



**24th Annual Report
2023**

As The Nation Celebrates



**Azadi Ka
Amrit Mahotsav**

Coastal Bank Leaps Forward To.....



"Differentiated Bank with Local flavour"

COASTAL BANK

(COASTAL LOCAL AREA BANK LIMITED)



MOU with NERL for Finance against e- Ware House Receipts



Issuance of Co-branded Paytm to the Bank customer



Door step service by Akkayyapalem branch, Visakhapatnam



Recovery Drive by Sarpavaram branch



Purchase of 2-wheeler by a Staff member under Staff Loyalty Scheme - 2022-23



Staff Training at SBIRD, Hyderabad



Campus Recruitment drive at Vijayawada 2022-23



Women's Day celebrations at Tanuku branch

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Corporate Information



Board of Directors

Shri K Venkataraman	: Non-Executive Independent - Part Time Chairman
Shri B Venu Gopala Reddy	: Managing Director & CEO
Shri A N Appaiah	: Non-Executive Independent Director
Shri Balaji Gopalakrishnan	: Non-Executive Director
Shri Thimmi Chetty Ravee	: Non-Executive Independent Director

Key Managerial Personnel

Shri B Venu Gopala Reddy	: Managing Director & CEO
Shri K A V Raman	: Chief Financial Officer
Smt R Nagalakshmi	: Company Secretary

Senior Management Personnel

Shri Suresh Agrawal	: Chief Information Technology Officer
Shri MVSSN Prasad	: Chief Credit Officer

Statutory Auditors

M/s. Ramamoorthy (N)& Co
Chartered Accountants
D.No. 43-21-31, A1,
Sri Satya Residency
Dondaparthu
Visakhapatnam – 530 016.

Registrars and Transfer Agents

M/s. Bigshare Services Private Limited
306, Right Wing, 3rd Floor, Amrutha Ville
Opp. Yashoda Hospital, Rajbhavan Road
Somajiguda, Hyderabad – 500082
Telangana
Land: 040-40144967, Cell: 9177401070

REGISTERED AND CORPORATE OFFICE

D.No. 59-12-6, Ghantasalavari Veedhi,
Grace Line, Gayathri Nagar
Vijayawada – 520008
CIN: U65993AP1999PLC031684
LEI: 335800ZTQ2LIXM5CYT82



Corporate Profile

Coastal Local Area Bank Limited is the first local area bank licensed by the Reserve Bank of India in 1999. It commenced its operations on 27th December, 1999 from Vijayawada. Ever since, it is carving a niche for itself in its existence for over two decades.

The Bank operates with 50 branches and 45 ATMs located in the Coastal districts of NTR, Krishna, Guntur, Bapatla, Palanadu, Eluru, West Godavari, East Godavari, Konaseema, Anakapalli and Visakhapatnam. Coastal Local Area Bank has been engaged in mobilization of rural savings and deployment of funds so mobilized for the economic development of the area of its operations and in creating employment opportunities, thus fulfilling the objectives of a Local Area Bank. The Bank shares the vision to metamorphose into a full-fledged Commercial Bank, expanding its reach and services in the next few years, subject to necessary approvals.

Corporate Vision:

1. To provide high-tech banking experience to the rural and semi urban clientele with a human touch & local flavor, at reasonable interest rates.
2. To maintain a long lasting and trustworthy relationship within the operating localities.
3. To contribute to the economic development of the area with varied new products.

Corporate Mission:

1. To mobilize savings through effective customer service and relationship banking.
2. To provide institutional credit to the rural and semi-urban segment by extending financial assistance to agriculture and MSME sectors and to eliminate heavy dependence on non-institutional credit.
3. To focus on financial inclusion at the bottom of the pyramid by extending timely and need based micro loans to Women entrepreneurs and Joint Liability Group borrowers at an affordable cost.

At the outset, Coastal Bank offers the local communities safe and secure savings and investment options, while providing institutional credit to small borrowers in agricultural, MSME and retail segments. The Bank is constantly endeavoring to leverage technology to provide the customers with seamless and personalized experiences in banking while simplifying the products, processes and delivery channels to enhance the ease of doing business and customer delight.

Special features of the Bank:

- Conveniently located customer touch points - branches, BC points and ATM network
- Less crowded branches and prompt services
- Doorstep banking services by the Business Correspondents
- Extended banking hours upto 6.00 p.m.
- Young and Energetic work force with average age of 38 years.
- Service with local flavor – close to the heart of the customers through personalized touch and relationship management.
- High Capital Adequacy at 29 %.

Board of Directors



Shri Venkataraman Krishnamoorthy
Non-Executive Independent - Part Time Chairman



Shri B Venu Gopala Reddy
Managing Director & CEO



Shri A N Appalah
Non-Executive
Independent Director



Shri Balaji Gopalakrishnan
Non-Executive Director



Shri Thimmi Chetty Ravee
Non-Executive
Independent Director

Key Managerial Personnel



Shri KAV Raman
Chief General Manger & Chief Financial Officer



Smt R Naga Lakshmi
Company Secretary & Chief Compliance Officer

Senior Managerial Personnel



Shri Suresh Kumar Agrawal
General Manager & Chief Information Technology Officer



Shri MVSSN Srinivasa Prasad
Deputy General Manager & Chief Credit Officer

Directors' Profile



Shri K Venkataraman : M.Sc. (Agriculture) and Fellow Member of IIB, is the Chairman from November, 2018. Before joining Coastal Bank, he served as MD & CEO of KarurVysya Bank for 6 years upto 2017. During this period, he brought about massive changes in the organizational structure, risk management, compliance and business processes thus changing its profile to be of a modern Bank. Prior to KVB, he served in State Bank of India for 34 years in various capacities, before taking voluntary retirement as a Chief General Manager. He also served as Chairman – FEDAI, Member – Commission on Banking Techniques and Practice, International Chamber of Commerce (Paris), Member – Indo Russia Banking Sub-Group and Group Head of India- Indo-Bangladesh Joint Commission.



Shri B Venu Gopala Reddy : B.Com, PGDM and CAIIB, is currently the Managing Director & CEO from January 2019. He joined SBI as a Probationary Officer in 1981 and held various positions in different geographies including Singapore, before retiring as the Chief General Manager of Bhubaneshwar Circle. He has rich and varied experience of 36 years in banking viz., treasury, investment banking, corporate finance, MSME credit, Agriculture finance and retail operations. Prior to joining Coastal bank, he was working as visiting faculty at National Inst. Of Bank Management, Pune. In addition, he served as Chairman - FEDAI, Vice Chairman – FIMMDA and as Independent Director in Capital Region Urban Transport, a SPV promoted by Govt. of Odisha.



Shri A N Appaiah : B.Sc. (Mathematics) and CAIIB. He has over 39 years of illustrious banking career. Joining as a PO in SBI in 1978, he rose to the rank of Chief General Manager and held various important assignment in Treasury (Forex & Money Markets), retails and commercial banking. He has vast experience in foreign exchange in SBI as Treasury Head at Frankfurt, Chief Dealer of Foreign Dept. at Kolkatta and DGM (forex) at Global Markets, Mumbai. In the retail banking, he functioned at various levels in different geographies as Regional Head at Raipur, AGM of Commercial Branch, General Manager of a Network of 500 branches at Hyderabad and Chief General Manager of Ahmedabad Circle controlling over 1200 branches. He was appointed in 2015 as MD & CEO of SBI DFHI Ltd, a Primary Dealer of the RBI, with operations in Govt. Securities, Bonds and Debt instruments, Post retirement in 2017, he is actively engaged in social work with focus on rural education & health, as a volunteer and Secretary of an NGO in Tamil Nadu. He is currently a Director on the Board of Financial Benchmarks of India Limited and SBI Pension Funds Private Limited. He also held the positions as Chairman of FEDAI, Chairman of FAI and as Director on the Board of PDAI.



Shri Balaji Gopalakrishnan was a Managing Director at Credit Suisse, New York from 2004 to 2018. Before that he was in Goldman Sach for several years. Shri Balaji Gopalakrishnan has built and operated several new lines of businesses at several Global Institutions. He has also invested in and mentored several FinTech companies over the past decade.

Shri Balaji Gopalakrishnan has a Masters in Electrical Engineering from Polytechnic University of New York (NYU) and Bachelors in Engineering from Coimbatore Institute of Technology. He has extensive experience in modelling, trading and marketing of various financial products and complex securities. He is also Chartered Financial Analyst (CFA).



Shri Thimmi Chetty Ravee : is a graduate in Commerce and qualified as Chartered Accountant in 1988 and as Information Systems Auditor in 2002. Currently he is a partner of M/s. B. Purushottam & Co., the Chartered Accountants firm from 1992 and in-charge of their Madurai Branch.

His professional exposure includes wide experience to Direct and Indirect taxes, Company Law, FEMA. Accounting Standards & Auditing Practices of ICAI, Banking & allied Laws connected with the trade and commerce. He has handled various internal audit assignments and headed audit teams for Corporates under Government, Public and Private Sector.

He has experience in Bank Audits as Central Statutory Auditors having done the assignments in Oriental Bank of Commerce, Indian Bank, Vijaya Bank, Syndicate Bank, Corporation Bank and Lakshmi Vilas Bank. His other assignments in the Banks include Branch Statutory Audits, Concurrent Audit, Income & Expenditure Audits, Revenue Audits and Information Systems Audit of nationalized and scheduled commercial banks.

He is associated with professional bodies such as Madurai Branch of Southern India Regional Council of Institute of Chartered Accountants of India, as its Committee Member (1993-94), Secretary (1994-95), Vice-Chairman (1995-97) and Chairman (1997). He also held various positions from 1997 to 2000 in Madurai District Tiny & Small Scale Industries Association, including as its President. He was a member in Regional Advisory Board for Central Excise – GST.

Management Profile



Shri K.A.V. Raman, M.Com, M.B.A (Finance) and Fellow Member of IIB joined Coastal Bank in Oct 2019 and is **Chief General Manager & CFO** of the Bank, having served as **General Manager** in State Bank of India (SBI). He brings with him nearly 4 decades experience in Retail Banking and MSME Lending, Agriculture Finance, Forex, Treasury, Investments, Risk Management, Internal Control and Audit, Information Technology etc. As **Head of ALM and ALCO Secretariat**, he was assisting the SBI's Board of Directors in managing liquidity, pricing of deposits and advances, Interest Sensitivity and hedging of Assets and Liabilities etc. He was the **Head of Foreign Department of SBI, Kolkata** with a Foreign Currency Balance Sheet of more than USD 12 billion. He was instrumental in establishing **Treasury Global Back Office of SBI** at its Kolkata Office and introduced innovative products such as Remex-out / Fx-out for retail customers.



Smt R Nagalakshmi, LLB, ACS is the Company Secretary and Compliance Officer of the Coastal Local Area Bank since May, 2021. She comes with 14 years of post-qualification experience as a Practising Company Secretary for 7 years and as a Company Secretary & Compliance Officer in Shilpa Medicare Limited, a BSE & NSE Listed Company for 7 years. She is well experienced in handling various Corporate, Listing, Statutory and Secretarial Compliances having effectively handed various matters like Incorporate of Companies, Issue of Capital, Listing of Companies in BSE & NSE, Foreign Exchange Management and representing before the Regulators, viz., MCA, SEBI, NCLT and RBI. She has rich experience in Corporate Law matters on Amalgamation and Restructuring of Companies, Economic Offences and other Civil matters including Consumer cases.



Shri Suresh Kumar Agrawal, joined the Bank in August, 2021 and is currently the Chief Information Technology Officer. Shri Agrawal, having worked in SBI, is a seasoned banker, with more than 35 years of all-round experience in various fields of banking, like retail banking and mid-corporate lending, Credit Management, Profit-centre Operations, Information Technology-implementation and training and Internal Audit. His assignments in SBI include Head / Dy. General Manager of Burdwan (West Bengal) & Warangal (Telangana) Zones / Administrative Offices of SBI where he was instrumental in leading entire business of operations of around 250 branches of SBI, with an aggregate business of Rs. 30,000 crores with a work force of 2,500 to 3,000 during which time he brought in qualitative changes in overall operational efficiency, quality of assets and profitability.



Shri MVSSN Srinivasa Prasad, B.Com, and fellow Member of IIB and is currently the **Dy. General Manager & Chief Credit Officer**. He joined **Coastal Bank** in October 2020, having served as Asst. General Manager in State Bank of India. During his stint at State Bank, he held various positions in different geographics and has a rich and varied experience of 30+ years in Credit administration including Mid - Corporate Accounts and Retail Banking. His stints include Branch Head, Overseas Branch, Visakhapatnam, Siripuram Junction-an MSME intensive Branch, and Regional Manager in Guntur and Visakhapatnam Regional Business Office of SBI. He headed NPA Management in Local Head Officer of SBI and gained valuable experience in tackling NPAs.

Annual General Meeting Notice

Notice is hereby given that the 24th Annual General Meeting of the Members of the Bank will be held on Monday, the 24th day of July 2023 at 4.00 p.m., at the Registered Office of the Bank, situated at D.No. 59-12-6, Graceline, Gantasalavari Street, Gayatrinagar, Vijayawada – 520008 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2023 as on that date together with the Directors' Report and the Auditors' Report thereon.

RESOLVED THAT the Audited Financial Statements for the year ended 31st March, 2023 along with the Directors' Report and Auditor's Report thereon be & hereby received and adopted.

2. To declare a Final Dividend of Re. 1.20 per Equity share for the Financial year 2022-23.

RESOLVED THAT a final dividend of Re.1.20 per equity share on the paid up capital of the Company for the Financial Year 2022-23 as recommended by the Board be and is hereby declared.

3. To appoint a Director in place of Shri Balaji Gopalakrishnan (DIN: 03322607), who retires by rotation and being eligible, offers himself for re-appointment.

RESOLVED THAT pursuant to the provisions of Section 152(6)(e) of the Companies Act, 2013 and all other applicable provisions, Shri Balaji Gopalakrishnan (DIN: 03322607) who retires by rotation at this Annual General Meeting be and hereby re-appointed as Director of the Company, liable to retire by rotation.

4. To appoint M/s. Sri Ramamurthy & Co, Chartered Accountants as Statutory Auditors of the Bank

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 139, 142, and other applicable provisions, if any the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, the applicable provisions of the Banking Regulation Act, 1949 and Guidelines issued by the Reserve Bank of India from time to time and subject to the approval of RBI, M/s. Sri Ramamurthy & Co (FRN :003032S) be and hereby appointed as Statutory Auditors of the Bank for a period of three years subject to re-appointment every year, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Bank.

FURTHER RESOLVED THAT the Board of Directors of the Bank be and is hereby authorized to fix the remuneration of the Auditors, including out of pocket expenses for carrying out the audit, based on the recommendations of the Audit Committee of the Board.

By order of the Board

For Coastal Local Area Bank Limited

Sd/-

(R Nagalakshmi)

Company Secretary & Chief Compliance Officer.

Place : Vijayawada

Date : 10.06.2023





Notes

1. The Ministry of Corporate Affairs vide its General Circular dated 28.12.2022 has extended the time line to Companies whose AGMs are due in the year 2023, to conduct their AGMs virtually on or before 30th September, 2023.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Bank.

In order to be valid, the proxy form duly filled and signed must be deposited at the Registered Office of the Bank at least 48 hours before the meeting.

In pursuance to Section 113 of the Companies Act, 2013 representatives of the Corporate Shareholders may be appointed for the purpose of attending and voting in the meeting through an authorized Board Resolution.

3. The Register of Members and Share Transfer Books will remain closed from 16th July, 2023 to 20th July, 2023 both days inclusive.
4. The Record Date for the purpose of payment of dividend is 15th July, 2023.
5. The shareholders can participate the Annual General Meeting of the Bank at their convenience either physically or through Video Conferencing via Zoom App by using the following login credentials:

Zoom ID : 819 7894 3886

Passcode : 24072023

6. In case of any login issues, please do reach out the following officials:

Smt R. Nagalakshmi (Company Secretary) - 7995655591

Shri U.B. Manoj Kumar (Manager IT) - 7032237979

Place: Vijayawada

Date: 10.06.2023

By order of the Board
For Coastal Local Area Bank Limited

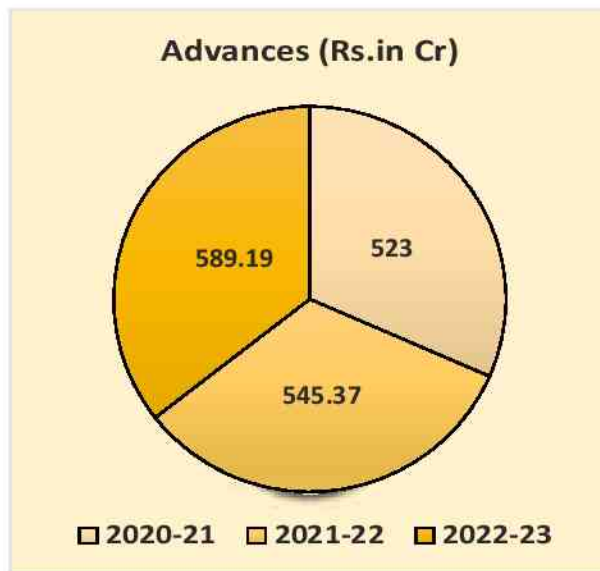
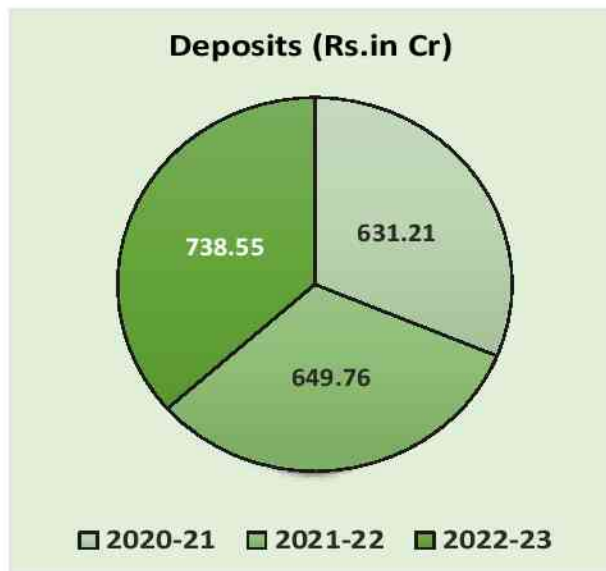
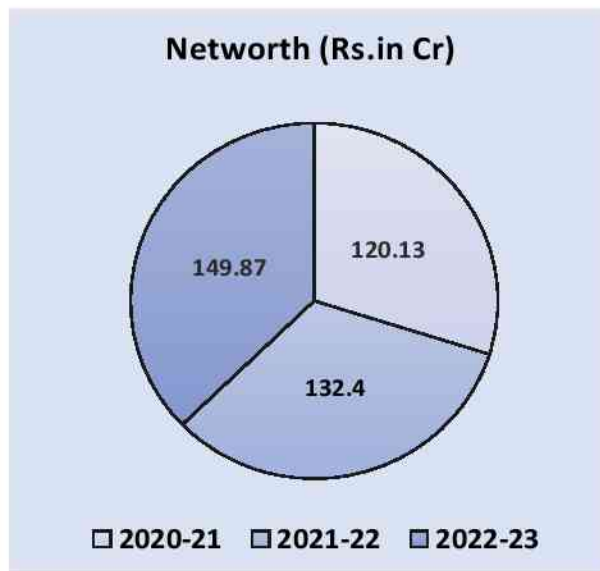
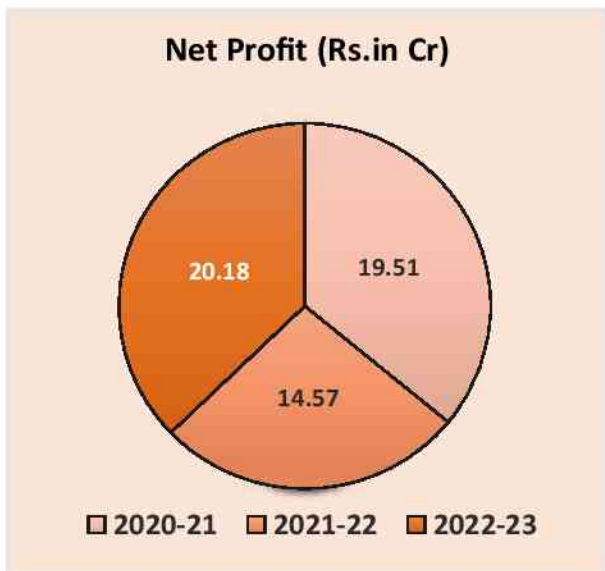
Sd/-

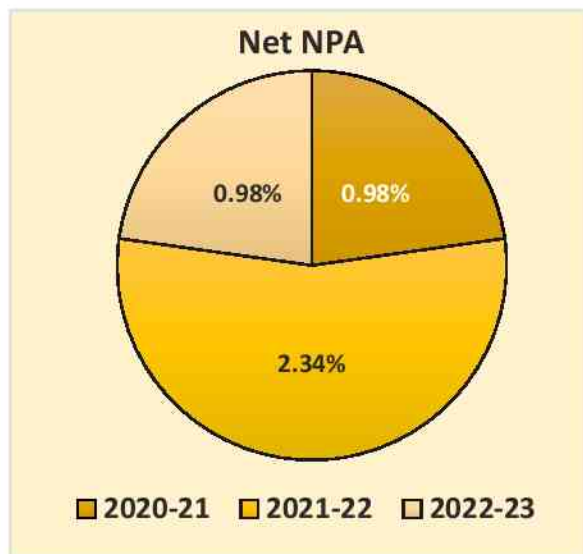
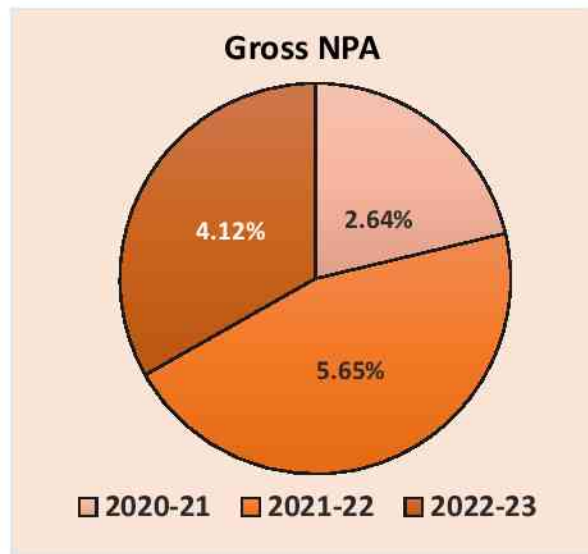
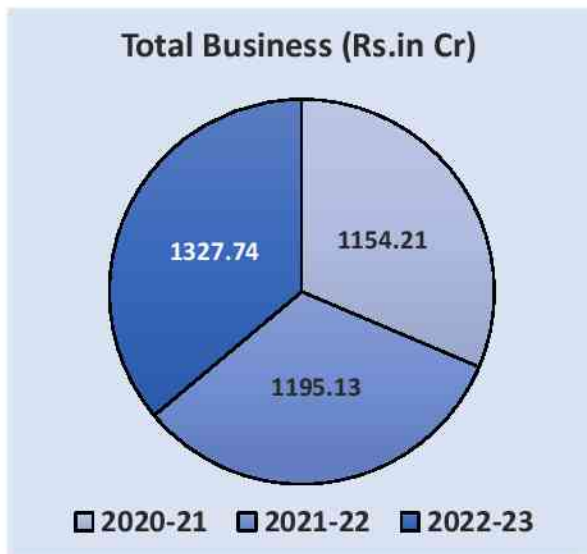
(R Nagalakshmi)

Company Secretary & Chief Compliance Officer.



