and 'Held for Trading'. However, in the Balance Sheet, the investments will continue to be disclosed as per the existing five classifications viz. (1) Government Securities (2) Other approved securities (iii) Shares (iv) Debentures & Bonds (v) Others like Mutual Fund units, etc. RRBs should decide the category of the investment at the time of acquisition and the decision should be recorded on the investment proposals.

4.2 Definitions

The securities acquired by the RRBs with the intention to hold them up to maturity will be classified under Held to Maturity (HTM). The securities acquired by the RRBs with the intention to trade by taking advantage of the short-term price/interest rate movements will be classified under Held for Trading (HFT). The securities which do not fall within the above two categories will be classified under Available for Sale (AFS).

4.3 Valuation Standards

- i. Investments classified under Held to Maturity category need not be marked to market and will be carried at acquisition cost unless it is more than the face value, in which case the premium should be amortized over the period remaining to maturity.

The banks should reflect the amortized amount in schedule 13-Interest earned: item II – Income on investments as a deduction.

However, the deduction need not be disclosed separately. The book value of the security should continue to be reduced to the extent of the amount amortized during the relevant accounting period.

- ii. The individual scrips in the Available for Sale category will be marked to market at quarterly or at more frequent intervals. The book value of the individual securities would not undergo any change after the revaluation.
- iii. The individual scrips in the Held for Trading category will be marked to market at monthly or at more frequent intervals. The book value of individual securities in this category would not undergo any change after marking to market.

4.4 Accounting Procedure

Investment entries are to be passed at cost price of a Security. Where the cost price of a Security is more than the face value (purchased at premium), the premium has to be amortized over the remaining maturity period of the Security. On the other hand, where the cost price is less than the face value, the difference should be ignored and should not be taken to income since the amount represents unrealized gain. Profit / Loss on sale of Investments should be treated as per the accounting principles.

5. Deposits:

The Bank provides interest at the rate applicable to SB accounts towards Interest on Over Due Deposits as per the circulars of RBI



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6. Advances:

- a) All advances of the Bank have been classified into Performing (Standard) and Non-Performing Assets (Sub-standard, Doubtful and Loss Assets).
- b) Provision in respect of Non-Performing Assets is made as per the Prudential Norms issued by RBI/ NABARD and the provisions are as under:
 - (i) Sub- standard Assets: 15% on secured portion and 25% on unsecured portion.
 - (ii) Doubtful Assets under D1 category: 25% on secured position and 100% on unsecured portion
 - (iii) Doubtful Assets under D2 category: 40% on secured position and 100% on unsecured portion
 - (iv) Doubtful Assets under D3 category and loss assets: 100 %
- c) Provision in respect of Non-performing Assets has been deducted from the advances.
- d) A general provision on Standard Advances (Performing Assets) and floating provision on advances have not been deducted from advances, but are shown under the head "Other Liabilities & Provisions" in the liability side of the Balance Sheet.
- e) Unrealized Interest on Non-Performing assets has not been debited to Advances Accounts and not recognized as income.
- f) Partial recoveries in non-performing assets are apportioned first to the charges & interest thereafter to the principal.

7. A) Income Recognition:

- a) Interest on performing assets has been recognized on accrual basis and non-performing assets on realization basis as per RBI guidelines and prudential norms.
- b) In case of suit filed accounts, legal expenses are charged to profit & loss account. At the time of recovery of the loan, the legal expenses recovered are accounted as income and credited to P&L account.
- c) Interest on investments has been recognized on accrual basis.
- d) Locker rent is recognized on realization basis
- e) Commission and exchange have been recognized on realization basis.
- f) Commission on bank guarantee is recognized on realization basis.

B) Expenditure:

Revenue expenditure is accounted on accrual basis.

8. Employee benefits:

- a. **Short term employee benefits:** Short term employee benefits such as short term compensated amounts are recognized as an expense on an undiscounted basis in the P&L account of the year in which the related expense had arisen.