Key Financial Indicators







Our Road Map To 2024 – Proposed Transformation Process

Business Process re-engineering and workflow changes in accordance with the transformation model proposed.





To revamp the HR policies, processes and organizational structure.

To revamp the Bank's Core Banking System and IT infrastructure.





To take up expansion of network and varied product range.

To look for opportunities for inorganic growth to gain required capital level and reach for conversion into Small Finance Bank.





To convert the Bank into a Small Finance Bank.

To apply to RBI for inclusion in Second Schedule to become a Scheduled bank



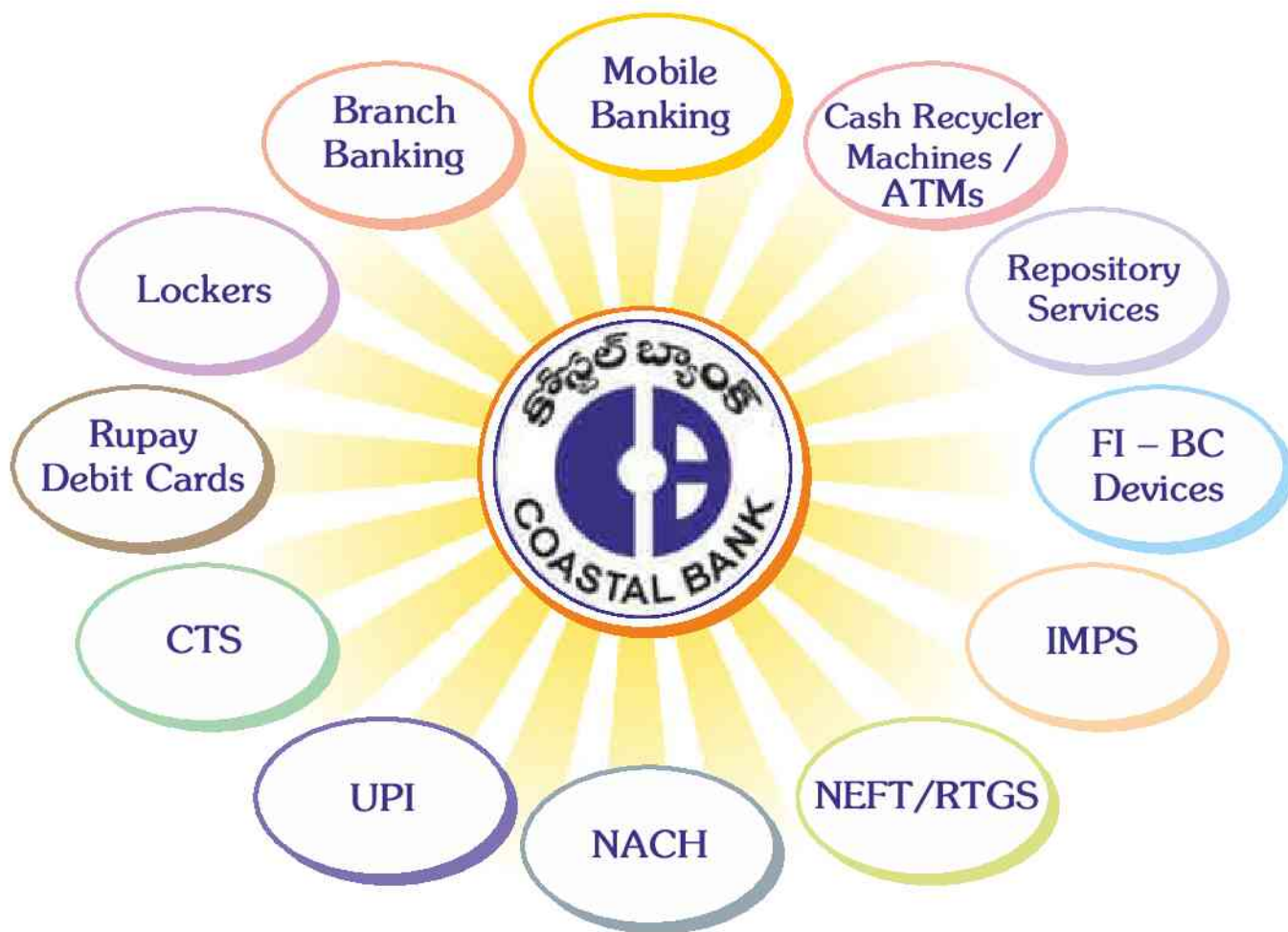


To change into a differentiated business model focusing on MSME and Agriculture sectors, on a digital and advanced IT platform.





Our Channels / Services





CREDIT

Credit is the backbone for Bank's sustenance and growth.

Continuous innovations are being made to bring about greater efficiencies in credit delivery for growth with quality. Customer needs, existing as well as emerging due to life-style changes are being continuously scanned and new products are being developed and offered to be in sync with the customer needs. To these ends, Bank has taken several initiatives during the year, for different segment of customers:



NERL Tie-up and Post-Harvest Support :

Post harvest support has emerged as a critical need of farming community to achieve remunerative prices for their produce. With a view to provide such support on a digital platform, Bank has tied-up with NERL for opening / maintenance of farmers' Repository Participants Accounts. Besides maintaining RP Accounts, Bank is extending finance against eNWR for their produce deposited in the WDRA accredited Warehouses and Cold storages.



Coastal Home Loan for Farmers :

Although the need for dwelling is universal, farmers and citizens residing in rural area largely remain uncovered by institutional credit for housing due to lack of standard income proof, cash-flow mismatch with EMI etc. Looking at the vast potential available in its operational area, Bank has launched this innovative product, taking care of the constraints faced by rural community with regard to the standard eligibility and repayment norms. Under the product, income of the applicants is worked out based on the farming or any other activity undertaken; repayments are also synchronized with the cash flows from harvesting, instead of standard EMI concept.



Coastal Loan for Plots and Housing :

Considering the rising costs of dwelling units, many people prefer to make investment in phases to ultimately realize their dream of constructing own house. Bank has, therefore, developed this specific product for purchase of residential plot initially, to be converted into house construction loan within the specified period, to match with this trend.

The Bank's credit portfolio distribution is among a broadly diversified base of customers and products.



Our Support Functions – People, Customers and IT



1. Human Capital

The Bank demonstrated its ambition to be a safe and friendly workplace with adherence to organizational values.

The key people principles for the Bank are fairness and consistency in people practices, meaningful and challenging work, professional and ethical dealing with the Stakeholders. The Bank is committed to ensure that human resource remains a competitive advantage for the Bank in future. The Bank's Human Resource Department continuously focused on purposeful involvement of each team member to make a positive impact on the dual goal of commercial success and social impact.

The Bank has a continuous recruitment drive by way of campus placements and direct recruitments. The Bank lays emphasis on diversity across age, gender, education and experience, in order to build an inclusive workforce.

The Bank has a well-defined scale structure along with a clearly communicated promotion policy underlining the Bank's principle of rewarding performance as well as potential.

Rewards and Recognition for High Performance:

During FY 2023, the Bank has introduced the scheme for purchase of capital incentive necessities such as two wheelers, Laptop for official use, with ownership change after a lock – in period as a part of Staff Loyalty Scheme.



The Bank has in place the Employee Rewards and Recognition Scheme to staff and the criteria for employee incentives will be role – based measurable Key Risk Indicators covering the growth in advances, low cost deposits in the form of CASA, NPA, reductions , profitability of branch etc.

Learning & Development

The Bank invests in enhancing the knowledge and skills of people through training programs, both internal and external. During FY 2023, the Bank imparted training sessions covering all the CSOs, CROs and Branch Managers across core banking, products, process, compliance, business development and skill enhancement, in alliance with the Indian Bank Staff Training College and SBIRD, Hyderabad.

During the FY 2023, the Bank facilitated management internship programme at branches, to the students who are pursuing Degree at Nalanda Degree College and Maris Stella College, Vijayawada for a period of 45 days.

During the FY 2023, the Bank gone on live on HRMS with the implementation of the following modules:

- HR Foundation
- Workforce Administration
- Payroll Management
- Talent Acquisition,
- Performance Alignment, and
- Mobility Application.





2. Customer Centricity

Our relationship with customers forms the basis of our success. We are dedicated to provide affordable, accessible and customized financial products and services to the customers.

Understanding customer expectations and responding through appropriate products and services has been the Bank's core strategy. The Bank believes that offering prompt and efficient service is essential not only to attract new customers, but also to retain existing ones.

Culture of superior customer service

- We put together importance for delivery of superior customer service across all the touch points
- We train the staff in order to deliver the customer service in the desired manner and to provide effective service.
- The customer service rendered by the staff members are evaluated during the appraisal process
- Improvisation of customer service by way of obtaining feedback and suggestions from customers.
- We conduct meetings with customers to ascertain the needs of customers and the standards of delivery against the expectations.





Robust Customer service mechanism

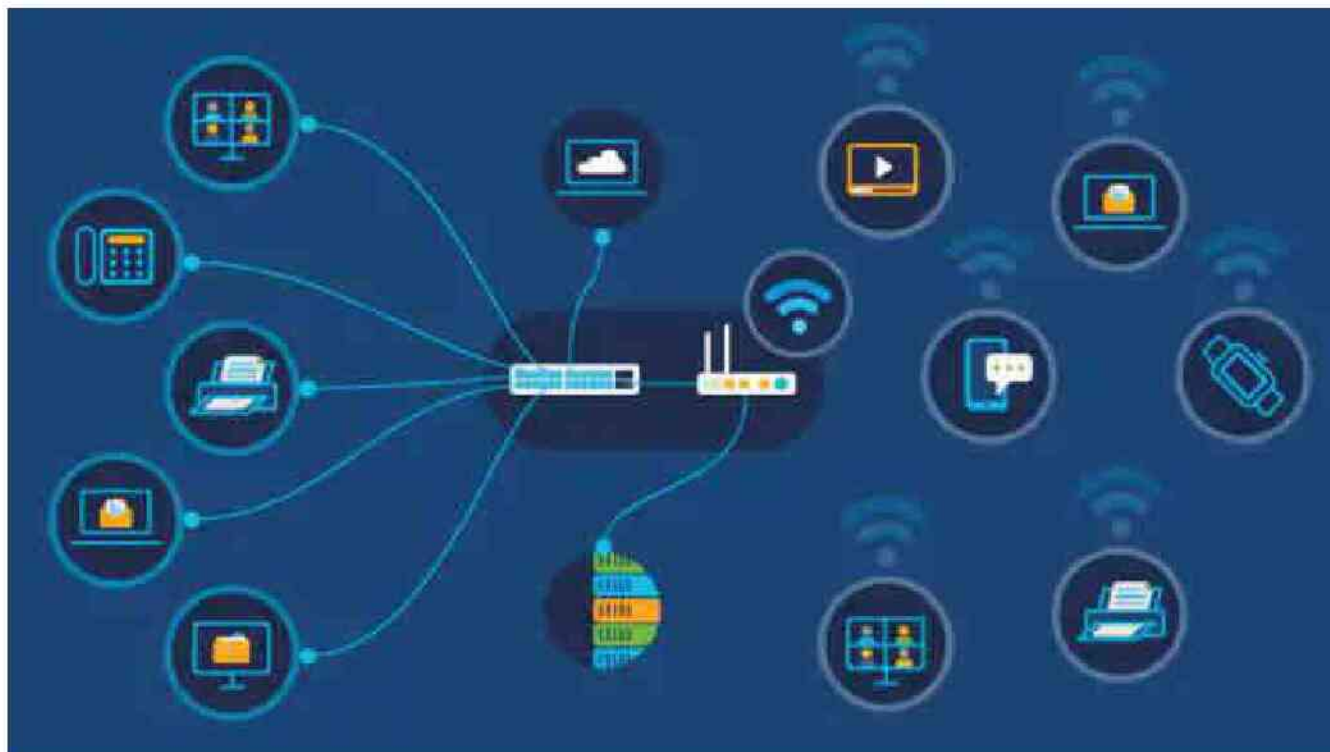
The Bank has a well-defined framework to monitor Key Customer Service Metrics. The Standing Committee on Customer Service and the Customer Service Committee of the Board meets at quarterly intervals to deliberate on the issues faced by the customers and the initiatives taken by the Bank for enhancing Customer Service.

Grievance Redressal

One of the basic building blocks of providing acceptable level of customer service is to have an effective internal Grievance Redressal mechanism / framework. In this regard, we have outlined a framework for redressal of customer grievances in the form of Customer Grievance Redressal Policy, Customer Service Policy and Customer Compensation Policy, duly approved by the Board.

The Bank has a well-defined Grievance Redressal Mechanism with a clear turnaround timelines, for escalation of complaints and resolution of grievances within the stipulated time.





3. Information Technology & Digital Transformation

Bank has been striving continuously to bring in newer services and products to its digital bouquet. Starting with full branch computerization on Core Banking platform, more than ten years back, along with a network of ATMs / Recyclers for anywhere, anytime banking, Bank now has a full feature Mobile Banking App for its Customers for accounts operations, payment services and many more services. In the Payment Services ecosystem, Bank is offering NPCI products as well as RTGS / NEFT as a direct member. Bank is also a direct member of CTS based clearing.

Bank has made forays into Merchant Acquiring by issuing co-branded QR Codes, in tie-up with Paytm, besides PoS machines. For efficiencies in internal functioning, Bank has implemented Human Resource Management System (HRMS) to take care of entire employee life-cycle as well as Audit Management System for Risk-based Internal Audit and Concurrent Audit of branches. For Corporate Governance, Digital Meetings solution has been implemented, which covers all aspects of Board and Committee meetings.

Bank is in the process of implementing Customer On-boarding solution with integrated APIs for various validations along with Loan Origination as well as Loan Management (NPA Monitoring) to provide digital experience to through entire customer journey with the Bank.



Our Control Units – Risk, Compliance, Secretarial & Internal Audit



1. Risk Management

Risk Management is an inherent part of the Bank's existence and eco system. The Bank operates in full adherence to comprehensive risk management framework to ensure that the risks are identified, well understood, accurately measured, controlled and pro-actively managed at all levels. To ensure that our Bank's financial strength is safeguarded our risk management approach enables our business to achieve its strategic objectives, take measures to control such risk and deliver sustainable long-term growth, with a commitment to responsible business practices.

The Board approved Risk Management Policy is in place, which lays down the risk mitigate factors to deal with the following risks.

- Credit Risk
- Liquidity Risk
- Operational Risk
- Interest Rate Risk
- Technology Risk
- Regulatory Risk
- Reputational Risk
- Legal Risk

The Risk Management & Asset Liability Management Committee of the Board monitors the Bank's risk management policies. Procedures, strategies, appetite, processes and controls.





2. Compliance

A strong compliance with sound corporate governance, oversight and assurance functions helps in building the organization that is strong, resilient that enjoys the benefits of sustained growth and customer confidence. Oversight / assurance functions are independent of the business functions having a mutually co-operative functional relationship.

The Bank has institutionalized a strong compliance culture and mechanism across the organization in pursuit of its strategic goals of transparency and trust, among all its Stakeholders. The Bank has an independent Compliance department headed by the Chief Compliance Officer, who ensures regulatory compliance across all the business operations.

The department has been functioning with sufficient authority and independence in the Bank. Compliance function is the core activity of the entity and is not outsourced. Adherence to applicable statutory provisions and regulations is the responsibility of the Compliance function.

The function is responsible for appraising the Board and Senior Management of the regulations, rules and standards and ensuring compliance of supervisory observations made by RBI or any other directions in letter and spirit, in a time bound and sustainable manner.



The domain of the Compliance function include:

- Advisory services on regulatory matters
- Dissemination and implementation of regulatory guidelines/directions
- Regulatory engagement
- Identifying , assessing, monitoring and reporting on compliance risk

The Bank always adhered to the highest standards of compliance and has put in place appropriate controls and risk measurement in order to ensure robust compliance and governance structure. As the focal point of contact with RBI and other Regulatory entities, the Compliance Department periodically appraises both the Bank's Management as well as the Board of Directors on the status of compliance in the Bank and the changes in the regulatory environment.





3. Secretarial & Corporate Affairs

A sound corporate governance is essential for the Bank's reputation and the Secretarial function is committed to play a definite role as a governance advisor to the Board of Directors guiding them on good corporate practices.

At the Bank, the Secretarial Department is instrumental in assisting in timely governance reviews and helps tailor the Bank's governance principles / practices to fit the needs and expectations of the Stakeholders.

An important responsibility of the unit is to ensure that all meetings of Shareholders, Board of Directors and various Committees of the Board are in accordance with the regulations. In the endeavor of continuous improvement, the Bank adopted Doss Digital Meetings, a digital solution to enhance automation in governance and help the Bank conduct paperless meetings.

The Secretarial Department also acts as a bridge for information exchange between the Board and senior management. It also represents the Bank before various regulators and statutory authorities in discharge of its duties.

The secretarial department is also responsible for efficient fulfillment of Bank's compliance with statutory and regulatory requirements along with effective implementation of decisions and suggestions by the Board. During the year, the Secretarial function ensured compliances to applicable statutory and regulatory requirements by filing all the necessary forms / reports with various authorities on time.





4. Internal Audit

Internal Audit is an independent appraisal function, created with the objective of examining and evaluating the adequacy and effectiveness of the Bank's internal controls. In accordance with the RBI guidelines, a Risk-based audit implies that a lot of emphasis is put on the internal auditor's role in mitigating risks.

While focusing on effective risk management and controls, the Risk – based internal audit not only offers suggestions for mitigating risks but also anticipates areas of potential risks and plays an important role in protecting the Bank from various risks.

The Bank has introduced Surprise Audit/ verification of Gold and Cash at branches on quarterly basis by the internal inspectors supported by Concurrent Audit and Risk Based Internal Audit. The Audit Committee of the Board reviews the effectiveness of controls, compliance with Regulatory guidelines and provides direction wherever deemed fit.



Working with Community – CSR Mandate



Coastal Bank is committed to the principle of social responsibility and inclusive growth through awareness and support. The Bank, through its responsible banking ethos, aims to reach out and connect with the society through initiatives related to health, education, ecological balance and welfare, thereby promoting social, economic and human progress.

Further CSR activities go beyond the regulatory needs and reflect our genuine concern towards improving lives, nurturing environment and sustaining livelihoods. Apart from undertaking regular CSR activities, we continued to extend all our support to communities in need during the successive phases of the pandemic.

Recent activities have focused on increasing financial literacy, skill upgradation programmes, disease prevention and environmental protection.

In FY 2023, CSR activities encompassed

- health & hygiene initiatives such as providing aid and appliances to differently abled person, medical camps
- education and employment initiatives such as distribution of Cycles and Sewing machines to the beneficiaries, sponsoring the service activities of Bharat Vikas Parishad for enhancing vocation skills,
- Eradication of hunger and poverty by providing hygienic food to the needy.
- Community development initiatives on the occasion of 75th Independence Day such as sapling distribution for promotion of greenery and promotion of rural and nationally recognized sports.