CHAITANYA GODAVARI GRAMEENA BANK

b. Post - employment benefits:

i. Defined contribution plans such as Provident Fund are recognized as an expense and charged to the Profit & Loss account.

ii. **Defined benefit plans:**

1. **Gratuity:** Bank has formulated a trust and the Trustees have obtained a Group Gratuity policy with LIC to cover the gratuity liability of the employees. As per the actuarial valuation given by LIC of India, the Bank makes payment to the LIC Authorities. The trust also makes investments with India First Life Insurance Company Ltd (IFLI) towards gratuity

2. **Bonus:** Provision is made as per statutory requirements by charging to the Profit & Loss account

3. **Encashment of earned leave:**

i. Encashment of Earned leaves during the tenure of service on account of LFC/LTC is charged to Profit & Loss Account as and when it arises.

ii. Encashment of Earned leave at the time of retirement etc. – Bank is maintaining a fund with LIC of India which makes actuarial valuation and accordingly amounts are invested in the fund every year. Funds are invested under Group Leave Encashment Scheme (GLES) with IFLI also.

9. **Related Party Disclosures :**

a. Chairman and Chief Vigilance Officer deputed by Sponsor Bank, i.e. Andhra Bank are related parties to the Bank

b. The Bank is having transactions with the Andhra Bank, but details are not given under this head as Paragraph 9 of Accounting Standard 18 issued by The Institute of Chartered Accountants of India exempts the Bank from disclosing the transactions with Other State Controlled Enterprises.

10. **Net Profit :** The Net profit disclosed in the Profit & Loss account is after

- Provision for amortization on SLR Investments Held for Maturity.
- Provision on advances as per Reserve Bank of India prudential norms.
- Write off of bad and doubtful advances.
- Other usual or necessary provisions.

11. **Income Tax:** Provision for taxes is made on the basis of estimated tax liabilities based on the applicable income tax rates in different financial years.

12. **Impairment of assets:** An assessment is made at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists an estimate of the recoverable amount is made and impairment loss, if any is provided.

13. **Contingent Liabilities & Provisions:** Past events leading to, possible or present obligations are treated as contingent liabilities. Provision is recognized in the case of present obligation where the reliable estimate can be made and where there are probable out flow of resources embodying foregoing of economic benefits to settle the obligations.



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- 14. Accounting Standard 17 – Segment Reporting :** In terms of the compliance to the accounting standard, bank has adopted the following:
- The business segment is considered as the only reporting format
 - The business segments will be Retail Banking and Treasury only
 - The allocation of expenditure among the segments will be made on a reasonable and consistent basis
- 15. Accounting Standard 22 – Accounting for Taxes on Income :** The standard is applied in accounting for taxes on income. This includes the determination of the amount of the expenses or saving related to taxes on income in determination of the amount period and the disclosure of such an amount in the financial statement. This accounting standard provides for creation of either a 'Deferred Tax Asset (DTA)' or a 'Deferred Tax Liability (DTL)' in the books of accounts of the bank.
- 16. Accounting Standard 25 – Interim Financial Reporting :** There shall be a half-yearly review by Statutory Central Auditors (SCA) for the period ended 30th September. Such exercise of half-yearly review shall be made with major thrust on the verification of income and expenditure items and not on balance sheet items except to the extent that such items have an impact on the income and expenditure of the bank.
17. All unclaimed liabilities, where amount due has been transferred to Depositor Education and Awareness Fund Scheme [DEAF] of RBI are reflected as "Contingent Liability – Others, items for which the bank is contingently liable" under Schedule 12 of the annual financial statements.

As per our report of even date

For GRANDHY & CO.,
CHARTERED ACCOUNTANTS

FRN : 001007S

NARESH CHANDRA GELLI. V

PARTNER

M.No. 201754

BOARD OF DIRECTORS

V. BRAHMANANDA REDDY

CHAIRMAN

Dr K V V SATYANARAYANA

K SASIDHAR

M VENKATESH

P S R K PRASAD

K BHASKARA RAO

K CHANDRA MOHAN

R JAI PRAKASH

Place : Guntur

Date : 07.05.2018



CHAITANYA GODAVARI GRAMEENA BANK

CHAITANYA GODAVARI GRAMEENA BANK

HEAD OFFICE : GUNTUR

SCHEDULE - 18

NOTES FORMING PART OF THE ACCOUNTS

1. Share Capital and Share Capital Deposit Account: As per the RRB (Amendment) Act 2015, the authorized share capital of RRBs has been raised from current level of Rs 5 crore to Rs 2000 crore.