Adding to the above activities to ensure environmental sustainability and ecological balance, Bank launched “Go Green campaign” across all the branches to create awareness on non – use of plastic bags. During the campaign, jute/cloth bags have been distributed to the customers/non-customers by the branches propagating non-use of plastic bags. As a piece of conservation of energy, the Bank initiated usage of LED bulbs/lights in all the branches and launched clean environment campaign during the year.



Director's Report

To

The Members,

Coastal Local Area Bank Limited

Your Directors take pleasure to place before you the highlights of your Bank's performance during FY2023. Details of the achievements and initiatives taken by your Bank are provided in the Annual Report for FY2023.

Economic Scenario:

While the impact of Covid Pandemic has receded, the prolonged Russia-Ukraine war has fueled inflationary trends and adversely affected economic growth. Food and energy prices resulting from supply chain bottlenecks have led to elevated inflation, impacting mostly the bottom of the Pyramid. Central Banks across the globe including the RBI have increased the interest rates steeply, which led to failures of certain mid-tier banks in the United States in March. Such Bank failures were arrested soon else such distress might have a cascading impact on the deposits patterns of the public in banking system.

Supply chain constraints and elevated inflation led to volatility in commodities like palm oil, maize, turmeric, etc. impacting some of the Agriculture borrowers. Prices of poultry products, fish and prawns have fluctuated affecting the profitability and liquidity. As the persistent inflation eroded real incomes of the poor, the micro loan borrowers found it difficult to meet their commitments.

Benchmark yields remained high denying any opportunity for gains in Treasury. Gold remained volatile, necessitating dynamic changes in advance value for gold loans frequently.

India continued to be the fastest-growing economy at 7.2%. Growing digital / UPI payments have led to robust GST collections. Banking Credit growth has accelerated and become broad based across sectors.

During FY2023, RBI increased the policy repo rate by 250 BPs in 6 tranches and banks have also transmitted it to both deposit and credit rates. Of late, inflation has started receding, giving an elbowroom for the RBI to pause interest rate hikes.

Outlook:

The real GDP growth for FY2024 is projected at 6.5%. Inflation, which started on a positive note in April (4.70%) is expected to remain moderate. Monsoons are nearly 2-3 weeks behind normal schedule, due to return of El Nino this year. Rainfall is expected to be 90-95% of normal.

Average CPI in FY2024 is expected to be lower than FY2023, giving some much needed comfort to regulators. Since the RBI has front loaded policy rate hikes during FY2023, the pause on rates might continue until inflation recedes to its comfort zone.

Against this backdrop, your Bank has posted improved results, both on business parameters and profitability.





Performance Highlights:

- ❖ Deposited grew by 13.7% to Rs.738.5 Cr due to timely changes and alignment of interest rates with market rates. Tiered rate structure introduced for Savings Bank deposits, helped in arresting migration of HNI customers besides attracting new HNI customers to our books. We could also attract Bulk Deposits from Institutional Investors during Q4.
- ❖ CASA deposits grew by 6.21% to Rs.216.4 Cr, despite heavy competition from SCBs, RRBs and Small Finance Banks.
- ❖ Advances recorded a modest growth of 8.03% to Rs 589.2 Cr. The growth would have been in double digits, but for takeover of some of the large advances by other Banks at interest rates, which we are unable to match. Housing loans grew by 32.6% to cross 100 Cr mark at Rs.100.32. Personal loans grew by 38.2%, Gold loans by 6.8%, WHR loans by 78% and other loans including education loans for overseas studies by 21.9%. As the High Court struck down trifurcation of the Capital proposal, the Bank witnessed increased interest for Commercial Real Estate loans, which grew by 22.8%. De-risking of the advances portfolio continued with the unsecured micro loans (CPL & JLG) declining by over 40% to Rs.49.3 Cr, which now constitute 8.4% of advances.
- ❖ The Gross NPAs have declined by Rs.6.58 Cr to Rs.24.28 Cr. GNPA's as percentage declined from 5.65% to 4.12%. As a prudent measure, the Bank has increased provisions, taking the Provision Coverage Ratio from 60% to 77%. Consequently, the Net NPAs have declined from 2.34% to 0.98%.
- ❖ As already, mentioned earlier, high inflation and high interest rates have eroded the real incomes of the poor micro loan borrowers, adversely impacting their capacity to service their obligations. Large number of small borrowers, whose accounts had been restructured earlier under the Covid Resolution package slipped to NPAs during year. Though considerable progress could be made in resolution of large secured advances through SARFAESI mechanism, these small loans being effort elastic requiring multiple visits to the borrowers reduction has not been to the desired level. However, an OTS (One Time Settlement Scheme) has been launched in February, offering waiver of unapplied interest, to make it attractive for these borrowers to settle their dues expeditiously. The Scheme which is valid up to July, 2023 expected to help in further reduction.
- ❖ Net Interest Income increased by 17.03% to Rs.49.67 Cr. While interest earned on Advances and Investments grew by 12.1%, interest paid on deposits could be contained at 6.1%.
- ❖ Other Income declined by Rs. 3.28 Cr to Rs.13.61 Cr, mainly because of reduced income from sale of PSLC / Govt. Securities. Also as the policy rates went up by 2.5% during the year, there were no opportunities for booking profits from sale of Govt. Securities. PSLC rates were subdued during the year, resulting booking of lower income from sale of PSLC. Adjusting for these one off items, the other income grew by 5.4%.



- ❖ Employee expenses grew by 4% and other operating expenses by 6.3% due to tight controls exercised.
- ❖ Operating profit increased by 7.9% to Rs.33.02 Cr. Provisions for NPAs have declined from Rs.10.42 Cr to 6.01 Cr.
- ❖ Net profit increased by 38.5% to Rs.20.18 Cr.
- ❖ Among the key indicators, NIM increased from 6.01% to 6.34%; Cost to Income ratio declined from 48.43% to 47.91%; CD Ratio is at 80%; Business per employee improved from Rs 357 Lacs to Rs.393 Lacs and profit per employee grew from Rs.4.34 Lacs to Rs.5.97 Lacs.
- ❖ EPS improved to Rs.8.77 and Book Value to Rs.65.16.

Key Initiatives:

- ❖ Your Bank became the first bank in the country to tie-up with NERL (National E-Repository Limited) to offer Repository services to the farmers and traders for their Warehouse Receipts (WHRs). This is expected to boost eWHR loans in the coming years.
- ❖ The Bank has entered into a tie-up with PAYTM to offer co-branded QRC to shops, traders and merchant establishments to enable them to receive digital payments. It helps in boosting CASA, besides ensuring regular recovery from borrowers.
- ❖ The Bank has implemented HRMS, automating the processes of recruitment, payroll, claims and reimbursements. The Bank has identified a software provider for LOS, which will be implemented in FY2024.
- ❖ Web-based MIS Dashboard has been introduced, provide business and NPA related information at aggregated level with drill down facilities, to the Top Management as well as Operating functionaries. The Dashboard will facilitate performance review, formulation of strategies for improvement in deficient areas and strategic decision making, based on EOD data, on click of a mouse-button.
- ❖ Bank is in the process of implementing NPA and Lead Management System, which would enable focussed approach to NPA follow-up along with record of the follow up event for continuity and consistency in the recovery process, besides building up a database of prospective customer through Lead Management.
- ❖ The Bank has implemented the 5-year transfer policy.
- ❖ The Bank increased frequency of direct recruitment, besides Campus recruitment to face the challenge of high attrition and to build a trained reserve force for branch expansion in subsequent years.





- ❖ In order to address the high attrition rate (around 20%), your Bank has introduced Employee Retention Scheme, offering 2-Wheelers or Laptops to employees. The ownership would be transferred to the employees after a lock-in period. The Bank gets benefit of depreciation during ownership, while the employees use them and become owners in 3-5 years, if they stay with the Bank. About 41% of the eligible employees have opted to avail the benefits under the Scheme. The Scheme continues to be open.
- ❖ With a view to bridge the knowledge gaps among the front line employees and to upgrade their skills in banking laws, IT and credit, the Bank deputed all the CSOs and CROs for training at Indian Bank Training Centre, Vijayawada. Agriculture intensive Branch Managers were trained at State Bank Institute of Rural Development, Gachibowli, Hyderabad
- ❖ All the branches participated in the 75 years of Independence celebrations (Azadi Ka Amrit Mahotsav) by adopting one or more Govt Schools, thus leveraging CSR initiatives to boost image of the Bank and making it a household name.
- ❖ The Bank has offered performance linked incentives amounting to Rs.32.8 lacs to 272 eligible employees. The Bank has further finalized and rolled out a permanent PLI Scheme (Variable Pay) for employees for FY2024, where the incentive amount could be as high as 4 months' salary.

Financial Highlights of the Bank during the year 2022-23

- Total business of the Bank as on 31.03.2023 stood at Rs 132774 lakhs – recording a growth of 11.09% over the previous year.
- Total deposits of the Bank stood at Rs 73855 lakhs with a growth of 13.66%, while the total advances grew by 8.03%, which stood at Rs 54537 lakhs.

(Rs in Lakhs)

Sl. No.	Particulars	31.03.2023	31.03.2022
1.	Deposits	73855	64976
2.	Advances	58919	54537
3.	Borrowings	-	-
4.	Total Business	132774	119513
5.	Non SLR investments	-	-
6.	Capital & Reserves	14987	13240



The Bank earned a Net Profit of Rs 2018 lakhs during the year 2022-23 as against Rs. 1457 lakhs during the previous year.

(Rs in lakhs)

Parameter	As on 31.03.2023	As on 31.03.2022
Interest Earned	8628	7696
Interest Expenses	3663	3451
Net Interest Income	4967	4246
Other Income	1361	1689
Operating Income	6328	5935
Operating expenses	3026	2875
Operating profit	3302	3060
Provisions on Loans	601	1043
Profit before tax	2701	2017
Provision for Income Tax	683	560
Net Profit	2018	1457

Appropriations / Reserves

The Profit and Loss account shows a profit of (PAT) Rs. 2018 lakhs after writeoffs and provisions.

The following are the appropriations:

(Rs in Lakhs)

Parameter	2022-23	2021-22
To Statutory Reserve	400	289
To Capital Reserve	--	119
To General Reserve	500	2115
To Investment Fluctuation Reserve	(39)	55
To Investment Reserve	--	--
Dividend Paid	253	230
Balance carried forward to Balance sheet	2391	1487
Total	3505	4296





Key Performance Indicators

(Rs in lakhs)

Sl.No.	Particulars	31.03.2023	31.03.2022
1.	Deposits	73855	64976
2.	Advances	58919	54537
3.	Borrowings	-	-
4.	Total Business	132774	119513
5.	Non SLR Investments	-	-
6.	Capital & Reserves	14987	13240
7.	CRAR %	29.00	28.46
8.	CASA %	31.11	33.30
9.	Priority Sector Loans %	47.32	42.43
10.	Gross NPAs %	4.12	5.65
11.	Net NPAs %	0.98	2.34
12.	Other Income to Total Income	13.50%	18.00%
13.	Operating cost to Total Income	30.30%	30.62%
14.	Staff Cost to Total Income	13.26%	13.55%
15.	Cost of Deposits	5.53%	5.55%
16.	Yield on Advances	12.70%	12.35%
17.	Interest Spread	7.17%	6.80%
18.	C D Ratio	79.77%	83.93%
19.	Cost of funds	4.61%	4.57%
20.	Return on Assets	2.38%	1.85%
21.	Return on Equity	15.50%	12.14%
22.	Cost / Income Ratio	47.82%	48.43%
23.	Yield on Investments	6.42%	6.52%
24.	Number of Employees	338	335
25.	Average age of employee in years	38	38
26.	Business per Employee (Rs in lacs)	393	357
27.	Profit per Employee(Rs in lacs)	5.97	4.34
28.	Net Interest margin	6.34%	6.01%



Earnings per share and Book value of the share

The Book value of the Share for the Financial Year 2022-23 is Rs.65.16 (Rs. 57.04 for the FY 2021-22) and the Earning per share is Rs.8.77.

Dividend

The Board of Directors recommended the Members of the Bank to declare a Final Dividend of Re.1.20 per Equity share for the Financial Year 2022-23. The calculation of Final Dividend complies with the prudential requirements enunciated in the Reserve Bank of India Notification No. 2021-22/23 and the associated Circulars and Section 123 of the Companies Act, 2013, which amounts to Rs. 2,76,23,010 /-.

Updation of Bank account details:

While on the subject, we request the Shareholders to submit/update your Bank accounts details with your Depository Participant, in case you are holding shares in the electronic form. In case your shareholding is in the physical form, you will have to submit a dividend mandate duly signed along with the cancelled cheque leaf with your name and Bank account details and self-attested copy of your PAN. This will facilitate receipt of dividend directly into your Bank account.

Deduction of tax at source on Dividend:

In terms of the provisions of the Income Tax Act, 1961, dividend paid or distributed by a Company on or after 1st April, 2020 is taxable in the hands of the Shareholders. The Bank shall therefore be required to deduct tax at source at the time of payment of dividend. The deduction of tax at source will be based on the category of Shareholders and subject to the fulfilment of requisite conditions.

To summarize, dividend will be paid after deducting the tax at source as under:

- Nil for resident shareholders receiving dividend upto Rs. 5000/-.
- 10% for other resident shareholders in case PAN details are provided/available.
- 20% for resident shareholders if PAN details are not provided/not available.
- 20% plus applicable surcharge and cess for non - resident shareholders.

The Bank has a Dividend Distribution Policy in place which lays down the criteria to be considered by the Board of Directors of the Bank for recommending the Dividend to its Shareholders and provide a framework by which the Bank may reward its Shareholders appropriately through dividends for reposing their confidence in Bank while retaining the capital required for supporting future growth.

The policy aims to ensure dividend incomes to the Shareholders and long-term appreciation for all the Stakeholders. The Bank would ensure to strike the right balance between the quantum of dividend paid and the amount of profits retained in the business.





Share Capital:

As on 31st March, 2023, the Authorized Share Capital of the Bank is Rs.45,00,00,000 (Rupees Forty-Five Crores), Issued Capital is Rs.23,45,10,570 (Twenty Three Crores Forty Five Lakhs Ten Thousand Five Hundred and Seventy Crores) and the Subscribed and Paid up share capital is Rs.23,01,91,730. There is no change in the Share capital of the Bank during the year.

Further, the Bank has not, during the year:

- Issued Shares with differential rights
- Issued sweat equity shares
- Issued employee stock options
- Made provision of money by Bank for purchase of its own shares by employees or by trustees for the benefit of employees

Change in the Nature of Business, if any:

There is no change in the nature of business during the FY 2022-23.

Material changes and commitment if any affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the Date of the Report:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and on the date of this report.

Details of Subsidiary/Joint Ventures/ Associate Companies: NIL

Performance and financial position of each of the Subsidiaries, Associates and Joint Venture Companies included in the Consolidated Financial Statement:

Not Applicable

Internal Financial Controls:

Bank has tested and standard accounting and related monitoring and control systems. Branch and Corporate Office are tallied on regular basis and periodical management reports are prepared and scrutinized. Offsite monitoring and systematic audit functions are in place to oversee the regular operations and compliances relating to various accounting standards and guidelines.

The Bank has effective sound internal control system as well. The Bank has introduced Surprise Audit/ verification of Gold and Cash at branches on quarterly basis by the internal inspectors supported by Concurrent Audit and Risk Based Internal Audit. The inspection and Audit system put in place by the Bank is to assess the Asset quality, identify risk and take remedial measures in time.



Select branches of the Bank are on regular concurrent audit and Risk Based Internal Audit and the Bank has periodical inspections and audit done by the Statutory Auditors as per the extant guidelines of the Regulators.

Details of Significant and Material orders passed by the Regulators, Courts and Tribunals impacting the going concern status and the Company's operations in the future:

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

The details of an application made or any proceeding pending under the Insolvency & Bankruptcy Code, 2016 during the year along with their status as at the end of Financial Year 2021-22 (according to the Companies (Accounts) Amendment Rules, 2021: NIL

The details of the difference between the amount of the valuation done at the time of one-time settlement & the valuation done while taking a loan from the Banks/Financial Institutions along with the reasons thereof (according to the Companies (Accounts) Amendment Rules, 2021: NIL

Deposits (Rule 8(5) (V) of Companies (Accounts) Rules, 2014) : Being a Banking company, this disclosure is not applicable.

Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo: Not Applicable

Disclosure under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has in place a policy in line with the requirements of the Sexual Harassment of women at the workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under the policy. During the Financial Year, the Bank has not received any complaint regarding sexual harassment.

Details of Vigil Mechanism for Directors and Employees (Applicable to every Listed Company or such class or classes of companies, as may be prescribed)

In compliance with the provisions of the Companies Act, 2013 and the RBI Guidelines, Bank has in place the 'Whistle – Blower Policy' and also incorporates the Protected Disclosure Scheme for Private Sector Banks, instituted by the Reserve Bank of India. The Audit Committee of the Board reviews the complaints received through Vigilance mechanisms on quarterly basis. The Bank has not received any complaints under this policy as on the date of the report.

Particulars of Loans, Guarantees or Investments under Section 186: NIL





Particulars of Contracts or arrangements with related parties:

Except for the remuneration paid to the Key Managerial Personnel viz., the Managing Director & CEO, Chief Financial Officer and the Company Secretary who are considered to be related parties within the meaning of Section 2(76) of the Companies Act, 2013, there are no transactions with the related parties. Further, the remuneration payable to the MD & CEO is approved by the RBI and the Board of Directors of your Bank. Having regard to the this, attaching Form AOC 2 (pursuant to clause(h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies(Accounts) Rules, 2014 is not required.

Details of Employees:

None of the employees of the Bank are drawing remuneration exceeding Rs. 5.00 lakh per month or Rs.60.00 lakh per annum or a proportionate amount for a part thereof.

Statutory Auditors:

The Auditors M/s. Rammoorthy (N) & Co, Chartered Accountants (FRN 002899S), Visakhapatnam will retire at the conclusion of this Annual General Meeting. The Board based on the recommendations of the Audit Committee had approved M/s. Sri Ramamurthy & Co (FRN : 003032S), Chartered Accountants to be appointed as the Statutory Central Auditors of the Bank for a term of 3 years.

Members are requested to consider and approve the appointment of Statutory Auditors of the Bank for a term of 3 year from the FY 2023-24 subject to re-appointment every year. The appointment / re-appointment of Auditors is subject to the approval of the Reserve Bank of India.

Auditor's Report:

The Auditor's Report is self-explanatory, and there were no qualifications / reservations/ adverse remarks/disclaimers made by the Statutory Auditors in their report dated 04.05.2023.

Director's Responsibility Statement

The Director's Responsibility Statement referred to in clause © of sub section (3) of Section 134 of the Companies Act, 2013 states that:

- i. In the preparation of the Annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures
- ii. The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period
- iii. The Directors had taken proper care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities



- iv. The directors prepared the annual accounts on a going concern basis; and
- v. The Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Directors and Key Managerial Personnel

The provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 and the RBI Guidelines govern the composition of the Board of Directors of the Bank. The Board consists of 5 Directors, out of which 3 are Independent Directors.

No appointments/cessations happened with respect to Directors or Key Managerial Personnel during the year.

Statement on Declaration by Independent Directors

Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have submitted declarations that each of them meets the criteria of independence. In the opinion of the Board, the Independent Director possess the requisite integrity, experience and proficiency required under all the applicable laws and policies of the Bank.

Policy on Appointment and Remuneration of Directors and Key Managerial Personnel:

The Bank has in place the Nomination and Remuneration Policy, for appointment and assessment of Fit & Proper criteria of the Directors of the Bank. The Policy lays down the criteria for identification of persons who are qualified to be Directors on the Board, which is available on the Website of the Bank.

In addition, the Bank has a Compensation Policy in place, which has been articulated in line with the Guidelines of the Reserve Bank of India. The Banks's Compensation Policy is aimed to offer a fair compensation package to attract, retain and reward talented personnel.

Risk Management Policy

The Bank understands its fiduciary responsibility of managing public money and holds itself accountable in maintaining public money and holds itself accountable in maintaining the highest levels of safety and liquidity. It undertakes calculated risks to earn risk adjusted returns as required and has adopted a robust risk management framework. The Board is responsible for framing, implementing and monitoring the said risk management framework, and the powers has been delegated to the Risk Management Committee for continuous monitoring and reviewing of the risk associated with the business of the Bank. The Risk management covers the stages of identifying, assessing, measuring, managing , controlling and reporting risk concerns across all risk classes like Credit, market, operational and liquidity risk.

Secretarial Audit Report (Applicable to Listed Companies and every Public Companies having paid-up share capital of Fifty Crore rupees or more or every Public Company having turnover of two hundred fifty crore rupees or more): Not Applicable





RBI Guidelines:

The Bank has complied with and is committed to comply with all the licensing and operating guidelines of RBI as amended from time to time and the provisions of the Banking Regulation Act, 1949

Compliance of Secretarial Standards:

The Bank has a dedicated Secretarial Department, which ensures with the compliances of the Secretarial Standards issued by the Institute of Company Secretaries of India, along with the other requirements of the Companies Act, 2013 and all other applicable Acts.

Web link of Annual Return

As per the Companies (Amendment) Act, 2017, a web link of the annual return is provided hereunder. The members may click on the web link as mentioned below to view and download the Annual Return for your information.

www.coastalareabank.com

Acknowledgements

The Board of Directors places on record their gratitude and appreciation of the excellent support, cooperation and guidance which the Bank has received for its all-round performance during the year 2022-23 from all the customers, shareholders, employees, other Banks IT and other Service Providers and institutions. The Board also acknowledges with gratitude the constant support and guidance received from Reserve Bank of India at its Regional Office, Hyderabad and their Central office, Mumbai.