The ratio of 50% (Central Government), 15% (State Government) and 35% (Sponsor Bank) is maintained after conversion of share capital deposit into share capital.

Thus the share capital of the Bank as on 31.03.2018 is as under:

Central Government	: Rs 3,72,11,000
State Government	: Rs 1,11,63,300
Sponsor Bank	: Rs 2,60,47,700
Total	: Rs 7,44,22,000

2. Salaries & Allowances paid to Chairman and Chief Vigilance Officer deputed by Sponsor Bank, i.e., Andhra Bank were charged to Salaries & Allowances of the Bank.
3. **Disclosure requirements**

a. Capital

Sr.	Particulars	Current year	Previous year
i)	CRAR (%)	11.13	10.26
ii)	CRAR-Tier I Capital (%)	10.25	9.41
iii)	CRAR-Tier II Capital (%)	0.88	0.85
iv)	Percentage of Shareholding of the		
	a) Central Government	50%	50%
	b) State Government	15%	15%
	c) Sponsor Bank	35%	35%



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b. Investments (SLR Investments)

(Rs.lakh)

Sr.	Particulars	Current year	Previous year
1	Value of Investments		
i)	Gross Value of Investments	81354.00	62186.95
ii)	Amortization	177.04	176.41
iii)	Net Value of Investments	81176.96	62010.54
iv)	Provisions for Depreciation	Nil	Nil
2	Movement of provisions held towards depreciation on investments		
i)	Opening Balance	Nil	Nil
ii)	Add: Made during the Year	Nil	Nil
iii)	Less: Write off/write back during the year	Nil	Nil
iv)	Closing Balance	Nil	Nil

c. Repo Transactions

(Rs.lakh)

Item	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on 31st March 2018
Securities Sold under Repos	Nil	Nil	Nil	Nil
Securities Purchased under reverse repos	Nil	Nil	Nil	Nil



CHAITANYA GODAVARI GRAMEENA BANK

d. Non-SLR Investment portfolio

(i) Issuer composition of Non SLR Investments

No	Issuer	Amount	Extent of Private placement	Extent of below Investment grade securities	Extent of unrated securities	(Rs. Lakh) Extent of unlisted securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i)	PSUs	1000.00	Nil	Nil	Nil	Nil
ii)	FIs	0.00	Nil	Nil	Nil	Nil
iii)	Banks	13427.86	Nil	Nil	Nil	Nil
iv)	Private Corporate	0.00	Nil	Nil	Nil	Nil
v)	Others	3335.55	Nil	Nil	Nil	Nil
	Total	17763.41	Nil	Nil	Nil	Nil
(-)	Provisions held towards depreciation	Nil	Nil	Nil	Nil	Nil
	Total	17763.41	Nil	Nil	Nil	Nil

(ii) Non-performing Non-SLR Investments

Particulars	(Rs. Lakh) Amount
Opening balance	Nil
Additions during the year since 1 st April	Nil
Reductions during the above period	Nil
Closing balance	Nil
Total provisions held	Nil

4. Asset Quality :

In tune with the guidelines issued by Reserve Bank of India , the Assets of the Bank have been classified as performing and nonperforming Assets as on 31.03.2018 and the breakup of nonperforming assets for the last two years is furnished here under:



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5.1 Non-Performing Assets

Particulars	(Rs. Lakh)	
	Current Year	Previous year
i Net NPA to Net Advances (%)	0.00	0.00
ii Movement of NPAs (Gross)		
(a) Opening balance	3964.02	4892.47
(b) Additions during the year	1665.54	1376.56
(c) Reduction during the year	1747.71	2305.01
(d) Closing balance	3881.85	3964.02
iii Movement of Net NPAs		
(a) Opening balance	0.00	490.28
(b) Additions during the year	0.00	0.00
(c) Reduction during the year	0.00	490.28
(d) Closing balance	0.00	0.00
iv Movement of provisions on NPAs (excluding provision on Standard assets)		
(a) Opening balance	4402.19	4402.19
(b) Provisions made during the year	0.00	0.00
(c) Write off/ write back of excess provision	0.00	0.00
(d) Closing provision	4402.19	4402.19

5.2 Details of Loan Assets subject to restructuring :

(Rs.lakh)