For and on behalf of the Board of Directors
COASTAL LOCAL AREA BANK LIMITED

Sd/-
Shri B Venu Gopala Reddy
Managing Director & CEO

Sd/-
Shri K Venkataraman
Chairman

Place: Vijayawada
Date: 10.06.2023



Corporate Social Responsibility (CSR)

Pursuant to Clause (o) of Sub-section 134 of the Act and Rule 9 of the Companies
(Corporate Social Responsibility) Rules, 2014

1. The CSR policy of the Bank deals with the extant Government guidelines, planning and management of activities towards fulfilment of the social responsibility of the Bank.
2. Taking into consideration the unprecedented threat caused by pandemic COVID-19, the Ministry of Corporate Affairs vide General Circular 10/2020 dated 23rd March, 2020, to empower the corporates to fight against the pandemic, has clarified that spending CSR funds for COVID – 19 related activities shall qualify as CSR expenditure.
3. Accordingly, the list of approved activities has been revised by the CSR Committee at its meeting held on 18.11.2020, by incorporating the COVID 19 related expenditure in the current revised list.

4. A brief outline of the Company's CSR Policy

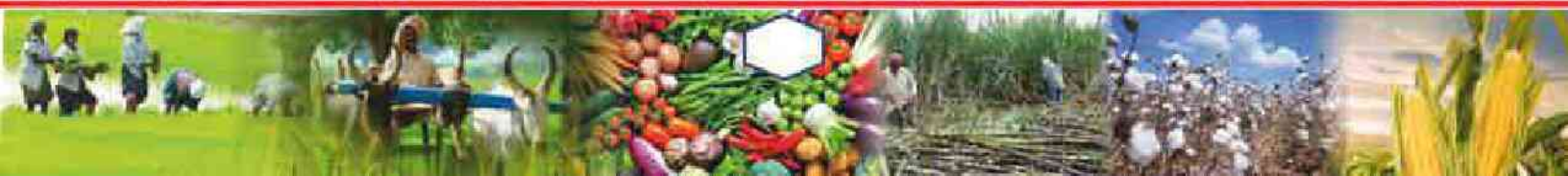
Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large. Our Bank has always been on the forefront in social banking contributing to progress of economically backward sections of society through its micro finance activities and lending to priority sectors.

Government of India has come out with a notification on 27-2-2014 in this respect, and framed certain directions, which are called 'The Companies (Corporate Social Responsibility Policy) Rules 2014'.

In compliance to the same and taking into cognizance all the provisions in the Act, the Policy on Corporate Social Responsibility is framed which will be the guiding document for the Bank in respect of its CSR activities.

I. Objectives & Organization:

- The Bank shall contribute to Corporate Social Responsibility activities as projects or programs or activities excluding the activities undertaken in pursuance of its normal course of business. The Bank shall make all efforts to spend at least 2% of the average profit before tax of the Bank for the last 3 financial years.
- The Board shall appoint a CSR Committee with three members. The Committee shall monitor the progress of the Bank in undertaking CSR activities in tune with the policies of the Bank and to record its directions in this regard.
- The Committee shall meet once in six months.



II. CSR Activities:

- Bank may undertake CSR activities involving Water Conservation / Harvesting measures, Construction of Toilets in Schools, Financial Literacy Programs or any other socially benefitted activity done through Registered Trusts / Societies or through Contractors. The end use should be verified by the bank. The Bank may stipulate the modalities of utilization of such funds on such programs / projects.
- CSR activities shall be confined to the Bank’s area of operations. However, in special events like floods, cyclones etc., it can be extended to other areas in India which may be decided by the Managing Director as and when required.
- Contributions to any political party shall not be considered under CSR activities.
- CSR expenditure shall be confined to the spending on activities prescribed under Schedule VII of The Companies (CSR) Act 2013, and any other activities that may be declared by the Government of India from time to time.
- The revised activities that may be taken up under CSR are listed below. The list is not exhaustive and the Bank is open to take up any other activity in line with the Government guidelines.

	Description of activity	Relevant section of Schedule VII of the Act
a)	Promotion of Education, educating the masses.	Sch. VII (ii) “Promoting Education”
b)	Provision for aids and appliances to differently abled persons and conducting medical camps.	Sch. VII (i) “Promoting health care”
c)	Providing hygienic food to the needy.	Sch. VII (i) “Eradicating hunger”.
d)	Plantation and promoting greenery	Sch. VII (iv) “Ensuing environmental sustainability”
e)	Disaster Relief	Sch VII(xii) Disaster Management
f)	Development activities in rural areas	Sch. VII (x) “Rural Development Projects”.
g)	Contributions to established registered trusts / Associations / organizations for providing meals/ clothing to orphans.	Sch VII (i) Eradicating hunger, poverty and malnutrition
h)	Slum development activities	Sch VII(xi) Slum Area Development
i)	Water harvesting schemes	SchVII (iv) Ensuring environmental sustainability.
j)	Financial Literacy Programs	Government directions (part of PMJDY)
k)	COVID 19 related activities	As per the directions of Ministry of Corporate Affairs vide General Circular 10/2020 dated 23 rd March, 2021



5. The Composition of the CSR Committee:

Shri A N Appaiah	Chairman (Independent Director)
Shri B Venu Gopala Reddy	Member (MD & CEO)
Shri ThimmiChettyRavee	Member (Independent Director)

6. Average Gross profit of the Company for the last three financial years : Rs. 2415 lacs
Computation of average profits and CSR budget for the FY 2022-23

Sl. No	Financial Year	Gross Profit (amount in lacs)
1.	2019-20	2576.00
2.	2020-21	2661.00
3.	2021-22	2008.00
	TOTAL	7245.00
	Average Gross Profit	2415.00
	2% of Average Gross Profit	48.30

7. Prescribed CSR expenditure: 48.30 lacs

8. Details of CSR spent during the financial year:

- Total amount spent for the financial year: 48.30 lacs
- Amount unspent, if any: NIL



Manner in which the amount spent during the financial year is detailed below:

I. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overhead s (in Lakhs)	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency*
1	<ul style="list-style-type: none"> ▪ Akshayapatra – Subhojanam meals to school children & hospitals ▪ Diwali Annadanam in Ankamma temple , Devarapalli ▪ SubrahmanyeswaraSwamyAnnadanam Trust ▪ Promotion of Financial Literacy & prevention of Covid -99 	Eradicating hunger, poverty & malnutrition	Local Area	15.41	15.41	Direct
2	<ul style="list-style-type: none"> ▪ Rotary charity / project for women & girl education ▪ Supporting poor students for continuation of education ▪ RO eater plant to Balasadanam (Child Home for girls) 	Promoting Education	Local Area	11.73	11.73	Direct





3	<ul style="list-style-type: none"> ▪ Medical camp at Gorantla on International day ▪ Costofo masks / sanitizer/pulse meter ▪ Social activities / Bharat Vikas Parishad 	Promoting gender equality, empowering women and other facilities for senior citizens	Local Area	1.39	1,39	Direct
4	<ul style="list-style-type: none"> ▪ Go green campaign / Distribution of Jute & cloth Bags ▪ Distribution of dust bins and LED bulbs to Community centers & Apartments ▪ Observance of Financial Literacy week launched by RBI ▪ Construction of shed for Freezer boxes & Mortuary van to Manavatha Swachanda Samstha 	Ensuring environmental sustainability, ecological balance	Local Area	18.07	18.07	Direct
5	<ul style="list-style-type: none"> ▪ Armed Forces Flag Day 	Covid - 19 related activities	Local Area	1.70	1.70	Direct
TOTAL				48.30	48.30	

9. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.

The Bank has fully spent the budgeted amount on CSR activities for the FY 2022-23.

10. **Responsibility Statement:** We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR projects and activities in compliance with our CSR objectives

Shri B Venu Gopala Reddy
Managing Director & CEO

A.N. Appaiah
Chairman, CSR Committee





Corporate Governance Report

The philosophy of Corporate Governance is an important tool for Shareholder protection and maximization of their long – term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability etc. , serve as the means for implementing the philosophy of Corporate Governance in true letter and spirit.

The Bank believes in adopting and adhering to the best-recognized Corporate Governance practices and continuously bench marking itself against each such practice. The Bank understands and respects its role and responsibility towards its Shareholders and strives hard to meet their expectations.

The Bank believes that best board governance practices, transparent disclosures and Shareholder empowerment are necessary for creating Shareholder value. The Bank has infused the philosophy of Corporate Governance into all its activities.

Corporate Governance Structure:

Board of Directors – Responsible for preserving and enhancing the Corporate Governance Standards and actively involved in formulating / reviewing policies, providing strategic guidance to the Management and reviewing and functioning of the Management.

Board Committees – In-depth scrutiny and focused attention on subject matters thereby enabling better management of Board's time. The Committees derive their authority from the powers delegated by the Board and act in accordance with the terms of reference.

Executive Team – Ensures effective implementation of strategic and policy related decisions approved by the Board / Committees and keeps abreast of the updates.

Board expertise and competence

Coastal Bank recognizes and embrace the importance of a diverse Board for the success of the organization. The Board of Directors have a precise understanding about the business dynamics and the environment under which the Bank operates. The Board is also aware of the inherent challenges and opportunities in its business operations.

The Bank always recognizes and embraces the importance of diverse knowledge, skill-set, experience and expertise in the Board for it to function effectively. Our Board is diverse and inclusive, comprising of members with rich experience to fulfil its governance role and related responsibilities. The Nomination and Remunartion Policy covers all the aspects of Board composition, skill sets and diversification of the Board of Directors as required under the Companies Act, 2013 and the Banking Regulation Act, 1949 and other regulatory requirements.

Matrix setting out the skills /expertise / competence of the Board of Directors:

The Board of Directors have following core skills /expertise/competences / special knowledge / practical experience as required in the context of the effective Bank's business function and in line with the relevant provisions of the Banking Regulation Act, 1949 and relevant circulars issued by Reserve Bank of India form time to time:





Sl.No	Name	Designation	Expertise/competence
1	Shri K Venkataraman	Non-Executive Independent Part-Time Chairman	a) Accountancy b) Agriculture and Rural Economy c) Banking d) Co-operation e) Economics f) Finance g) Small Scale Industry h) Human Resources i) Risk Management j) Business Management
2	Shri B Venu Gopala Reddy	MD & CEO	a) Accountancy b) Agriculture & Rural Economy c) Banking d) Economic e) Finance f) Law g) Small Scale Industry h) Human Resources i) Risk Management
3	Shri A N Appaiah	Independent Director	a) Accountancy b) Agriculture & Economy c) Banking d) Co-operation e) Economics f) Finance g) Human Resources h) Risk Management i) Business Management
4	Shri Balaji Gopalakrishnan	Non-Executive Director	a) Accountancy b) Finance c) Information Technology d) Payment & Settlement Systems e) Human Resources f) Risk Management g) Business Management
5	Shri ThimmiChettyRavee	Independent Director	a) Accountancy b) Law c) Small Scale Industry d) Business Management





Board initiatives and involvement

The Board provides leadership and strategic guidance in shaping our procedures and processes for value creation. The key focus areas included adherence to regulatory compliance, creating a strong technological backbone to mitigate IT and operational risks, infrastructure scalability, talent management CSR commitments. The Board critically evaluated Bank's strategic direction, management policies and their effectiveness. In terms of Corporate Governance philosophy, all statutory and other significant material information will be placed before the Board to enable it to discharge its responsibility of strategic supervision of the Bank as trustees of the Shareholders.

Board Composition

The Board of the Bank is governed and constituted in accordance with the provisions of the Companies Act, 2013 and Banking Regulation Act, 1949 and the extant guidelines issued by the Regulators from time to time in accordance with the best practices in Corporate Governance. Our Board comprises of five Directors as on the date of report, out of which three are Independent Directors.

At Coastal Bank, compliance with regulatory requirements is just the starting point for good governance practices. We have consistently ensured that the composition of the Board and its Committees, in terms of independence, diversity in skills, expertise and gender, meets and at times, exceeds the requirements prescribed by regulations.

Separation of office of Chairperson and the MD & CEO

In terms of the provisions of the Banking Regulations Act, 1949, Bank has separate offices for the Chairperson and the MD & CEO. Bank has a Non-Executive Independent Part-Time Chairman and MD & CEO, the appointment of both approved by RBI pursuant to the provisions of the Banking Regulation Act, 1949.

The Chairman provides overall direction and guidance to the Board whereas the MD & CEO of the Bank is responsible for the overall management of the Bank. The operational and functional heads assist the MD & CEO in the operation, execution and functioning of the Bank.

Culture of transparency and accountability

Coastal Bank strives to inculcate best practices in governance, timely disclosure and fair presentation of information. Transparency and accountability are among the key expectations of Stakeholders. We have put in place policies and processes that allow for a sufficient and visible flow of information with adequate safeguards in place.

Remuneration of Directors:

As per the provisions of sub-section (3) of Section 178 of the Companies Act, 2013 the Bank has a Policy on appointment of Directors and Senior Management employees which includes formulating criteria for determining qualifications, attributes and independence of a Director. The Board has, in accordance with RBI Guidelines on compensation, formulated the Compensation Policy which institutes a mechanism for



alignment of compensation to Whole-Time Directors, Chief Executive Officer, Material Risk Takers, Control Function Staff and other Senior managerial personnel with the extent of risk taken. The Policy also establishes standards on compensation including fixed and variable, which are in alignment of the applicable rules and regulations including the RBI Guidelines in this regard and which is based on the trends and practices of remuneration prevailing in the Banking industry.

a) Remuneration paid to Executive Director:

Remuneration of the Managing Director & Chief Executive Officer comprises of basis salary, special allowances and perquisites as approved by the Board, the Shareholders and the Reserve Bank of India and the Variable Pay as approved by the Board and RBI.

b) Remuneration to Non-Executive Directors:

All the Non-Executive Directors including the Independent Directors receive Sitting fees for each meeting of the Board and its various Committee.

No remuneration is paid to Non-Executive Directors/Independent Directors except the Part-Time Chairman who is entitled for a fixed remuneration – honorarium , as approved by the Shareholders and the Reserve Bank of India.

No material pecuniary relationship exists between the Independent / Non-Executive Directors with the Bank, other than payment of Sitting fess for attending the Board/Committee meetings.

Board Procedure

The Board and its committees play a crucial role in enduring good Corporate Governance of the Bank. The meeting of the Board and its Committee will be scheduled well in advance and the information including the date, time and place of the meeting is circulated to all the Directors as per the Secretarial Standards. The meetings of the Board and its Committees are governed by a structured agenda. The Board agenda and notes thereof backed by comprehensive background information are sent to the Board of Directors in compliance with the provisions of the Companies Act, 2013, Secretarial Standards. The Memoranda contain complete relevant information related to the requests of the Departments to facilitate open and substantive deliberations. The respective Department Heads of the Bank are special invites to the meetings to provide any explanations, feedback to the Board if require. The Video conferencing facility is used effectively to facilitate participation of Directors, who are unable to attend the meetings in person, complying with the provisions of Companies Act, 2013. The Board of Directors follows highest degree of business ethics, transparent practices and governance among cordial environment.

In case of exigency or urgency of matters, Board also passed resolutions by Circulation on a need basis, Data required by the Directors and clarifications, if any will be provided for informed decision-making. Resolutions passed by circulation are noted in the next meeting as required under the Companies Act, 2013.





The Minutes of the Board and its Committees are circulated to all the members for their comments/approval within the time lines prescribed in accordance with the Secretarial Standards issued by the Institute of Company Secretaries of India. The Bank has in place a post meeting follow-up procedure, which will track the observations/ decision taken by the Board / Committee till the closure. An Action Taken Report is being placed before the Board / Committee in every meeting.

The Board has established procedures to periodically review the compliance report pertaining to all the returns , forms and statements to be filed by the Bank to the Regulatory Authorities.

Board Meetings

The Board of Directors of the Bank met seven times in the FY 2023. The maximum interval between any two meetings did not exceed 120 days and the details of meetings are mentioned hereunder:

Name of the Director	Designation	No. of Meetings Attended
Shri. K Venkataraman	Non-Executive Independent (Part-Time) Chairman	6
Shri. B Venu Gopala Reddy	Managing Director & CEO	7
Shri. A N Appaiah	Independent Director	7
Shri. Balaji Gopalakrishnan	Non-Executive Director	7
Shri ThimmiChettyRavee	Independent Director	7

The Minutes of all the Board Meetings were duly recorded in the Minutes Book. Agenda items along with the detailed background information were circulated to the Board well within timelines in compliance with the Secretarial Standards (SS-1) and applicable provisions of the Companies Act, 2013. In addition to the items, which were required to be placed before the Board for its noting / approval, presentations on financial performance of the Bank, information on various other significant items were also placed before the Board.



Board Committees

The Committees constituted by the Board play a crucial role in imparting in – depth scrutiny on the agenda items, focused attention on specific areas and arrive at informed decisions within the delegated authority.

The Board constituted nine Board level committees, in order to have dedicated attention on various areas.

- Audit Committee
- Nomination & Remuneration Committee
- Risk Management & Asset Liability Management Committee
- Management Committee
- Human Resource Committee
- IT & IT Strategy Committee
- Corporate Social Responsibility Committee
- Share Transfer & Investor Grievance Committee
- Customer Grievance and Stakeholder's Relationship Committee

1) Audit Committee

The Audit Committee provides direction to the audit function and monitors the quality of internal and statutory audit. The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, recommendation of appointment and removal of Statutory and Internal Auditors and fixation of their remuneration.

The Audit Committee comprised of the following Directors with majority of Independent Directors:

Name of the Director	Designation	No. of meetings attended
Shri ThimmiChettyRavee	Chairman (Independent Director)	4
Shri K Venkataraman	Member (Non-Executive Independent (Part-Time) Chairman	3
Shri A N Appaiah	Member (Independent Director)	4
Shri Balaji Gopalakrishnan	Member (Non-Executive Director)	4

The MD & CEO, the Chief Financial Officer & the Statutory Auditors are invited for the meetings where Audited Financial results are considered. The Company Secretary acts as the Secretary to the Committee.

The Committee met 4 times on 21.05.2022, 22.07.2022, 15.10.2022 and 20.01.2023.





2) Nomination and Remuneration Committee

The Committee formulates the policy for determining the qualifications, positive attributes and independence of Directors and Key Managerial Personnel. It also formulates the policy relating to the level and composition of remuneration, which is reasonable and sufficient to attract, retain and motivate the Directors and the Key Managerial Personnel, in consonance with the requirements of the Banking Regulation Act, Reserve Bank of India Guidelines and the Companies Act, 2013.

Constitution of the Committee

Name of the Director	Designation	No. of Meetings Attended
Shri A N Appaiah	Chairman (Independent Director)	3
Shri K Venkataraman	Member (Non-Executive Independent Part-Time Chairman)	3
Shri Balaji Gopalakrishnan	Member (Non-Executive Director)	3
Shri ThimmiChettyRavee	Member (Independent Director)	3

The Committee met 3 times on 20.05.2022, 14.10.2022 and 19.01.2023.

3) Risk Management and Asset Liability Management Committee:

The Risk Management Committee is constituted to oversee the risk management policy of the Bank and to assist the Board in fulfilling its oversight responsibilities with regard to risk appetite of the Bank, the compliance framework and the governance structure that supports it. It evaluates the efficacy of the framework relating to risk identification and its mitigation. The legal risk, credit risk, market risk and operational risks are monitored and mitigated through regular review of changes in the regulatory framework.

Constitution of the Committee

Name of the Director	Designation	No. of Meetings Attended
Shri Balaji Gopalakrishnan	Chairman (Non-Executive Director)	4
Shri B Venu Gopala Reddy	Member (MD & CEO)	4
Shri A N Appaiah	Member (Independent Director)	4
Shri Thimmi Chetty Ravee	Member (Independent Director)	4

The Committee met 4 times on 20.05.2022, 21.07.2022, 14.10.2022 and 19.01.2023.



4) Management Committee

The Management Committee was set up to review the operations of the Bank from time to time and also formulate and review corporate objectives and strategies. The Committee formulates the Credit Policies of the Bank and review the Advances portfolio.

Composition of the Committee:

Name of the Director	Designation	No. of Meetings Attended
Shri K Venkataraman	Chairman (Non-Executive Independent Part-Time Chairman)	9
Shri B Venu Gopala Reddy	Member (MD & CEO)	9
Shri A N Appaiah	Member (Independent Director)	9

The Committee met 9 times on 20.05.2022, 13.06.2022, 21.07.2022, 14.09.2022, 14.10.2022, 25.11.2022, 29.12.2022, 19.01.2023 and 27.03.2023.

5) Human Resource Committee

The Committee was set up with the objective to evaluate service conditions, compensation and other benefits to the employees at different levels in the management.

Composition of the Committee:

Name of the Director	Designation	No. of Meetings Attended
Shri K Venkataraman	Chairman (Non-Executive Independent Part-Time Chairman)	4
Shri B Venu Gopala Reddy	Member (MD & CEO)	4
Shri Balaji Gopalakrishnan	Member (Non-Executive Director)	4

The Committee met 4 times on 20.05.2022, 21.07.2022, 14.10.2022 and 19.01.2023.



6) IT & IT Strategy Committee

The role of the Committee is to coordinate corporate security strategy, for reducing duplication in security spending, for taking control of complex infrastructures and ultimately, for reducing security risk and also for developmental activities in Information Technology.

Composition of the Committee:

Name of the Director	Designation	No. of Meetings Attended
Shri Balaji Gopalakrishnan	Chairman (Non-Executive Director)	4
Shri K Venkataraman	Member (Non-Executive Independent (Part-Time Chairman)	4
Shri B Venu Gopala Reddy	Member (MD & CEO)	4
Shri A N Appaiah	Member (Independent Director)	4

The Committee met 4 times on 20.05.2022, 21.07.2022, 14.10.2022 and 19.01.2023.

7) Corporate Social Responsibility (CSR) Committee:

The Committee was constituted as required under the provisions of Section 135 of the Companies Act, 2013. It formulates and recommends to the Board, a CSR Policy, which shall indicate the activities to be undertaken by the Company as, specified in Schedule VII and review from time to time. It also recommends and reviews the amount of expenditure incurred on the varied activities.

Composition of the Committee:

Name of the Director	Designation	No. of Meetings Attended
Shri A N Appaiah	Chairman (Independent Director)	3
Shri B Venu Gopala Reddy	Member (MD & CEO)	3
Shri ThimmiChettyRavee	Member (Independent Director)	3

The Committee met 3 times on 20.05.2022, 14.10.2022 and 19.01.2023.



8) Share Transfer and Investor Grievance Committee

The Committee is constituted to consider and resolve the grievances of stakeholders of the Company. It specifically looks into the redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc and the main function is to expedite the process of share transfers.

Composition of the Committee:

Name of the Director	Designation	No. of Meetings Attended
Shri Thimmi Chetty Ravee	Chairman (Independent Director)	2
Shri K Venkataraman	Member (Non-Executive Independent Part-Time Chairman)	2
Shri B Venu Gopala Reddy	Member (MD & CEO)	2
Shri Balaji Gopalakrishnan	Member (Non-Executive Director)	2

The Committee met 2 times on 14.10.2022 and 19.01.2023.

9) Customer Service and Stakeholders Relationship Committee

The Committee's function is to monitor the Customer services extended by the Bank and to review the feedback received from the Customers.

Composition of the Committee:

Name of the Director	Designation	No. of Meetings Attended
Shri B Venu Gopala Reddy	Chairman (MD & CEO)	4
Shri A N Appaiah	Member (Independent Director)	4
Shri Balaji Gopalakrishnan	Member (Non-Executive Director)	4
Shri ThimmiChettyRavee	Member (Independent Director)	4

The Committee met 4 times on 20.05.2022, 21.07.2022, 14.10.2022 and 19.01.2023.





Policies and frameworks for ethical conduct

To ensure a pervasive culture of ethical behavior, we have created an environment and instituted policies and frameworks that encourage appropriate business conduct.

Our Corporate Governance policies include:

- Code of Conduct / Board Manual
- Nomination and Remuneration Policy
- Compensation Policy
- Whistle Blower Policy
- Policy on Prevention of Sexual Harassment (POSH)

Transparency and accountability are embedded in our culture. Bank has put in place Code of Conduct for Directors & Senior Management, to uphold our values and to carry out business with integrity and highest ethical standards. The Code is the manifestation of the Bank's commitment to successful operation of the business in the best interest of the Shareholders, Customers, employees and other Stakeholders.

We have zero tolerance policy on sexual harassment and an Internal Complaints Committee is in place to provide protection against sexual harassment of women at workplace and prevention and redressal of such complaints. The Committee has not received any complaints during FY 2022-23.

We have put in place a 'Whistle – Blower Policy' in compliance with the provisions of the Companies Act, 2013 which provides a comprehensive framework for capturing and addressing stakeholder complaints / suggestions. The objective of the policy is to identify any untoward events with the help of the employees and take timely corrective measures to prevent / protect the Bank at the initial stage itself. Under this policy, the employees are free to report violations of applicable laws and regulations and the mechanism provides adequate safeguards against victimization of employees. The Bank's Whistle-Blower Policy is in synchronization with all the Statutory and Regulatory Guidelines on Vigilance Mechanism.

Directors E-KYC

The Ministry of Corporate Affairs has vide amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated registration of KYC of all the Directors through e-form Dir – 3 KYC. All the Directors of the Bank have complied with the aforesaid requirement.

Penalties:

There are no instances of non-compliances by the Bank and no penalties have been imposed by any Statutory Authority during the Financial year.

Code of Conduct:

All the Directors and Senior Management Personnel of the Bank have affirmed the compliance of Code of Conduct laid down by the Bank.



Environment, Social and Governance (ESG):

The Bank recognize the significance of ESG as it impacts multiple aspects including environment, work and safety conditions, human rights, corporate governance and regulatory compliance. However, addressing all ESG risks and concerns can be challenging even for the most forward looking and well-intentioned organization. The key to success is materiality i.e., an understanding of which ESG risks are critical to the Bank on an overall operating context.

Coastal Local Area Bank is a socially responsible corporate citizen with strong values of ethics, trust and high standards of corporate governance, compliance oriented culture and sustainable relationships with customers. Being a value-driven organization, we strive to fulfil our basic objective of contributing to social and economic development and ensuring financial inclusion through our innovative operational framework, which includes effective utilization of technology.

ESG FOCUS AREAS

Environment

- Waste Management
- Environmental Sustainability Conservation of energy
- Occupational health and safet

Social

- Customer satisfaction
- Employee well being
- Financial inclusion

Governance

- Strict adherence to Corporate Governance principles
- Effective structure and functioning of Board of Directors
- Compliance oriented culture
- Transparency and disclosure

1. **Waste Management** : The Bank strives to reduce the paper usage in its business operations to the great extent possible. IT initiatives like DESS DIGITAL MEETING SOLUTIONS, software for effective and paperless Board and Committee meetings, Human Resource Management System (HRMS) and eTHICs, an Audit and Compliance Management Solution are efforts in this direction. The Bank with an aim to reduce further paper usage had initiated the process of adopting the Loan Origination System (LOS).





- 2. Environmental Sustainability & Conservation of energy :** To ensure environmental sustainability and ecological balance, the Bank launched “Go Green campaign” across all the branches to create awareness on non – use of plastic bags. During the campaign, jute/cloth bags have been distributed to the customers/non-customers by the branches propagating non-use of plastic bags. As a piece of conservation of energy, the Bank initiated usage of LED bulbs/lights in all the branches and launched clean environment campaign during the year.
- 3. Occupational health and safety :** The Bank is committed to provide its workforce a safe and healthy place to work. As a part of Staff Welfare measures, the Bank is extending Group Health Insurance to all the employees and their dependent family members.
- 4. Customer Satisfaction :** Our approach entails the use of technology at every possible step of the loan and deposit process. The Bank is continuously striving hard to provide quality service to its customers with wide range of products and services. In its attempt to enhance the proximity, constant value additions were made to various products and services to ensure a balance between relationship and convenience banking. Each branch conducts customer meets at quarterly intervals at the respective places

The Customer Service & Stakeholder’s Relationship Committee of the Baord works towards continuously improving the quality of services rendered to the customer. The Bank have a transparent Grievance Redressal Mechanism that ensures quick and effective resolution of complaints.

During the year, the Bank initiated the process of adoption of Loan Origination System, an on boarding software that enables paperless and hassle-free experience to the customers. The Mobile Banking App was also updated during the year, which heightened the range of services.

- 5. Financial Inclusion :** Financial Inclusion is an integral part of the Bank’s business model.

The Bank’s target in both rural and urban areas is to deliver services at the doorstep of the weaker sections of the society. In addition to situating some of the branch offices in under-served remote rural areas, the heart of Coastal Bank’s business model is the provision of micro-loans and savings schemes to the weaker sections of the society.

The objectives of financial inclusion are achieved through both the Credit and the Deposit products of the Bank, as well as through many of the features of its business practices such as encouraging savings in small denominations, door-step delivery of services by use of technology like hand-held PoS machines, delegating authority to the branches for faster decisions, operating Coastal Bank Mitra Business Correspondents in remote locations.

Extended credit facilities up toRs. 60,000/- exclusively to Women entrepreneurs totaling 13,715 accounts and the amount outstanding is Rs. 2342 lacs which constitutes 3.97% of total advances of the Bank.





The Bank further extended credit facilities to retail, small and micro enterprises for their business requirements. Bank has financed 3790 borrowers up to Rs. 1,00,000 each totaling to Rs. 1909 lacs which constitutes 2.78% of the total advances. Bank is facilitating doorstep banking by offering cash collection facility at the doorsteps of customers.

6. **Employee Satisfaction** : The Bank recognizes its employees as the key driving force for its growth and success. The Human Resources policies are developed on principles of equal opportunity and gender inequality, fairness and ethics in line with the applicable national regulatory requirements and industry best practices. The Bank during the year had introduced noted HR initiatives like faster career path, campus recruitment drives, training and empowerment programmes, encashment of leave and gratuity to sub staff, timely promotions and transfers, staff loyalty schemes, staff incentive schemes etc.
7. **Governance** : The Bank's philosophy on Corporate Governance encompasses fullest commitment of the Board of Directors and Management to attain highest standards of transparency, accountability and equity in all facets of its activities and operations to all Stakeholders, viz. Customers, Shareholders, Employees and Regulators. The Bank had put in place the Nomination and Remuneration Policy and the Compensation Policy, which ensures appointment of Directors with varied experience in relevant fields with diversified background. The policy further lays down the principles for fixation of remuneration to attract and retain the best suitable talent on the Board and Management of the Bank. The Bank has a Code of Conduct for effective functioning of the Board of Directors and Senior Management.





Independent Auditor's Report

To the Members of Coastal Local Area Bank Limited

Report on Audit of the Financial Statements

Opinion:

We have audited the standalone financial statements of Coastal Local Area Bank Limited (“the Bank”), which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act') in the manner so required for banking Companies and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March 2023, and its profit/loss and its Cash Flows for the year ended on that date.

Basis for Opinion :

We conducted our audit in accordance with the Standards on Auditing(SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter :

We draw attention to Schedule 17 (C) 1 and 2 of the accompanying standalone financial statements regarding the impact which describes the uncertainties due to the outbreak of COVID 19 pandemic and the management's evaluation of its impact on the business operations of the Bank.

Our opinion is not modified in respect of this matter.

Key Audit Matters :

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Sl No	Key audit matters	How our Audit addressed the Key Audit Matter
1.	<p>Classification of Advances, Income Recognition, Identification of and provisioning for non-performing Advances (Refer Note 3 of Schedule 17 and Note 5.1 of Schedule 18)</p> <p>Advances include Bills purchased and discounted, Cash credits, Overdrafts, Loans repayable on demand and Term loans. These are further categorized as secured by Tangible assets and Unsecured advances. They are, inter-alia, governed by income recognition, asset classification and provisioning (IRAC) norms and other circulars and directives issued by the Reserve Bank of India from time to time relating to classification of Advances into performing and non-performing Advances (NPA).</p> <p>Significant judgements and estimates for NPA identification and provisioning could give rise to material miss statements on:</p> <ul style="list-style-type: none"> Completeness and timing of recognition of nonperforming assets in accordance with criteria as per IRAC norms; Measurement of the provision for non-performing assets based on loan exposure, ageing and classification of the loan, realizable value of security; <p>Considering the nature of the transactions, regulatory requirements, existing business environment, estimation / judgment involved in valuation of securities, and current situation arising out of COVID-19 Pandemic it is a matter of high importance for the intended users of the Financial Statements, we have determined this as a Key Audit Matter.</p>	<p>Our audit approach towards advances with reference to the IRAC norms and other related circulars/directives issued by the Reserve Bank of India and also internal policies and procedures of the Bank includes the following</p> <ol style="list-style-type: none"> 1. The accuracy of the data input in the system for income recognition, classification into performing and nonperforming Advances and provisioning in accordance with the IRAC Norms in respect of the branches covered under audit by us; 2. Existence and effectiveness of monitoring mechanisms such as Internal Inspection, Systems Audit, and Concurrent Audit as per the policies and procedures of the Bank; 3. Examination of advances including stressed and Irregular advances on a sample basis with respect to compliance with the RBI Master Circulars / Guidelines; 4. We have also relied on the reports with respect to parameters inbuilt in CBS for tracking, identification and stamping of NPAs and provisioning in respect thereof; 5. We have examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of the various audits conducted as per the monitoring mechanism of the Bank and annual review by Reserve Bank of India; 6. In carrying out substantive procedures at the branches under audit by us, we have examined all large advances/stressed advances while other advances have been examined on a sample basis including review of valuation reports of independent valuer's provided by the Bank's management; 7. Going through the sanctions including office notes to have an objective evaluation to assess the credit risk and its mitigation





SI No	Key audit matters	How our Audit addressed the Key Audit Matter
		<p>Thus we assessed and evaluated the process of identification of NPAs and corresponding reversal of income and creation of provision.</p>
2.	<p>Information Technology (IT Systems) and Controls for financial reporting</p> <p>The IT environment of the Bank involves a large number of independent and interdependent IT systems used in the operations of the Bank for recording and processing a large volume of transactions. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Bank. The server and outsourced data processor is located in Mumbai.</p> <p>Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.</p> <p>The accuracy and reliability of the financial reporting process depends on the IT systems and the related control environment such as database, operating system and application controls:</p> <p>Therefore, we have identified testing of such IT systems and related control environment as a key audit matter.</p>	<p>In assessing the integrity of the IT systems, we obtained an understanding of the IT infrastructure and IT systems relevant to the Bank's financial reporting process for evaluation and testing of relevant IT general controls and IT application controls.</p> <p>Access rights were tested over applications, operating systems and networks which are relied upon for financial reporting. We also assessed the operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested segregation of duties, including preventive controls to ensure that access to change applications, the operating system were granted only to authorized personnel.</p> <p>We have examined the application of restructured accounts in the IT Systems and correctness of the results. Last year restructured accounts performance has also been verified to ensure that system has given correct risk classification to the accounts.</p> <p>During the course of audit, we identified system omissions and reasons for the same has been analysed through substantial audit procedure to ensure that mistake is not recurred again. Systems have not stamped CIF based NPA's which was done manually including interest and provisions thereon.</p> <p>Other areas that were assessed under the IT control environment, included password policies and business continuity.</p>



Information other than the Financial Statements and Auditor's Report Thereon:

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.



Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013.

As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

- a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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;

With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a banking company, as defined under the Banking Regulation Act, 1949; the reporting under section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.

Further, as required by section 143(3) of the Act, we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books :
- c) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with by this report are in agreement with the books of account
- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI;





- e) on the basis of written representations received from the directors as on 31 March 2023 and taken on record by the Board of Directors, none of the directors is disqualified as on 31ST March 2023 from being appointed as a director in terms of Section 164(2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Bank does not have any pending litigations which would impact its financial position.
 - ii. the Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and
 - iii. there are no pending amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
- h) Since it is a banking company, the provisions of the Companies (Auditor’s Report) Order, 2016 (‘The Order’) issued by the Central Government in terms of Section 143(11) of the Act are not applicable to the Bank. Hence, we have not annexed any statement on the matters specified in the paragraphs 3 and 4 of the Order.

For RAMAMOORTHY (N) & CO
Chartered Accountants
Firm Registration No. 002899S

(K. Subba Reddy)
PARTNER
Memb No. 232617
UDIN No.: 23232617BGVUDM5633

Place: Vijayawada
Date: 04-05-2023



Annexure A to the independent auditor's report of even date on the Financial Statements of Coastal Local Area Bank Limited

Report on the International Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

1. We have audited the internal financial controls over financial reporting of Bank Coastal Local Area Bank Limited ('The Bank') as at 31st March 2023 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls over Financial Reporting.

2. The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accounts of India ('the ICAI') These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance.

With the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards') issued by the ICAI and deemed to be prescribed under section 143(9) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respect.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.





5. We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.
6. A bank's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial controls over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the Internal Financial Controls over Financial Reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For RAMAMOORTHY (N) & CO

Chartered Accountants

Firm Registration No. 002899S

(K. Subba Reddy)

PARTNER

Memb No.232617

UDIN No.:-23232617BGVUDM5633

Place: Vijayawada

Date:04-05-2023



Coastal Local Area Bank Ltd.,

Corporate Office: : Vijayawada
Balance sheet as on 31st March, 2023

(in Rupees)

	Schedule No	As on 31-03-2023	As on 31-03-2022
CAPITAL & LIABILITIES			
Capital	1	23,01,91,730	23,01,91,730
Reserves & Surplus	2	1,26,85,59,006	1,09,39,07,024
Deposits	3	7,38,55,50,345	6,49,76,12,483
Borrowings	4		-
Other liabilities and provisions	5	30,61,64,604	29,94,24,044
TOTAL		9,19,04,65,685	8,12,11,35,281
ASSETS			
Cash and balances with Reserve Bank of India	6	19,10,37,338	20,22,80,629
Balance with banks and money at call and short notice	7	1,40,83,63,325	64,77,09,787
Investments	8	1,55,40,89,663	1,65,72,13,203
Advances	9	5,70,52,94,307	5,26,87,03,667
Fixed Assets	10	8,47,79,415	9,89,22,169
Other Assets	11	24,69,01,637	24,63,05,826
TOTAL		9,19,04,65,685	8,12,11,35,281
Contingent Liabilities	12	50,18,120	40,58,120
Bills for Collection		-	-

Significant Accounting Policies and Notes to the Financial Statements.
The schedules referred to above form an integral part of this Balance Sheet.

For **RAMAMOORTHY (N) & CO**
Chartered Accounts
Firm Registration No. 02899S

For and behalf of the Board
Krishnamoorthy Venkataraman
Non-Executive Independent (Part-Time) Chairman
DIN No : 02443400

(K.Subba Reddy)
PARTNER, Memb. No.232617
UDIN No. 23232617BGVUDM5633

B.Venu Gopala Reddy
Managing Director & CEO
DIN No : 02641467

T. Ravee
Non-Executive Independent Director
& Chairman of Audit Committee
DIN No : 03322607

KAV Raman
Chief General Manager & CFO

R. Naga Lakshmi
Company Secretary & Compliance Officer

Place: Vijayawada
Date: 04-05-2023





ANNUAL REPORT - 2023

Coastal Local Area Bank Ltd.,

Corporate Office: : Vijayawada

Profit & Loss Account for the Year Ended 31st March, 2023

(In Rupees)

	Schedule No	Year ended 31.03.2023	Year ended 31.03.2022
I. INCOME			
Interest earned	13	86,28,18,525	76,96,64,717
Other Income	14	13,47,57,624	16,89,20,507
TOTAL		99,75,76,149	93,85,85,224
II. EXPENDITURE			
Interest Paid	15	36,63,46,054	34,51,23,304
Operating expenses	16	30,23,52,070	28,74,93,989
Provisions and contingencies		12,71,12,914	16,02,20,759
TOTAL		79,58,11,038	79,28,38,052
III. PROFIT			
Net profit/loss(-) for the year		20,17,65,110	14,57,47,171
Profit/Loss(-) brought forward		14,87,95,805	28,38,71,182
Total		35,05,60,915	42,96,18,353
IV. APPROPRIATIONS			
Interim Dividend paid		-	-
Tax on Interim Dividend paid		(39,31,458)	-
Drawdown from Investment Fluctuation Reserve		-	-
Transfer to Statutory Reserve		4,00,86,120	2,89,58,108
Transfer to General Reserve		5,00,00,000	21,14,57,477
Transfer to Capital reserve			1,19,00,244
Transfer to Investment fluctuation reserve			54,87,545
Dividend Paid		2,53,21,090	2,30,19,173
Balance carried over to balance sheet		23,90,85,163	14,87,95,806
TOTAL		35,05,60,915	42,96,18,353
V. EARNINGS PER SHARE			
Weighted Average No. of Equity Shares		2,30,19,173	2,30,19,173
Basic (Rs)		8.76	6.33
Diluted (Rs)		8.76	6.33
Face value per share (Rs)		10.00	10.00

Significant Accounting Policies and Notes to the Financial Statements.

The schedules referred to above form an integral part of this Profit and Loss Account.