Particulars	Current Year	Previous year
i Total amount of Loan assets subject to restructuring, rescheduling, renegotiation.	Nil	Nil
ii The amount of standard assets subject to restructuring, rescheduling, renegotiation.	Nil	Nil
iii The amount of sub-standard assets subject to restructuring, rescheduling, renegotiation.	Nil	Nil
iv The amount of Doubtful assets subject to restructuring, rescheduling, & renegotiation. Note [(i) = (ii) + (iii) + (iv)]	Nil	Nil



CHAITANYA GODAVARI GRAMEENA BANK

Interest income is recognized on performing assets on accrual basis and on non-performing assets on realization basis as per RBI guidelines and as per the change in prudential norms for period of classification in prudential norms from time to time.

5.3 Details of financial assets sold to securitization (SC)/Reconstruction

Company (RC) for assets reconstruction.

(Rs. lakh)

	Particulars	Current year	Previous year
i	No. of accounts	Nil	Nil
ii	Aggregate value (net of provision) of accounts sold to SC/RC	Nil	Nil
iii	Aggregate consideration	Nil	Nil
iv	Additional consideration realized in respect of accounts transferred in earlier years.	Nil	Nil
	Aggregate gain / loss over net book value	Nil	Nil

5.4 Details of Non-performing assets purchased / sold

A. Details of non-performing financial assets purchased:

(Rs. lakh)

	Particulars	Current year	Previous year
1 (a)	No. of accounts / purchased during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil
2 (a)	Of these, number of accounts restructured during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil

B. Details of non-performing financial assets sold:

(Rs. lakh)

	Particulars	Current year	Previous year
1	No. of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil



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5.5 Provisions on standard assets: The Bank has made adequate provision on Standard assets as per Guidelines of the Reserve Bank of India. The details of provision made on standard assets are furnished here under.

(Rs. lakh)

	Particulars	Current year	Previous year
1	Provisions towards standard assets	1402.76	909.83

6. Business Ratios

(Rs.in lakh)

Sr.	Particulars	Current year	Previous year
i	Interest Income as a percentage to Working Funds \$	9.18	8.91
ii	Non-interest income as a percentage to Working Funds \$	1.00	0.83
iii	Operating Profit as a percentage to Working Funds \$	2.53	1.59
iv	Net Margin (RoA) @	1.51	1.17
v	Business (Deposits plus Advances) per employee #	989.39	900.67
vi	Profit per employee (Net profit)	10.99	8.20

\$ Working funds reckoned as aggregate of balance sheet items excluding (a) Contra items (b) Intangible assets (c) Fixed Assets (d) Branch Adjustment (e) Stationery and Stamps and monthly averages are taken.

Operating profit excludes income from sale of assets as well as transfer from reserves and provisions, gifts and donations

@ net margin worked out as a ratio of net profit after tax to the average working funds

Business per employee was computed by adding deposits & advances excluding inter bank deposits.

7. Asset Liability Management [ALM]

Maturity pattern of certain items of Assets and Liabilities as on 31-3-2018

(Rs.in lakh)

	1-14 days	15-28 days	29days-3 months	3-6 Months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
LIABILITIES									
Deposits	8977.35	5801.70	42069.94	52452.69	54325.50	219375.09	2703.00	4967.00	390672.27
Borrowings	45.00	0.00	57.83	40173.21	28618.64	40604.63	12704.56	50.95	122254.82
Inter Bank Participation Certificate	0.00	15000.00	20000.00	10000.00	0.00	0.00	0.00	0.00	45000.00
ASSETS									
Investments	3165.18	12439.48	0.00	0.00	500.00	8603.45	22627.59	51604.67	98940.37
ADVANCES (Performing)									
	50510.76	6086.91	42643.08	70435.93	98436.15	33449.14	72510.32	40972.27	415044.56



CHAITANYA GODAVARI GRAMEENA BANK

8. Exposures – Exposure to Real Estate Sector (Amt. in Rs Lakh)

S.No	Category	Current year	Previous year
A	Direct exposure :		
(i)	Residential mortgages-Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loan up to Rs.15 lakh may be shown separately)	Nil	Nil
(ii)	Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits.	3928.50	834.90
(iii)	Investments in mortgage backed securities (MBS) and other securitised exposures.	Nil	Nil
a.	Residential	Nil	Nil
b.	Commercial Real Estate	Nil	Nil
B	Indirect exposure : Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (H F Cs)	Nil	Nil

9. Details of Single Borrower (SGL) / Group Borrower Limit (GBL) exceeded by the Bank.

There are no sanctions over and above the prudential exposure norms applicable to single borrower and group borrowers during the year 2017-18. There are no outstandings over and above the prudential exposure norms applicable to single borrower and group borrowers.