For RAMAMOORTHY (N) & CO
Chartered Accountants
Firm Registration No. 028995

(K.Subba Reddy)
PARTNER, Memb. No.292617
UDIN No. 29292617BGVUDM5693

B.Venugopala Reddy
Managing Director & CEO
DIN No : 02641467

For and behalf of the Board
Krishnamoorthy Venkateswararao
Non-Executive Independent (Part-Time) Chairman
DIN No : 02443400

T. Ravva
Non-Executive Independent Director
& Chairman of Audit Committee
DIN No : 03322607

KAV Ramani
Chief General Manager & CFO

R. Naga Lalohari
Company Secretary & Compliance Officer

Place: Vijayawada
Date: 04-05-2023



SCHEDULES TO BALANCE SHEET

Schedule 1 – Capital

(in Rupees)

Particulars	As on 31.03.2023	As on 31.03.2022
Authorized Capital		
45,000,000 shares of Rs.10/- each	45,00,00,000	45,00,00,000
Issued Capital		
23,451,057 shares of Rs.10/- each	23,45,10,570	23,45,10,570
Subscribed Capital		
23,019,173 shares of Rs. 10/- each	23,01,91,730	23,01,91,730
Paid up capital		
23,019,173 shares of Rs. 10/- each	23,01,91,730	23,01,91,730
Total	23,01,91,730	23,01,91,730

Schedule 2 – Reserves and Surplus

(in Rupees)

	31.03.2023	As on 31.03.2022
I. Statutory Reserves		
Opening Balance	30,76,52,152	27,86,94,044
Additions during the year	4,00,86,120	2,89,58,108
Total	34,77,38,272	30,76,52,152
II. Capital Reserve		
Opening Balance	5,29,39,315	4,10,39,071
Additions during the year(profit from sale of investments from HTM category, net of taxes/transfer to Statutory Reserves		1,19,00,244
Total	5,29,39,315	5,29,39,315
III. Share Premium		
Total	-	-
IV. Revenue and other Reserves		
a) General Reserve		
Opening Balance	57,48,14,256	36,75,74,729
Additions during the year	5,00,00,000	72,39,527
Less : Draw down from IRA towards provision for investments		42,17,950
Transfer from Balance in profit & Loss Account		20,00,00,000
b) Investment Reserve		
Opening Balance	42,17,950	
Less : Draw down from IRA towards provision for investments	(17,92,038)	
Balance in Investment Reserve	24,25,912	
Less capitalized (issue of Bonus shares)	-	-
Total General Reserve	62,72,40,168	57,90,32,206
b) Investment Fluctuation Reserve		
Opening Balance	54,87,545	-
Additions during the year	(39,31,457)	54,87,545
Transfer to Statutory Reserve		-
Total Investment fluctuation reserve	15,56,088	54,87,545
V. Balance in Profit & Loss Account	14,87,95,805	28,38,71,182
Additions during the Year	11,03,44,482	8,69,87,168
Deferred Tax as per provisions	13,34,509	9,56,628
Dividend paid during the year	(2,53,21,090)	(2,30,19,173)
Transfer from Investment fluctuation reserve	39,31,457	(20,00,00,000)
Total	23,90,85,163	14,87,95,806
Total (I,II,III,IV, and V)	1,26,85,59,006	1,09,39,07,024





Schedule 3 – Deposits

(in Rupees)

Particulars	As on 31.03.2023	As on 31.03.2022
I. Demand Deposits		
(i) From Banks		-
(ii) From Others (CA Accounts)	36,99,69,622	34,80,45,136
II. Savings Bank Deposits	1,84,77,37,704	1,72,61,67,974
III. Term Deposits		
(i) From Banks		-
(ii) From Others	5,16,78,43,019	4,42,33,99,373
Total (I,II and III)	7,38,55,50,345	6,49,76,12,483
B.(i) Deposits of branches in India	7,38,55,50,345	6,49,76,12,483
(ii) Deposits of branches outside India		-
Total	7,38,55,50,345	6,49,76,12,483

Schedule 4 – Borrowings: Nil

Schedule 5 – Other liabilities and Provisions

(In Rupees)

Particulars	As on 31.03.2023	As on 31.03.2022
Bills Payable	1,13,13,534	1,77,40,489
Inter office adjustments (net)	9,36,25,002	8,00,05,087
Interest payable on deposits	71,85,731	46,03,858
Sundry Deposits	3,22,53,137	-
Locker Rent Deposit	9,94,653	-
CSD Security Deposit A/c	8,38,654	-
Security Deposit for CSD Machine	81,072	-
Provision For Investments	1,26,459	-
Provision For Standard Assets	2,12,18,294	-
Provision For Other Expenses	1,47,20,053	-
Provision For Deferred Tax	11,36,245	-
GST Payable	48,63,533.42	-
TDS Payable	52,35,457	-
Unpaid Dividend Account	2,45,11,551	-
Provision for Income Tax	6,83,00,000	-
POS/ATM Account Suspense	5,25,897	-
Provision for Restructured Accounts	1,26,49,091	-
Cash TDS Suspense	2,51,429	-
NPA Provision (Int reversal)	40,08,811	-
Corporate Office A/c	360	-
ATM payable other Banks	23,25,640	-
Others(Including Provisions)	-	19,70,74,610
Total	30,61,64,604	29,94,24,044



Schedule 6 – Cash and Balances with Reserve Bank of India

(in Rupees)

Particulars	As on 31.03.2023	As on 31.03.2022
I. Cash in hand (including foreign currency notes)	10,94,35,000	12,56,60,755
II. Balances with Reserve Bank of India		
(a) in Current Account	8,16,02,338	7,66,19,874
(b) In other Accounts		-
Total (I and II)	19,10,37,338	20,22,80,629

Schedule 7 – Balances with Banks and Money at Call & Short Notice

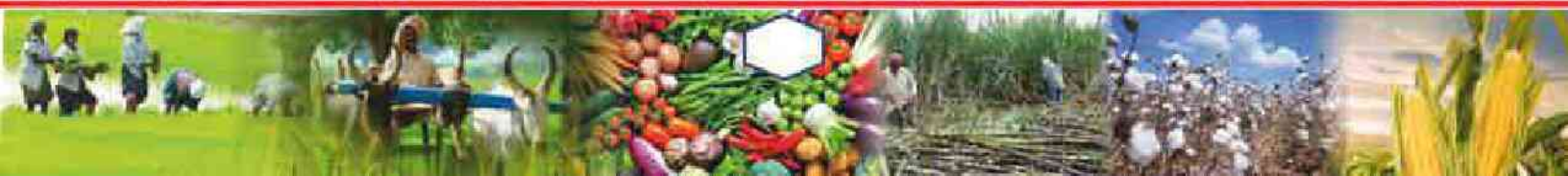
(in Rupees)

Particulars	As on 31.03.2023	As on 31.03.2022
I. In India		
(i). Balances with Banks		-
(a) in Current Accounts	17,64,89,142	10,35,62,128
(b) In other Accounts	1,23,18,74,183	54,41,47,659
(ii) Money at call and short notice		-
(a) with Banks		-
(b) with other institutions		-
Total (i+ii)	1,40,83,63,325	64,77,09,787
II. Outside India		-
(i). Government securities		-
Total		-
Grand Total (I & II)	1,40,83,63,325	64,77,09,787

Schedule 8 – Investments

(in Rupees)

Particulars	As on 31.03.2023	As on 31.03.2022
I. Investments in India in		
(i) Government securities	1,50,56,60,263	1,65,72,13,203
(ii) Other approved securities (Treasury Bills)	4,84,29,400	-
(iii) Shares		-
(iv) Debentures and Bonds		-
(v) Subsidiaries and/or Joint Ventures		-
(vi) Others - Non SLR Mutual Funds		-
	1,55,40,89,663	1,65,72,13,203
II. Investments Outside India in		-
(i). Government securities (including Local Authorities)		-
(ii) Subsidiaries and/or Joint Ventures abroad		-
(iii) Others investments(to be specified)		-
Total		-
Grand Total (I & II)	1,55,40,89,663	1,65,72,13,203



Schedule 9 – Advances(in Rupees)
(in Rupees)

Particulars	As on 31.03.2023	As on 31.03.2022
A. (i) Bills purchased and discounted	0.00	
(ii) Cash Credits, Overdrafts and loans repayable on demand	2,49,42,67,713	2,46,54,09,260
(iii) Term loans	3,21,10,26,594	2,80,32,94,406
Total	5,70,52,94,307	5,26,87,03,667
B. (i) Secured by tangible assets	5,49,56,02,368	4,92,52,96,842
(ii) Covered by Bank/Govt. Guarantees	-	-
(iii) Unsecured	20,96,91,939	34,34,06,825
Total	5,70,52,94,307	5,26,87,03,667
C.I. Advances in India		
(i). Priority sectors	2,46,59,22,254	2,13,74,09,560
(ii). Public sector	0	-
(iii) Banks	0	-
(iv) Others	3,23,93,72,053	3,13,12,94,107
Total	5,70,52,94,307	5,26,87,03,667
C.II. Advances Outside India		
(i) Due from banks	-	-
(ii) Due from others	-	-
Total	-	-
Grand Total (C.I & C.II)	5,70,52,94,307	5,26,87,03,667

Schedule 10 – Fixed Assets
(in Rupees)

Particulars	As on 31.03.2023	As on 31.03.2022
I. Premises		
At cost as on 31st March of the preceding year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
II. Other Fixed Assets(including furniture and fixtures)		
At cost as on 31st March of the preceding year	19,32,16,973	18,66,93,459
Additions during the year	94,76,910	1,07,00,656
Deductions during the year	50,67,850	41,77,142
Total	19,76,26,033	
less : Depreciation to date	12,06,13,395	10,54,04,937
Add: Adjustment to Reserves & Surplus		
Intangible Assets -Software	77,66,777	1,11,10,132
Total (I and II)	8,47,79,415	9,89,22,169



Schedule 11 – Other Assets

(in Rupees)

Particulars	As on 31.03.2023	As on 31.03.2022
Interest accrued on investments	2,92,75,502	3,45,66,503
Tax paid in advance/tax deducted at source	6,79,73,995	5,60,00,000
Stationery and stamps	45,46,068	55,63,484
Suspense Account	37,88,950	-
Utility Deposits	1,72,26,997	-
Library	10,755	-
Festival Advance to Staff	16,59,333	-
Cersai Advance	14,684	-
Claim for LORO	1,05,02,200	-
Office account HPSPL Funding	13,74,047	-
Prepaid Expenses	3,27,005	-
Security Deposit with E-Repository	10,00,000	-
APBS Credits	9,62,473	-
ACH Credits	11,519	-
ACH- Debit Returns	4,04,237	-
UPI Inward Suspense	3,05,39,093	-
IMPS Inward Suspense	48,87,184	-
RTGS Inward Account	3,98,47,887	-
NEFT Inward Suspense	3,25,49,708	-
Other Assets	-	15,01,75,839
Total	24,69,01,637	24,63,05,826

Schedule 12 – Contingent Liabilities

(in Rupees)

Particulars	As on 31.03.2023	As on 31.03.2022
I. Claims against the bank not acknowledged as debts		-
II. Liability for partly paid investments		-
III. Liability on account of outstanding forward exchange contracts.		-
IV. Guarantees given on behalf of constituents		-
(a) In India	50,18,120	40,58,120
(b) Outside India		-
V. Acceptances, endorsements and other obligations		-
VI. Other items for which the bank is contingently liable		-
Total	50,18,120	40,58,120



Schedules to Profit & Loss Account

Schedule 13 – Interest Earned

(in Rupees)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
I. Interest/discount on advances/bills	72,43,39,594	63,44,91,650
II. Income on investments	10,73,81,447	9,30,22,251
III. Interest on Fixed Deposits	2,72,65,797	4,21,50,816
IV. Interest on Mutual Funds	38,31,687	-
Total	86,28,18,525	76,96,64,717

Schedule 14 – Other Income

(in Rupees)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
I. Commission, exchange and brokerage	2,38,49,020	2,36,22,361
II. Profit on sale of investments	3,95,792	1,21,11,016
VIII. Miscellaneous income	11,05,12,812	13,31,87,129
Total	13,47,57,624	16,89,20,507

Schedule 15 – Interest Expended

(in Rupees)

Particulars	Year ended 31-03-2023	Year ended 31-03-2022
I. Interest on Deposits	36,61,30,498	34,51,23,304
II. Interest on RBI/ inter_bank borrowings	2,15,556	-
Total	36,63,46,054	34,51,23,304



Schedule 16 – Operating Expenses

(in Rupees)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Payments to and provisions for employees	13,23,01,208	12,72,05,010
Rent, taxes and lighting	4,72,62,155	4,41,24,231
Printing and stationery	44,43,822	32,02,957
Advertisement and publicity	14,24,531	8,73,330
Depreciation on Fixed Assets, Assets written off furniture	1,92,84,130	1,80,91,507
Director's fees, allowances and expenses	27,00,103	14,90,700
Auditors' fees and expenses (including branch auditors)	32,60,883	31,94,176
Postage, telegrams, telephones, etc	24,75,635	36,90,249
Repairs and maintenance	3,76,87,667	3,75,68,500
Insurance	88,30,036	87,01,652
Exchange Paid-Remittances Banks	1,20,543	-
Preliminary Shifting Expenses	16,350	-
ATM/Debit Card Plastic AND Embossing	7,84,800	-
Law AND Consultancy Charges	6,39,000	-
News Paper AND Periodicals	1,50,021	-
TA AND DA - General	20,50,514	-
TA AND DA - Remittances	8,740	-
Conveyance Paid To CSD Agents	2,66,600	-
Commission Paid To CSD Agents	94,35,926	-
Refreshments to Customers	5,765	-
Loss On Sale Of Investments	9,57,459	-
Bad Debts Written Off	4,01,981	-
Provision For Investments	76,405	-
Subscriptions	1,89,897	-
Deferred Revenue Exp. Written Off	44,49,706	-
ATM Maintenance	36,41,858	-
Consultancy Fee	18,55,680	-
Miscellaneous Expenditure	43,96,496	-
Commission Paid on ATM Transactions	37,03,601	-
Donations	25,000	-
Corporate Social Resp-Misc	48,30,031	-
Commission Paid on IMPS Transactions	63,298	-
Commission Paid on UPI Transactions	24,75,708	-
Depreciation on Investments	14,01,046	-
Assets Written Off - Furniture	7,35,474	-
Miscellaneous expenses	-	3,93,51,677
Total	30,23,52,070	28,74,93,989





Schedule 16 A - Provisions and Contingencies

(in Rupees)

Particulars	Year ended 31.03.2023	Year ended 31.03.2022
Provision for NPA	7,38,07,080	9,81,21,681
Provision for Income Tax	6,83,00,000	5,60,00,000
Provision for Deferred Tax	(13,34,509)	(9,56,628)
Contingent Provision against Standard Assets	19,41,863	11,25,634
Provisions for Restructured Accounts	(1,56,01,520)	59,30,072
Provision due to Covid-19		-
Total	12,71,12,914	16,02,20,759

For **RAMAMOORTHY (N) & CO**
Chartered Accounts
Firm Registration No. 02899S

For and behalf of the Board
Krishnamoorthy Venkataraman
Non-Executive Independent (Part-Time) Chairman
DIN No : 02443400

(K.Subba Reddy)
PARTNER, Memb. No.232617
UDIN No. 23232617BGVUDM5633

B.Venu Gopala Reddy
Managing Director & CEO
DIN No : 02641467

T. Ravee
Non-Executive Independent Director
& Chairman of Audit Committee
DIN No : 03322607

KAV Raman
Chief General Manager & CFO

R. Naga Lakshmi
Company Secretary & Compliance Officer

Place: Vijayawada
Date: 04-05-2023



SCHEDULE : 17 – SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation:

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting on Going Concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/ guidelines prescribed by Reserve Bank of India (RBI), Banking Regulation Act, 1949, Accounting Standards issued by Institute of Chartered Accountants of India (ICAI), and the practices prevalent in the banking industry in India.

B. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to the accounting estimates is recognized prospectively in the current and future periods.

C. Significant Accounting Policies

1. Revenue Recognition

1.1 Income and expenditure are accounted on accrual basis except otherwise stated.

1.2 Interest/ Discount income is recognized in the Profit and Loss Account as it accrues except

- (i) Income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognized upon realization, as per the prudential norms prescribed by RBI
- (ii) Overdue interest on investments and bills discounted, Commission, Exchange, Brokerage, Rent on Lockers which are accounted on cash basis.
- (iii) Profit or Loss on sale of investments is recognized in the Profit and Loss Account. However, profit on sale of investments in the "Held to Maturity" category is appropriated (net of applicable taxes and amount required to be transferred to "Statutory Reserve Account") to "Capital Reserve Account".
- (iv) Income (other than interest) on investments in "Held to Maturity (HTM)" category acquired at a discount to the face value, is recognized as follows:
 - a. on interest bearing securities, it is recognized only at the time of sale/ redemption.
 - b. on zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.





- (v) Dividend income is recognized when the right to receive the dividend is established.
- (vi) Commission on BG, ATM interchange fee & “Upfront fee on restructured account” are recognized on accrual basis proportionately for the period. All other commission and fee income are recognized on their realization

Impact of COVID-19:

The Bank believes strongly that it has a rich portfolio of advances to its customers, the impact on future revenue streams could come from

- the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers.
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility.
- customers postponing their discretionary spend due to change in priorities.

The Bank has assessed that customers in Retail, Construction, Travel, Transportation and Hospitality & Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand while customers in Financial Services would re-prioritise their discretionary spend in immediate future to conserve resources and assess the impact that they would have due to dependence of revenues from the impacted verticals. The Bank has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Assessment of Credit risk has been done considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers in respect of whom amounts are receivable. The Bank has specifically evaluated the potential impact with respect to customers in Retail, Construction, Travel, Transportation and Hospitality & Manufacturing verticals which could have an immediate impact and the rest which could have an impact with a lag. The Bank closely monitors its customers who are going through financial stress and rescheduled payments of Term Loans and Working Capital Facilities by allowing a moratorium of Six months from 1st March 2020 to 31st August 2020 in repayment interest and/or instalments in respect of all loans as per the Reserve Bank of India’s directives vide circular No. DOR.No. BP.BC.47 / 21.04.048 / 2019-20 dated March 27, 2020 & May 23, 2020 as part of Covid-19 regulatory package announced by the Government of India.

2. Investments:

In accordance with the Reserve Bank of India guidelines, investments are to be classified into “Held to Maturity”, “Available for Sale” and “Held for Trading” categories. The Investment Portfolio of the Bank will have both SLR and NON SLR Investments.

The transactions in all securities are recorded on “Settlement Date”.



2.1 Classification : Investments are classified into three categories viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines.

However, the Bank doesn't hold any securities in HFT as it is not permitted to trade.

2.2 Basis of classification :

- a. Securities that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading".
- b. Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".
- c. Investments, which are not classified in above two categories, are classified as "Available for Sale (AFS)".
- d. An investment is classified as HFT, HTM, or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

2.3 Valuation:

- i. In determining the acquisition cost of an investment:
 - (a) Broken period interest paid/ received on debt instruments is treated as interest expense/ income and is excluded from cost/ sale consideration.
 - (b) Cost is determined on the weighted average cost method for investments under AFS category and on FIFO basis (first in first out) for investments under HTM category.
- ii. Transfer of securities from AFS category to HTM category is carried out at the lower of acquisition cost/ book value/ market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price/ book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.
- iii. Treasury Bills and Commercial Papers are valued at carrying cost.
- iv. Held to Maturity category: Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortized over the period of remaining maturity on constant yield basis. Such amortization of premium is adjusted against income under the head "interest on investments".





- v. Available for Sale: Investments held under AFS category are individually revalued at market price or fair value determined as per the regulatory guidelines and only the net depreciation of each group for each category (viz.
- (i) Government securities,
 - (ii) Other Approved Securities and
 - (iii) Others is provided for and net appreciation is ignored.

On provision for depreciation, the book value of the individual security remains unchanged after marking to market.

- vi. Investments are classified as performing and nonperforming, based on the guidelines issued by RBI in case of domestic offices. Investments of domestic offices become non-performing where interest/ installment (including maturity proceeds) is due and remains unpaid for more than 90 days.

Impact of COVID-19:

The financial assets comprising investments carried at Cost Price by the Bank are mainly investments in liquid debt securities and accordingly, any material volatility is not expected. In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19.

3. Loans/ Advances and Provisions thereon:

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines/ directives issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

- i. In respect of term loans, interest and/ or installment of principal remains overdue for a period of more than 90 days;
- ii. In respect of Overdraft or Cash Credit advances, the account remains “out of order”, i.e. if the outstanding balance exceeds the sanctioned limit/ drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance sheet, or if the credits are not adequate to cover the interest debited during the same period;
- iii. In respect of bills purchased/ discounted, the bill remains overdue for a period of more than 90 days;
- iv. In respect of agricultural advances: (a) for short duration crops, where the installment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.



3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

- i. Sub-standard: A loan asset that has remained on-performing for a period of less than or equal to 12 months.
- ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.
- iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions are made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:

Substandard Assets:

- i. A general provision of 15% on the total outstanding;
- ii. Additional provision of 10% for exposures which are unsecured ab-initio (i.e. where realizable value of security is not more than 10 percent abinitio);

Doubtful Assets:

- Secured portion:

- i. Up to one year – 25%
- ii. One to three years – 40%
- iii. More than three years – 100%

- Unsecured portion 100%

Loss Assets: 100%

3.4 Advances are net of specific loan loss provisions, unrealized interest.

3.5 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.

3.6 Amounts recovered against debts written off in earlier years are recognized as revenue in the year of recovery.





3.7 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines which are prescribed below:

- (a) Farm Credit to agricultural activities and Small and Micro Enterprises (SMEs) sectors at 0.25 per cent;
- (b) advances to Commercial Real Estate (CRE) Sector at 1.00 per cent;
- (c) advances to Commercial Real Estate – Residential Housing Sector (CRE - RH) at 0.75 per cent
- (d) all other loans and advances not included in (a) (b) and (c) above at 0.40 per cent.

These provisions are reflected in Schedule 5 of the Balance Sheet under the head “Other Liabilities & Provisions – Others” and are not considered for arriving at the Net NPAs.

3.8 In addition to the above provisions, in terms of the circular DOR.No. BP.BC.63 / 21.04.048 / 2019-20 dated April 17, 2020, in respect of accounts in default but standard where provisions of the above circular are applicable and asset classification benefit is extended, bank made a provision of 5% of such advances for the year ending 31st March 2020. The balance provision of 5% will be made for the quarter ending on 30th June 2020.