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10. Miscellaneous – Amount of provisions made for Income-tax during the year

Particulars	Current year	(Rs.in lakh)
		Previous year
Provision for Income Tax	4514.75	2607.32

The above provisions are made on the basis of estimates.

11. Disclosure of Penalties Imposed by RBI

During the year ended with March 2018, no penalty has been levied by RBI.

12. Disclosure Requirements as per Accounting Standards where the RBI has Issued Guidelines in respect of disclosure items for 'Notes to Accounts':

12.1 Accounting Standard 5 – Net Profit or Loss for the period, prior period items and changes in Accounting Policies

There are no material prior period income/expenditure accounted for during the year.

12.2 Accounting Standard 9 – Revenue Recognition

There has been no occasion of postponing Revenue Recognition pending resolution of significant uncertainties.

12.3 Accounting Standard 15 – Employee Benefits

The VRS Scheme is not implemented in the Bank.

Employee benefits:

a. **Short term employee benefits:** Short term employee benefits such as short term compensated amounts are recognized as an expense on an undiscounted basis in the P&L account of the year in which the related expense had arisen.

b. **Post - employment benefits:**

i. Defined contribution plans such as Provident Fund are recognized as an expense and charged to the Profit & Loss account.

ii. Defined benefit plans:

1. **Gratuity:** Bank has formulated a trust and the Trustees have obtained a Group Gratuity policy with LIC to cover the gratuity liability of the employees. As per the actuarial valuation given by LIC of India, the Bank makes payment to the LIC Authorities. The trust also makes investments with IFLI towards gratuity .

2. **Bonus:** Provision is made as per statutory requirements by charging to the Profit & Loss account.

3. **Encashment of earned leave:**

i. Encashment of Earned leaves during the tenure of service on account of LFC/LTC is charged to Profit & Loss Account as and when it arises.

ii. Encashment of Earned leave at the time of retirement etc – Bank is maintaining a fund with LIC of India which makes actuarial valuation and accordingly amounts are invested in the fund every year.



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12.4 Accounting Standard 17 - Segment Reporting

Part A: Business Segment Revenue

SEGMENT WISE RESULTS

		(Rs. in lakh)	
	Business Segments	for the year ended 31.03.2018	for the year ended 31.03.2017
1.	Segment Revenue		
A	Treasury	8586.37	7408.26
B	Corporate / wholesale Banking	-	-
C	Retail Banking	46590.97	38685.76
D	Other Banking Operations	-	-
	Total	55177.34	46094.02
	less Inter-segment Revenue	-	-
	Income from operations	55177.34	46094.02
2.	Segment Results After Provisions & Before Tax		
A	Treasury	1977.04	1179.26
B	Corporate / wholesale Banking	-	-
C	Retail Banking	10728.04	6158.08
D	Other Banking Operations	-	-
	Total	12705.08	7337.34
	Less other unallocable expenditure	-	-
	Total Profit before Tax	12705.08	7337.34
3.	Capital Employed (Segment Assets – Liabilities)		
A	Treasury	98940.37	87026.92
B	Corporate / wholesale Banking	-	-
C	Retail Banking	(-)142882.53	(-) 124842.81
D	Other Banking Operations	-	-
E	Unallocable Liabilities	80712.64	66544.67
	Total	36770.48	28728.78
	Capital & Reserves	36770.48	28728.78



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Part B: Geographic Segments.

There is only one segment i.e. Domestic Segment.

12.5 Accounting Standard 22- Accounting for Taxes on Income

During the year a sum of Rs. 34.00 crore was paid towards advance tax.