3.9 Appropriation of recoveries in NPAs (not out of fresh/additional credit facilities sanctioned to the borrower concerned) towards principal or interest due as per the Bank’s extant instructions is done in accordance with the following priority:

- a. Charges
- b. Unrealized Interest / Interest
- c. Principal

3.10 Technical write off:

1. As per the credit policy of the bank, There are two modes of write off, i.e. a) Regular Write off (RWO) and b) Technical Write off (TWO).
 - a) The accounts written off under Regular Write Off (RWO), will be removed from the books of the bank i.e. from the books of H.O as well as the branches.
 - b) In Technical Write Off (TWO) the account is removed from Bank’s books but appears in branch books. TWO is carried out as a part of balance sheet management and to avail tax benefit and also to reduce gross NPA.



4. Fixed Assets, Depreciation and Amortization:

- 4.1 Fixed Assets are carried at cost less accumulated depreciation/ amortization.
- 4.2 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure(s) incurred on the assets put to use are capitalized only when it increases the future benefits from such assets or their functioning capability.
- 4.3 Bank shall calculate depreciation on assets on Straight Line method so as to write off the depreciable amount of the asset over the useful lives as specified in Schedule II of the Companies Act, 2013.
- 4.4 In respect of assets acquired during the year (for domestic operations), depreciation is charged on proportionate basis for the number of days the assets have been put to use during the year.
- 4.5 Assets costing less than 1,000 each are charged off in the year of purchase.

5. Impairment of Assets:

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

6. Employee Benefits:

6.1 Short Term Employee Benefits:

Employees are permitted to encash 15 days privilege leave once a year, subject to the sanction from management. This facility is not allowed to be carried over to subsequent years.

For the purpose of leave encashment, Basic pay and Dearness Allowance drawn in the previous month will be taken as the basis for arriving at the amount of leave encashment.

6.2 Long Term Employee Benefits:

i. Provident Fund:

- a. Every eligible employee shall become a member of the Provident Fund. The bank shall contribute to the provident fund in accordance with the rules governing the fund in terms of the Provident Fund Act, 1952
- b. Contract employees of 58 years and above are exempt from joining the scheme.





- ii. Gratuity Fund:
 - a. Retirement
 - b. Death
 - c. Disablement rendering the employee unfit for further service as certified by the board/ medical officer approved by the Bank
 - d. Resignation after completing five years of continuous service
 - e. Termination of service for any reason (other than fraud, dishonesty, moral turpitude) after completion of 5 years of service.

The amount of gratuity is payable as per Gratuity Act, 1972 in force, unless disqualified on account of certain types of disciplinary action resulting into termination or compulsory retirement.

7. Taxes on income:

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 – “Accounting for Taxes on Income” respectively. Deferred

Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized by considering the impact of timing differences between taxable income and accounting income for the current year. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account.

Deferred tax assets are recognized and re-assessed at each reporting date, based upon management’s judgment as to whether their realization is considered as reasonably certain. Deferred Tax Assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future profits.

8. Earnings per Share:

- 8.1 The Bank reports basic and diluted earnings per share in accordance with AS 20 – “Earnings per Share” issued by the ICAI. Basic Earnings per Share are computed by dividing the Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.



8.2 Diluted Earnings per Share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earnings per Share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at year end.

9. Provisions, Contingent Liabilities and Contingent Assets:

9.1 In conformity with AS 29, “Provisions, Contingent Liabilities and Contingent Assets”, issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

9.2 No provision is recognized for:

- i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or
- ii. any present obligation that arises from past events but is not recognized because:
 - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - b. a reliable estimate of the amount of obligation cannot be made. Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

9.3 Provision for reward points in relation to the debit card holders of the Bank is being provided for on actuarial estimates.

9.4 Contingent Assets are not recognized in the financial statements.





10. Net Profit

The net profit shall be arrived at after:

- Providing for Current tax/Deferred tax
- Providing for standard assets.
- Providing for COVID-19.
- Providing for NPA.
- Adjustment to the value of investments as per RBI guidelines.
- Other usual and necessary provisions.

For RAMAMOORTHY (N) & CO
Chartered Accounts
Firm Registration No. 02899S

(K.Subba Reddy)
PARTNER, Memb. No.232617
UDIN No. 23232617BGVUDM5633

B.Venu Gopala Reddy
Managing Director & CEO
DIN No : 02641467

For and behalf of the Board
Krishnamoorthy Venkataraman
Non-Executive Independent (Part-Time) Chairman
DIN No : 02443400

T. Ravee
Non-Executive Independent Director
& Chairman of Audit Committee
DIN No : 03322607

KAV Raman
Chief General Manager & CFO

R. Naga Lakshmi
Company Secretary & Compliance Officer

Place: Vijayawada
Date: 04-05-2023



SCHEDULE 18: NOTES FORMING PART OF ACCOUNTS

3.1 Capital

(Rs. in Lakhs)

Particulars	F.Y 2022-2023	F.Y 2021-2022
i) CRAR (%)	29.00%	28.46%
ii) CRAR – Tier I Capital (%)	28.28%	27.35%
iii) CRAR – Tier II Capital (%)	0.71%	1.11%
iv) Percentage of the shareholding of the Government of India Nationalized Banks	NIL	NIL
v) Amount raised by issue of Upper Tier II Instruments	NIL	NIL

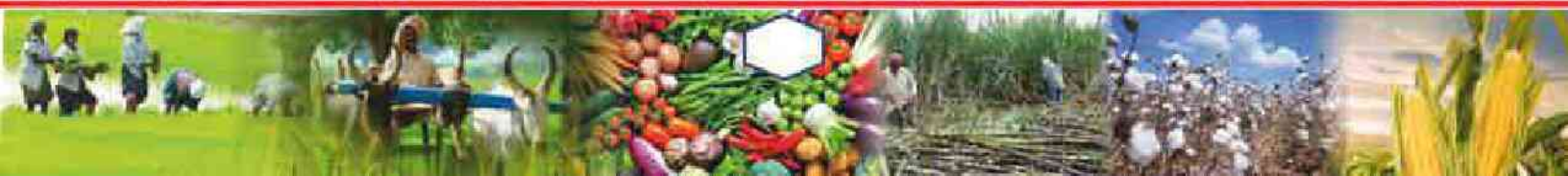
3.2 Investments

(Rs. in Lakhs)

Particulars	F.Y 2022-2023	F.Y 2021-2022
(1) Value of Investments		
(i) Gross Value of Investment		
(a) In India	15540.89	16572.13
(b) Outside India,	NIL	NIL
(ii) Provisions for Depreciation		
(a) In India	1.26	0.50
(b) Outside India	NIL	NIL
(iii) Net Value of Investments		
(a) In India	15539.63	16571.63
(b) Outside India	NIL	NIL
(2) Movement of Provisions held towards depreciation on investments.		
(i) Opening Balance	0.50	75.66
(ii) Add: Provisions made during the year	0.76	0.50
(iii) Less: Write-off/write-back of excess provisions during the year	-	75.66
(iv) Closing Balance	1.26	0.50

NOTES:

- During the year, an amount of Rs. 31.93 lakhs depreciation provided at the time of Shifting of Securities from HTM to AFS and vice versa. An amount of Rs. 17.92 lakhs written back to Profit and loss account and transferred from Investment Reserve (net of taxes and reserves) Account for adjusting the depreciation.



2. In line with the regulatory requirements, we need to provide for Investment Fluctuation Reserve of Rs. 15.56 lacs for FY 2022-23 for the securities held in 'Available for Sale' category. However, as we had a balance of Rs. 54.88 lacs in the above account, the excess provision of Rs.39.32 lacs held in Investment Fluctuation Reserve is brought back to P & L account.

3.2.1 Repo Transactions: NIL

3.2.2 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'	Extent of 'Unlisted Securities'
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	-	-	-	-	-
(ii)	FIs	-	-	-	-	-
(iii)	Banks	-	-	-	-	-
(iv)	Private Corporates	-	-	-	-	-
(v)	Subsidiaries/ Joint Ventures	-	-	-	-	-
(vi)	Others (Mutual Funds)	-	-	-	-	-
(vii)	Provision held towards depreciation	-	-	-	-	-
	Total*	-	-	-	-	-

(ii) Non performing Non-SLR investments: NIL

3.2.3 Sale and Transfers to/from HTM Category

(Rs.in Lakhs)

Particulars	Book Value	Market Value
Investments held under HTM at the beginning of the year	13828.3	13593.87
Purchases during the year	2316.51	-
Sold/Matured during the year	1359.86	-
Amortised during the year	22.16	-
Investments held under HTM at the end of the year	14762.85	14134.36



3.2.3(ii) Purchase and Transfers to/ from AFS Category

(Rs.in Lakhs)

Particulars	Book Value	Market Value
Investments held under AFS at the beginning of the year	2743.77	2743.27
Transfer from HTM Category during the year	1357.52	-
Purchases during the year	5444.49	-
Transfer to HTM category	2346.10	
Sold during the year/Matured during the year	6421.64	
Investments held under AFS at the end of the year	778.04	776.78

3.2.3(iii) Investments at the end of the year (HTM & AFS) :15540.90

Note: The securities amounting to Rs. 1360 Lakhs (Face Value) transferred from HTM category to AFS Category and Rs.2346 lakhs (Face Value) from AFS to HTM category during the year on 30.04.2022.

3.3 Derivatives : NOT APPLICABLE

3.3.1 Forward Rate Agreement/Interest Rate Swap : NOT APPLICABLE

3.3.2 Exchange Traded Interest Rate Derivatives : NOT APPLICABLE

3.3.3 Disclosures on risk exposure in derivatives : NOT APPLICABLE

3.4 Asset Quality

3.4.1 Non-Performing Assets

(Rs. in Lakhs)

Particulars	F.Y 2022-2023	F.Y 2021-2022
(i) Net NPAs to Net Advances (%)	0.98%	2.34%
(ii) Movement of NPAs (Gross)		
(a) Opening Balance	3081.58	1380.31
(b) Additions during the year	2796.47	8707.63
(c) Reductions during the year	3450.07	7006.36
(d) Closing Balance	2427.98	3081.58
(iii) Movement of Net NPAs		
(a) Opening Balance	1231.32	511.28
(b) Additions during the year	2780.46	7726.40
(c) Reductions during the year	3450.07	7006.36
(d) Closing Balance	561.71	1231.32
(iv) Movement of Provisions for NPAs		
(a) Opening Balance	1850.25	869.04
(b) Provisions made during the year	16.01	981.21
(c) Write-off/ Write-back of excess provisions	0.00	0.00
(d) Closing Balance	1866.26	1850.25





NOTES:

During the year, the bank has sold the collateral security in the case of M/s Little Planet and M/s Hemanth Shopping Mall under SARFAESI ACT 2002 for Rs. 68.37 lakhs and Rs. 24.63 Lakhs respectively. An amount of Rs. 53.42 Lakhs is recovered form M/s Little Planet on 19-04-2023 and Rs. 15.13 lakhs is recovered from M/s Hemanth Shopping Mall on 18.04.2023. NPA is reduced to the extent of collection in these accounts as the security was sold and proceeds are collected as on the date of audit.





(Rs. in Lakhs)

3.4.2 Particulars of Accounts Restructured

Sl. No.	Types of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
		Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss
1	Restructured Accounts as on April 1 of the FY (opening figures*)	-	-	-	0	3638	63	889.08	68	3638	63	889.08	68	3638	63	889.08	68
2	Fresh restructuring during the year	-	-	-	0	202.84	79.67	282.51	202.84	202.84	79.67	282.51	202.84	202.84	79.67	282.51	202.84
3	Upgrades to restructured standard category during the FY	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances of the beginning of the next FY	-	-	-	0	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgrades of restructured accounts during the FY	-	-	-	0	2856	-67.00	2789	-67.00	2856	-67.00	2789	-67.00	2856	-67.00	2789	-67.00
6	Write offs of restructured accounts during the FY	-	-	-	0	2462.61	-16.04	2446.57	-16.04	2462.61	-16.04	2446.57	-16.04	2462.61	-16.04	2446.57	-16.04
7	Restructured Accounts as on March 31 of the FY (closing figures*)	-	-	-	0	58.93	67.56	126.49	58.93	58.93	67.56	126.49	58.93	58.93	67.56	126.49	58.93

* Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable).

Note : As per RBI regulations, Banks must disclose the total amount outstanding in all the accounts / facilities of borrowers whose accounts have been restructured along with the restructured part or facility. This means even if only one of the facilities / accounts of a borrower has been restructured, the bank should also disclose the entire outstanding amount pertaining to all the facilities / accounts of that particular borrower.

**3.4.1 UNPAID DIVIDEND:**

The dividend of Rs. 95,26,961/- & 1,05,11,506/- pertaining to financial year 2021-22 and 2022-23 is unpaid due to share transmission issue. On 10th January, 2023, city Civil Court at Hyderabad has passed an order approving the share transmission to the legal heirs of the Mr. Jayaram Chigurupati. This order was being sent to RBI for approval, so that transmission can be effected.

3.4.2 Service tax:

The bank was served with a show cause notice by the commissioner of Central Tax, Guntur on 18/04/2019, seeking explanation for Rs. 3,21,92916/- of Service tax, pertaining to period from 01/10/2013 to 30/06/2017, along with interest and penalty. The Bank is following up the Matter.

3.4.5. Details of financial assets sold to securitization / Reconstruction Company for Asset Reconstruction : NIL**3.4.6 Details of Non Performing Financial Assets Purchased / Sold : Nil****3.4.7 Provisions on Standard Assets**

(Rs. in Lakhs)

Particulars	F.Y 2022-2023	F.Y 2021-2022
Provisions towards Standard Assets	212.18	192.76
Provision on Restructured accounts Rs in lacs	(156.01)	282.50

3.4.8 Provision as per Covid-19 regulatory Package

(Rs. In Lakhs)

Particulars	F.Y 2022-2023	F.Y 2021-2022
Amount of advances in SMA/ Overdue categories, where moratorium/ deferment was extended.	—	—
Amount of advances where asset classification benefit is extended.	—	—
Provision as per Covid-19 Regulatory Package.	—	—
Provision adjusted against slippages	—	—

3.5 Business Ratios

(Rs. In Lakhs)

Particulars	F.Y 2022-2023	F.Y 2021-2022
(i) Interest income as a percentage to working Funds	10.66%	10.20%
(ii) Non-interest income as a percentage to working Funds	1.54%	2.24%
(iii) Operating Profit as a percentage to Working Funds	4.08%	4.06%
(iv) Return on Assets	2.38%	1.85%
(v) Business (Deposits plus advances) per employee (Rs. In Lakhs)	393	357
(vi) Profit per employee (Rs.in Lakhs)	5.97	4.32



3.6 Asset Liability Management

Maturity Pattern of certain items of assets and liabilities

(Rs. in crore)

Particular	1day	2 to 7 days	8 to 14 days	15 to 28 days	29 day To 3 month	Over 3 m to 6 month	Over 6 m to 1 yr	Over 1 yr To 3 yr	Over 3 yr to 5 yr	Over 5 years	Total
Deposits	7.53	7.32	7.17	5.07	16.49	3167	85.79	446.82	104.14	26.54	738.54
Advances	15.44	2.82	2.70	5.52	37.40	46.44	110.18	98.52	39.39	126.53	483.94
SLR Investments				4.84					24.39	126.17	155.40
Borrowings	Nil										
Foreign Currency Assets	Nil										
Foreign Currency Liabilities	Nil										

3.7 Exposures

3.7.1 Exposure to Real Estate Sector

(Rs.in Lakhs)

Category	F.Y 2022-2023	F.Y 2021-2022
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 loans eligible for inclusion in priority sector advances may be shown separately)	10,032.23	7213.59
(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;	2277.16	1854.34
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	0.00	
a. Residential,		0.00
b. Commercial Real Estate		
b. Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	0.00	0.00
Total Exposure to Real Estate Sector	12309.39	9067.93





3.7.2 Exposure to Capital Market : NOT APPLICABLE

3.7.3 Risk Category Wise Country Exposure : NOT APPLICABLE

3.7.4 Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) exceeded by the bank.

Bank did not exceed the limits fixed for Single borrower/Group borrower.

3.7.5 Unsecured Advances – Not Applicable

3.8 Disclosure of Penalties imposed by RBI

RBI did not impose any penalty on the Bank during the year under review.

4. Disclosure Requirements as per Accounting Standards where RBI has issued guidelines in respect of disclosure items for notes to Accounts:

4.1 Accounting Standard 5 – Net Profit or Loss for the period, prior period items and changes in accounting policies.

As per our Observations, none of the accounting policies were changed and no prior period items debited to Profit and Loss Account when it is read with Accounting Standard-9 stated below.

4.2 Accounting Standard 9 – Revenue Recognition

Revenue and Expenditure have been generally accounted for on Accrual Basis except the following items which are accounted for on Cash Basis.

Income:

a) Interest and other charges on Non-Performing Assets as per the norms laid down by Reserve Bank of India.

b) Commission, Exchange, Brokerage and locker rents and interest on overdue bills.

Expenditure:

a) Insurance charges.

4.3 Accounting Standard 15 – Employee Benefits

Defined Contribution Plan – Provident Fund:

Bank is contributing the Provident fund dues with the appropriate authorities and it is generally regular in depositing the dues.

Defined Benefit Plan – Gratuity:

The Bank is contributing to LIC Group Gratuity Scheme of LIC of India vide. Policy number: NGGCA-505000179

Defined Benefit Plan – Leave Encashment:

The Bank is contributing to LIC Leave Encashment Scheme of LIC of India vide. Policy number: NGLES-505000428



4.4 Accounting Standard 17 – Segment Reporting

Part A: Business segments

(Rs. in Lakhs)

Business Segments	Treasury		Corporate/W holesale Banking		Retail Banking		Other Banking Operations		Total	
	Current Year	Previous Year	Curre nt Year	Previo us Year	Current Year	Previou s Year	Curren t Year	Previou s Year	Current Year	Previou s year
Revenue	1112.13	1351.73	-	-	7556.14	6344.92	1350.56	1689.21	10018.83	9385.86
Result										
Unallocated expenses									6667.04	6325.86
Operating profit									2700.65	3060.00
Income taxes									683.00	560.00
Extra-ordinary Profit/Loss										
Net Profit									2017.65	1457.47
Segment Assets	15540.89	16572.13			7136.57	54537.29			86677.46	71109.42
Unallocated Assets									5203.94	10101.93
Total Assets									91881.40	81211.35
Segment Liabilities					73855.50	64976.12			73855.50	64976.12
Unallocated Liabilities									18025.90	16235.23
Total Liabilities									91811.35	81211.35

Part B: Geographic segments (Rs. in Lakhs)

	Domestic		International		Total	
	F.Y 2022- 2023	F.Y 2021- 2022	F.Y 2022- 2023	F.Y 2021- 2023	F.Y 2022- 2023	F.Y 2021- 2022
Revenue	9975.76	9385.85	---	---	9975.76	9385.85
Assets	91881.40	81211.35	---	---	91881.40	81211.35



4.5 Accounting Standard 18 – Related party Disclosures

(Rs in Lakhs)

Items/Related Party	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint Ventures	Key Management Personnel @	Relatives of Key Management Personnel	Total
Remuneration to Directors	—	—	—	63.57	—	63.57
Sitting Fees to Directors	—	—	—	19.35	—	19.35

Note: Except for the remuneration paid to the key Managerial Persons, i.e. MD&CEO,CFO and Company Secretary who are considered to be related parties within the meaning of Section2(76) of the Companies Act,2013, there are no transactions with the related parties.

Key managerial personnel:

1. Mr. B. Venu Gopala Reddy, Managing Director.
2. Mr. K A V Raman, CFO.
3. R Naga Lakshmi, Company Secretary.

Remuneration and other emoluments to Directors:

Particulars	F.Y 2022-2023 (Rs.in Lakhs)	F.Y 2021-2022 (Rs.in Lakhs)
Remuneration to Managing Director	48.57	44.99
Remuneration to Chairman	15.00	15.00
Sitting fee to Directors	19.35	14.91

4.6 Accounting Standard 21 – Consolidated Financial Statements (CFS)

This standard is not applicable as the bank has no subsidiaries.

4.7 Accounting Standard 22 – Accounting for Taxes on Income

Deferred tax liability arising on account of timing differences between financial statements and taxation statements have been recognized as per the procedure prescribed in Accounting Standard-22 issued by ICAI.

The movement of Deferred Taxes for the Year Ending 31st March 2022 is detailed below: -(Amt. in Rs)

Particulars	F.Y 2022-2023			F.Y 2021-2022		
	(Liabilities)/ Assets as on 01/04/2022	(Charges)/C redit during the Year	(Liabilities)/ Assets as on 31/03/2023	(Liabilities)/ Assets as on 01/04/2021	(Charges)/C redit during the Year	(Liabilities)/ Assets as on 31/03/2022
Timing difference on account of (a) Depreciation on Assets	2470754.05	1334508.80	1136245.25	(3427382.07)	956628.02	2470754.05



Amount of Provisions made for Income-tax during the year:

(Rs. in Lakhs)

Particulars	F.Y 2022-2023	F.Y 2021-2022
Provision for Income Tax	683.00	560.00

4.8 Accounting Standard 23 – Accounting for Investments in Associates in consolidated Financial Statements

This Accounting Standard is not applicable since the bank has no Associates.

4.9 Accounting Standard 24 – Discontinuing Operations

This Accounting Standard is not applicable since the bank did not close any of its branches/activities during the year under review.