There is no Deferred Tax Asset(DTA) or Deferred Tax Liability (DTL) in the books of accounts of the bank as on 31.03.2018

12.6 Accounting Standard 25 – Interim Financial Reporting

Half-yearly review by Statutory Central Auditors (SCA) is being undertaken every year for the half-year ended 30th September

13. Contingent liabilities not provided for in respect of bank guarantees : Rs. Nil
14. During the year the Bank has appropriated an amount of Rs.16.38 Crore (previous year Rs. 11.03 crore) to Statutory Reserves, being 20% of its profits earned during the current year, as per the NABARD guidelines. The Bank further apportioned an amount of Rs. 65.52 crore (Previous year Rs.44.13 crore) to General Reserves.
15. Loans & Advances extended to Bank Staff outstanding as on 31.03.2018 is Rs. 5840.96 lakh

16. Additional Disclosures

16.1 Accounting Standard 29: Provisions and Contingencies

(Rs. Lakh)

Sr.	Particulars	Current year	Previous year
A	Opening balance in the floating provisions account	1250.00	1250.00
B	The quantum of floating provisions made in the accounting year	Nil	Nil
C	Amount of draw down made during the accounting year	Nil	Nil
D	Closing balance in the floating provisions account	1250.00	1250.00

16.2 Pursuant to RBI guidelines, the Bank has made a provision of Rs. 85,14,159 (previous year Rs.1,29,07,107) in respect of interest on matured deposits as per savings Bank interest Rate.

16.3 The Bank has charged prior period income tax (net) of Rs. 148.63 lakh to General Reserves.

16.4 Disclosure of Complaints (including ATM related complaints)

A. Customer Complaints

Sr.	Particulars	General	ATM related	Total
A	No. of complaints pending at the beginning of the year	0	9	9
B	No. of complaints received during the year	318	1941	2259
C	No. of complaints redressed during the year	307	1895	2202
D	No. of complaints pending at the end of the year	11	55	66



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B. Award passed by the Banking Ombudsman

Sr.	Particulars	Details
A	No.of unimplemented Awards at the beginning of the year	NIL
B	No.of Awards passed by the Banking Ombudsmen during the year	NIL
C	No.of Awards implemented during the year	NIL
D	No.of unimplemented Awards at the end of the year	NIL

17. Advances: The Bank has made 100.00% (previous year 111.05%) provision on total Non-performing Assets as on 31-03-2018 amounting to Rs. 3881.85 lakh (previous year Rs. 4402.19 lakh). In addition, the bank has an additional provision of Rs 520.34 lakh towards NPAs thus retaining a total provision of Rs 4402.19 lakh towards NPAs as on 31.03.2018. The advances shown in the balance sheet are netted of NPA Provision of Rs 3881.85 lakh.

18. Inter Bank Participation Certificate (IBPC) : The Bank has issued Inter Bank Participation Certificate of Rs 450.00 crore with the participation of HDFC Bank Ltd. by selling Priority Sector Advances during the current year. Accordingly, the Advances shown in the balance sheet are netted of IBPC of Rs 450.00 crore

19. Suit Filed Accounts: The suit filed advance accounts as on 31.03.2018 are as under:

No of accounts: 201

Amount : Rs 12.29 lakh

20. Bank Guarantees : 59 Bank Guarantees of Rs 154.12 lakh are expired ones as on 31.03.2018 as against the total outstanding under BGs is Rs 1429.78 lakh.

21. Employee Benefits :

- i) During the year, the Bank made payment of Rs. 208.25 lakh to LIC of India and Rs. 94.97 lakh to IFLI towards Group Gratuity as per the actuarial valuation.
- ii) During the year, the Bank made payment of Rs 42.32 lakh to LIC of India and Rs. 300.00 lakh to IFLI towards Group Leave Encashment Scheme (GLES)

22. Related Party Disclosures: During the year the Bank paid an amount of Rs. 18,01,960 to Chairman and Rs 10,97,405 to Chief Vigilance Officer, towards salary and allowances, who are on deputation from Sponsor Bank, i.e. Andhra Bank .



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23. The Depositor Education and Awareness Fund [DEAF] Scheme 2014:

The details of amounts transferred to DEAF are disclosed as under:

	(Amount in Rs. crore)	
	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	1.15	1.03
Add : Amounts transferred to DEAF during the year	0.12	0.12
Less : Amounts reimbursed by DEAF towards claims	0.00	0.00
Closing balance of amounts transferred to DEAF	1.27	1.15

24. Concentration of Deposits, Advances, Exposures and NPAs:

(Amount in Rs. crore)

Concentration of Deposits		
Total Deposits of twenty largest depositors		639.62
Percentage of Deposits of twenty largest depositors to total deposits of the Bank		16.37
Concentration of Advances		
Total Advances of twenty largest borrowers		4448.08
Percentage of Advances of twenty largest borrowers to total advances of the Bank		1.06
Concentration of Exposures		
Total Exposures of twenty largest borrowers/customers		203.47
Percentage of Exposures of twenty largest depositors to total exposure of the Bank on borrowers/customers		3.93
Concentration of NPAs		
Total Exposure to top four NPA accounts		3.13

25. Sector-wise NPAs:

(Amount in Rs. crore)

Sl No	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A Priority Sector							
1	Agriculture and allied activities	2207.54	17.13	0.78	1892.62	21.14	1.12
2	Advances to industries sector eligible as priority sector lending	4.61	0.87	18.87	4.19	0.44	10.50
3	Services	246.97	13.68	5.54	145.89	10.06	6.90
4	Personal loans	923.42	2.54	0.27	730.11	5.97	0.82
5	Sub-total (A)	3382.54	34.22	1.01	2772.81	37.61	1.36



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Sl No	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
B Non-Priority Sector							
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	-	-	-	-	-	-
3	Services	-	-	-	-	-	-
4	Personal loans	356.72	4.60	1.28	272.32	2.03	0.75
5	Sub-total (B)	356.72	4.60	1.28	272.32	2.03	0.75
	Total (A+B)	3739.26	38.82	1.04	3045.13	39.64	1.30

26. Movement of NPAs:

Particulars	Amount (Rs. crore)
Gross NPAs as on 01.04.2017 (Opening balance)	39.64
Additions (Fresh NPAs) during the year	16.66
Sub-total (A)	56.30
Less:	
(i) Up gradations	4.41
(ii) Recoveries (excluding recoveries made from up graded accounts)	13.07
(iii) Write-offs	-
Sub-total (B)	17.48
Gross NPAs as on 31.03.2018 (Closing balance) (A-B)	38.82



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CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

Rs. '000

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening balance of Cash and Cash equivalents	5874882	7111818
Closing balance of Cash and Cash equivalents	7384209	5874882
Net Increase (+)/Decrease (-) of Cash and Cash equivalents during the period	1509327	-1236936
Cash Flow from Operating Activities :		
Net Profit before Tax	1270508	733734
Add: Depreciation on Assets	40440	39923
Less: Profit on Sale of Assets	17	20
Operating Profit before changes in Operating Assets and Liabilities	1310931	773637
Adjustment for Changes in Operating Assets and Liabilities		
Increase/(Decrease) in Deposits	6154589	5578989
Increase/(Decrease) in Borrowings	2598899	-139124
(Increase)/Decrease in Investments	-1150611	-714505
(Increase)/Decrease in Advances	-6949516	-6207439
(Increase) /Decrease in Other Assets	-820608	-566636
Increase /(Decrease) in Other Liabilities and Provisions	887670	270869
Cash Generated from Operations	720423	-1777846
Taxes Paid	-466338	-182065
Cash Flow from Operating Activities (A)	1565016	-1186274
Cash Flow from Investing Activities:		
(Purchase)/Sale of Fixed assets	-55689	-50662
Cash Flow from Investing Activities (B)	-55689	-50662
Net Increase (+)/Decrease (-) in Cash flow during the period (A)+(B)	1509327	-1236936



CHAITANYA GODAVARI GRAMEENA BANK

As per our report of even date

For **GRANDHY & CO.,**

CHARTERED ACCOUNTANTS

FRN : 001007S

NARESH CHANDRA GELLI. V

PARTNER

M.No. 201754

BOARD OF DIRECTORS

V. BRAHMANANDA REDDY

CHAIRMAN

Dr K V V SATYANARAYANA

M VENKATESH

K BHASKARA RAO

R JAI PRAKASH

K SASIDHAR

P S R K PRASAD

K CHANDRA MOHAN

Place : Guntur

Date : 07.05.2018