4.10 Accounting Standard 25 – Interim Financial Reporting

Bank is preparing and presenting half yearly financial statement as per the guidelines prescribed by Reserve Bank of India.

5 Additional Disclosures**5.1 Provisions and Contingencies**

(Rs. in Lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	F.Y 2022-2023	F.Y 2021-2022
Provision towards NPA	738.07	981.22
Provision towards Standard Asset	19.41	11.26
Provision towards COVID-19	–	–
Provision made towards Income Tax	683.00	560.00
Provision for Deferred Tax (Net)	(13.34)	(9.56)
Provision for Restructured Accounts	(156.01)	59.30

5.2 Floating Provisions : NIL

5.3 Draw Down from Reserves

5.4 Disclosure of Complaints

A. Customer Complaints:

		F.Y 2022-2023	F.Y 2021-2022
(a)	No. of complaints pending at the beginning of the year	Nil	Nil
(b)	No. of complaints received during the year	64	141
(c)	No. of complaints redressed during the year	64	141
(d)	No. of complaints pending at the end of the year	Nil	Nil





B. Awards passed by the Banking Ombudsman : Nil

5.5 Disclosure of Letter of Comfort (LoCs) issued by banks

Banks did not issue any Letters of Comfort (LoCs) during the year.

5.6 Provisioning Coverage Ratio (PCR)

The PCR (ratio of provisioning to gross non-performing assets) should be disclosed in the Notes to Accounts to the Balance Sheet.

Particulars	F.Y 2022-2023	F.Y 2021-2022
Gross NPA (Rs.in Lakhs)	2427.98	3081.58
Provision for NPA (Rs.in Lakhs)	1866.26	1850.25
Provisioning Coverage Ratio (%)	76.87%	60.04%

5.7 Insurance Business – NOT APPLICABLE

5.8 Concentration of Deposits, Advances, Exposures and NPAs

5.8.1 Concentration of Deposits

	(Rs. in lakhs)	
	F.Y 2022-2023	F.Y 2021-2022
Total Deposits of twenty largest depositors	6292.46	3604.20
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	8.52%	5.55%

5.8.2 Concentration of Advances

	(Rs. in lakhs)	
	F.Y 2022 2023	F.Y 2021-2022
Total Advances of twenty largest borrowers	6673.88	6448.87
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	11.39%	11.82%

5.8.3 Concentration of Exposures

	(Rs. in lakhs)	
	F.Y 2022 -2023	F.Y 2021-2022
Total Exposures to twenty largest borrowers/customers	6035.91	5910.10
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	10.24%	10.84%

5.8.4 Concentration of NPAs

	(Rs. in lakhs)	
	F.Y 2022-2023	F.Y 2021-2022
Top Four NPA Accounts	578.89	604.24
Percentage of Total Exposure to top four NPA Accounts	0.98%	1.11%



5.9 Sector wise Advances

(Rs. in Lakhs)

Sr. No.	Sector*	F.Y 2022-2023			F.Y 2021-2022		
		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	9963.19	948.60	9.52	9621.36	452.19	4.70
2	Advances to industries sector eligible as priority sector lending	515.76	0.56	0.11	2.83	0.00	0.00
3	Services	15332.15	1009.32	6.58	12409.55	490.38	3.95
4	Personal loans	0.00	0.00	0.00	0.00	0.00	0.00
	Sub total (A)	25811.10	1958.48	7.59	22033.74	942.57	4.28
B	Non Priority Sector						
1	Agriculture and allied activities	6500.00	0.00	0.00	7240.65	406.91	5.62
2	Industry	0.00	0.00	0.00	0.00	0.00	0.00
3	Services	23755.43	429.72	1.81	23199.05	1665.30	7.18
4	Personal loans	2852.77	39.77	1.39	2063.85	66.80	3.24
	Sub-total (B)	33108.10	469.49	1.42	32503.55	2139.01	6.58
	Total (A+B)	58919.20	2427.97	4.12	54537.29	3081.58	5.65

Note : * Bank has sold PSLC to the tune of Rs.14000 lakhs and the same has been reduced from priority (Agricultural & Allied Activities) and included in Non-Priority fetching an amount of Rs. 97.75 lakhs. Category wise details of sale of Priority Sector Lending Certificates





(Rs. in lakhs)

Particulars	F.Y 2022-2023	F.Y 2021-2022
Agriculture and allied activities		
- From Small and Marginal Farmers	0.00	0.00
- From other Agricultural Loans	6500.00	7200.00
Advances to industries sector eligible as priority sector lending		
Advances to Micro Enterprises	7500.00	9800.00
Advances to other General Borrowers	0.00	0.00
Total	14000.00	17000.00

5.10 Movement of NPAs

(Rs. in lakhs)

Particulars	F.Y 2022-2023	F.Y 2021-2022
Gross NPAs as on 1 st April of particular year(Opening Balance)	3081.58	1380.31
Additions (Fresh NPAs) during the year	2796.47	8707.63
Sub-Total (A)	5878.05	10087.94
Less:		
(i) Up gradations	1394.59	4207.23
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1329.65	2785.86
(iii) Write-offs	3.76	13.27
(iv) Technical write off	722.07	0.00
Sub-total (B)	3450.07	7006.36
Gross NPAs as on 31 st March of following year (closing balance) (A-B)	2427.98	3081.58

Stock of technical write offs and the recoveries made thereon:

(Rs. in lakhs)

Particulars	F.Y 2022-2023	F.Y 2021-2022
Opening balance of Technical / Prudential written off accounts as at April 1		-
Add : Technical / Prudential write offs during the year	722.07	-
Sub Total (A)	722.07	-
Less : Recoveries made from previously technical / prudential written off accounts during the year (B)	0.00	-
Closing balance as at March 31 (A-B)	722.07	-

*During the year ending as on 31-03-2023, Bank has Technical Write-Off amounting to Rs. 722.07 lakhs.



5.11 Overseas Assets, NPAs and Revenue

(Rs. in lakhs)

Particulars	F.Y 2022-2023	F.Y 2021-2022
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

5.12 Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

5.13 Unamortised Pension and Gratuity Liabilities: NOT APPLICABLE

5.14 Disclosures on Remuneration

Nomination & Remuneration Committee

The Nomination and Remuneration Committee restructured during the year with Four Directors to review the remuneration payable to Chairman and other Directors. The Committee conducts due diligence of any director before the appointment. It also considers the credentials of the key managerial personnel to be appointed in the bank and makes appropriate recommendation to the board in consonance with the requirements of the Banking Regulation Act, Reserve Bank of India guidelines and the Companies Act, 2013.

Composition

The Remuneration committee comprises of the following directors:

Sl.No.	Name of Director	Designation
1	Mr. A N Appaiah	Chairman
2.	Mr.K. Venkataraman	Member
3.	Mr.BalajiGopalakrishnan	Member
4.	Mr.ThimmiChettyRavee	Member

Attendance

Details of the meetings held during the year

Sl.No.	Date	Committee Strength	No.Of Members Present
1	20.05.2022	4	4
2	14.10.2022	4	4
3	19.01.2023	4	4





1. The Bank does not have any stock option scheme.
2. The Bank currently does not pay any remuneration to its Non – Executive Directors.
3. Details of the remuneration to Directors & other Key Managerial Personnel

(Rs.in Lakhs)

Name	Designation	Salary	Variable pay	Perquisites	Total
Krishnamurthy Venkataraman	Chairman	15.00	-	-	15.00
B Venu Gopal Reddy	Managing Director	36.68	8.67	3.22	48.57
KAV Raman	CFO	24.00	4.00	-	28.00
R Naga Lakshmi	Company Secretary	12.75	1.71	-	14.46
TOTAL		88.43	14.38	3.22	106.03

- 5.15 Disclosures relating to Securitisation : NOT APPLICABLE**
- 5.16 Credit Default Swaps : NOT APPLICABLE**
- 5.17 Intra Group Exposures : NOT APPLICABLE**
- 5.18 Transfers to Depositor Education and Awareness Fund (DEAF)**

(Rs.in Cr)

Particulars	F.Y 2022-2023	F.Y 2021-2022
Opening balance of amounts transferred to DEAF	0.6222	0.5810
Add : Amounts transferred to DEAF during the year	0.0461	0.0412
Less : Amounts reimbursed by DEAF towards claims	NIL	NIL
Closing balance of amounts transferred to DEAF	0.6683	0.6222

- 5.19 Unhedged Foreign Currency Exposure : NOT APPLICABLE**

5.20 Fraud by employee in Gold loan accounts at Akkayyapalem Branch:

There are 34 Gold loan accounts at Akkayyapalem branch, Visakhapatnam identified as fraudulent, and 7 accounts are closed and adjusted. The remaining 27 accounts amounting Rs.171.82 lakhs (After reversal of un-realised interest as per NPA norms, the O/s remaining in advances is Rs.158.40 lakhs is the net outstanding). The issue is discussed by Risk Management Committee and ALM committee and Board has taken note of the same. The fraud has been reported to the RBI by the Bank on 20th January, 2022. The matter has been entrusted to CBCID to investigate into the matter. FIR has been registered under 7/22 at CID office, Mangalagiri. The insurance claim has been invoked on 5th February 2022.





6. Liquidity Coverage Ratio (LCR) – Not Applicable

Note: Previous year's figures have been regrouped, reclassified and rearranged wherever necessary

For RAMAMOORTHY (N) & CO
Chartered Accounts
Firm Registration No. 02899S

(K.Subba Reddy)
PARTNER, Memb. No.232617
UDIN No. 23232617BGVUDM5633

B.Venu Gopala Reddy
Managing Director & CEO
DIN No : 02641467

KAV Raman
Chief General Manager & CFO

Place: Vijayawada
Date: 04-05-2023

For and behalf of the Board
Krishnamoorthy Venkataraman
Non-Executive Independent (Part-Time) Chairman
DIN No : 02443400

T. Ravee
Non-Executive Independent Director
& Chairman of Audit Committee
DIN No : 03322607

R. Naga Lakshmi
Company Secretary & Compliance Officer



**Coastal Local Area Bank Ltd.,**

Corporate Office: : Vijayawada

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2023

PARTICULARS	AS ON 31-03-2023		AS ON 31-03-2022	
CASH FLOW FROM OPERATING ACTIVITIES				
PROFIT AFTER TAX	20,17,65,110		14,57,47,171	
ADD: Provisions made in P&L Account	12,71,12,914		16,02,20,759	
Assets Written off- furniture	7,35,474		9,40,104	
Deferred revenue expenditure written off	44,49,706		17,68,800	
Income Tax Paid	-		50,00,000	
Bad debts written off	-		13,27,445	
Depreciation on bank's property	1,92,84,130		1,80,91,507	
Loss on sale of Investment	9,57,459		-	
Depreciation on investments	14,01,046			
Provision for investments	76,405			
Amortisation on Investments	22,15,699		23,52,091	
LESS: Income from Investments	(11,34,28,833)		(9,53,74,342)	
Profit on Sale of Investments	(3,95,792)		(1,21,11,016)	
Profit on Sale of Asset	(75,161)		(18,400)	
Provision written back	-		(79,18,944)	
Provision written back	-		(1,50,000)	
	24,40,98,157		21,98,75,175	
LESS: Direct Taxed Paid	(6,79,73,995)		(5,60,00,000)	
CASH FLOW BEFORE WORKING CAPITAL CHANGES	17,61,24,162		16,38,75,175	
Change in Advances	(51,03,97,720)		(22,49,77,657)	
Change in Deposits	88,79,37,861		18,54,60,263	
Change in other Liabilities & Provisions	(17,89,758)		6,57,81,045	
Changes in Other Assets	41,02,635		(7,78,12,831)	
CASH FLOW FROM OPERATING ACTIVITIES	55,59,77,180		11,23,25,995	





PARTICULARS	AS ON 31-03-2023		AS ON 31-03-2022	
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Investments	(54,44,49,100)		(77,82,45,500)	
Income from Investments	11,87,19,834		9,34,92,228	
Sale of Investments	64,16,02,190		30,21,13,423	
Receipts from Sale of Investments	3,31,866		3,37,890	
Purchase of Intangible Assets	(11,06,350)		(53,73,620)	
Purchase of Fixed Assets	(94,76,910)		(1,07,00,656)	
		20,56,21,530		(39,83,76,236)
CASH FLOW FROM INVESTING ACTIVITIES				
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend Paid	(1,21,88,463)		(1,16,40,249)	
Dividend Tax Paid				
Increase / Decrease in Borrowings				
CASH FLOW FROM FINANCING ACTIVITIES		(1,21,88,463)		(1,16,40,249)
CASH FLOW DURING THE YEAR		74,94,10,247		(29,76,90,489)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		84,99,90,416		1,14,76,80,905
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		1,59,94,00,662		84,99,90,416

For RAMAMOORTHY (N) & CO
Chartered Accounts
Firm Registration No. 02899S

For and behalf of the Board
Krishnamoorthy Venkataraman
Non-Executive Independent (Part-Time) Chairman
DIN No : 02443400

(K.Subba Reddy)
PARTNER, Memb. No.232617
UDIN No. 23232617BGVUDM5633

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Managing Director & CEO
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Non-Executive Independent Director
& Chairman of Audit Committee
DIN No : 03322607

KAV Raman
Chief General Manager & CFO

R. Naga Lakshmi
Company Secretary & Compliance Officer

Place: Vijayawada
Date: 04-05-2023





Financial Trends 2017 - 2023

Particulars	31.03.2017	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022	31.03.2023
	Audited	Audited	Audited	Audited	Audited	Audited	Audited
Share Capital	2301.92	2301.92	2301.92	2301.92	2301.92	2301.92	2301.92
Reserves & Surplus	2996.21	4449.0	5812.27	7761.16	9711.79	10939.07	12685.59
Deposits	40545.66	45257.04	51360.10	55123.47	63121.52	64976.12	73855.50
Advances	30042.05	34801.26	38018.29	45683.53	52300.78	54537.29	58919.20
Total Business	70587.71	80058.30	89378.39	100807.00	115421.52	119513.41	132774.70
Net Profit	876.53	1452.82	1613.00	1943.56	1950.63	1457.47	2017.65
Net NPAs	121.79	280.15	718.68	1014.91	511.00	1231.32	561.71
(%)	0.41	0.80	1.90	2.25	0.98	2.34	0.95
Priority sector advances	17118.75	22874.64	26617.72	27314.49	25071.08	22033.74	25811.1
(%)	56.98	65.20	70.01	59.79	54.88	42.12	47.32
Advances to agriculture	4720.07	5617.61	5763.98	1561.78	11813.01	9621.36	9963.19
(%)	15.71	16.01	15.16	3.42	25.86	18.39	18.26
Advances to Weaker sections	5365.39	6747.33	7665.62	7764.93	8307.93	8442.69	8238.59
(%)	17.86	19.39	20.16	17.00	18.19	16.14	15.11
Return on Equity (%)	19.25	21.52	19.88	19.32	16.24	12.14	15.50
Return on Assets	1.99	2.90	2.86	3.05	2.70	1.85	2.38
Net Interest Margin (%)	5.28	6.40	6.39	5.90	6.49	6.01	6.34
CD ratio in %	74.00	76.90	73.29	82.88	82.85	83.93	79.77
CRAR in %	18.00	19.86	21.25	23.00	24.20	28.46	29.00
Cost of deposits in %	7.19	6.58	6.46	6.39	6.06	5.55	5.53
Yield on advances in%	14.91	14.62	14.30	13.61	13.90	12.35	12.70
No. of employees	282.00	305.00	328.00	333.00	312.00	335.00	338.00
Per employee business	250.31	262.48	272.50	301.82	370.00	357.00	393.00
No. of branches	44.00	50.00	50.00	50.00	50.00	50.00	50.00



Coastal Bank Mitra (CBM) Business Correspondents

S.No	Br Code	Br Name	BC Agent Name	Mobile number
1	2	Guntur	Y.Srinivasa Rao	9966511746
2	2	Guntur	S L Venkata Guptha	9290570449
3	2	Guntur	Shaik Mastan Vali	9347083199
4	3	Eluru	Gotluri Sai Syam	9052270359
5	3	Eluru	Katta Suresh Babu	9346456699
6	4	Nuzvid	V.Ramesh	9290570440
7	4	Nuzvid	Shaik Ahmadvali	6303853156
8	5	Jangareddygudem	Y Raja Ramesh	9290570440
9	6	Narasaraopeta	A.Srinivasarao	9703729919
10	6	Narasaraopeta	A Saidarao	9989961626
11	7	Repalle	B.K.V.Gupta	9290171850
12	8	Tanuku	K Somireddy	9398343273
13	8	Tanuku	N Lokesh	7013250018
14	12	Gudivada	T.Naga Prasad	9298458777
15	12	Gudivada	M Hari Rama Krishna	9848415161
16	13	Tenali	N.V.R.Kishor	9396722125
17	13	Tenali	A.Srinivasa Rao	9290894668
18	14	Tadepalligudem	G Lakshmi Narasimha	9490537551
19	14	Tadepalligudem	T.N.V.S.Murthy	9866199566
20	15	Bhimavaram	D.V.S.Pavan Kamalakar	9959166068
21	16	Palakol	I N V P Vamsi Krishna	9849539422
22	16	Palakol	A.Manikanta kumar	9550002109
23	17	Gannavaram	S Durga Rao	9297006626
24	18	Gollapudi	P.Subba Rao	8523084444
25	18	Gollapudi	Ch Naga Raju	6302923007
26	19	Devarapalli	R Sai Kumar	8008349804
27	20	Chilakaluripet	A.Vijay kumar	9346526315
28	21	Kothapet	K Prabhakara Rao	9440835104
29	23	Nizampatnam	N Mastan Rao	9347614491
30	24	Gampalagudem	V Krishna Balaji	9703636871
31	25	Mopidevi	V Bhavana Rajesh	7702224800
32	26	Chintalapudi	A.Anil Kumar	9515312834
33	27	Gorantla	S ANANDA RAO	7396168289
34	28	Vinukonda	P.Gousiya Begum	8639478774
35	28	Vinukonda	K.Hari Babu	9440152880
36	31	Rajahmundry	M Srinivasa Rao	9603731189
37	32	Ravulapalem	V V V Satya Krishna	9492666828
38	34	Vuyyuru	M.S.D.Naga Swamy	9014828278
39	35	Kolluru	B Sudhakar	9346801561
40	36	Enikepadu	M Tirumalaiah	9848899881
41	37	Amalapuram	M.Srinivasa Rao	8328516707
42	37	Amalapuram	P.Krishna prasad	9491255517
43	39	Kommadi	V Durga Prasad	9441006008
44	42	Ramachandrapuram	G Satish Vara Prasad	9032028967
45	43	Prajasakthinagar	K Aruna Bhaskar	9490916619
46	45	Kankipadu	N Jayarama Venkata Durga Kishore	9346358886





AREA OF OPERATIONS

NTR DISTRICT

1. VIJAYAWADA : Opp.Swaraj Maidan, MGRoad, Vijayawada-520002, Krishna District, Phone No.0866-2579141, Mobile No.9866625031
2. KANURU : D.No.11-191, Near Time Hospital, Ashok Nagar, M.G.Road, Kanuru-520007,
Phone No.:0866-2550200, Mobile No:9866625041
3. GOLLAPUDI : D.No.6-41, Ravuri Satyanarayana Street,Gollapudi-521225,
Phone No.: 0866-2410279, Mobile No.:9701465972
4. JAGGAIAHPET : D.No.6-1192, Hyderabad Road, Jaggaiahpet-521175, Phone No.: 08654-226111, Mobile No.:9701465966
5. GAMPALAGUDEM : D.No.3-62-2, Main Road,Gampalagudem-521403, Phone No.: 08673-274733, MobileNo. : 8008779922
6. ENIKEPADU : FlatNo.102, KVC Towers, Kvenkaiah Nagar Street, Enikepadu, PhoneNo.08676-236624, Mobile No.: 7093099305
7. PRAJASAKTHINAGAR : D.No.32-6-10, Prajasakthi Nagar, Visalandhra Road, Vijayawada-520010,
Phone No.0866-2438499, Mob. No.7331143302
8. SEETHARAMPURAM : D.No.33-1-1, Nr Traffic Signal, Eluru Road, Seetharamapuram, Vijayawada,
Phone No.0866-2434372, Mob:7995574833

KRISHNADISTRICT

1. GUDIVADA : 9/10, Main Road, Opp.Vinayaka Temple, Gudivada-521301, Phone No.:08674-241124, Mobile No.:9177091091
2. GANNAVARAM : D.No.1-77, opp.RTC Bus Stand, Saibaba Temple Road, Srinagar Colony, Gannavaram-521101,
Phone No.:08676-254866, Mobile No.:9701465970
3. MOPIDEVI : D.No.1-81-1, Opp. Panchayat Office, Peda Kallepalli Road, Mopidevi-521125,
PhoneNo.08671-257117, Mobile No:7893632100
4. VUYYURU : D.No.1-393/1&1-394/1, Main Road,Vuyyuru-521165,
Phone No.08676-236624, Mobile No.:7680993071
5. KANKIPADU : D.No.9-172, RSNo.45/3B, opp.Chinnaramalayam, Kankipadu-521151,
PhoneNo.0866-2821333, Mob.:7093906186



GUNTUR DISTRICT

1. GUNTUR : Saibaba Towers, Opp. Oxford School, Brundavan Gardens,
Guntur-522007,
Ph.No.: 0863-2237785, Mob.:9866625032
2. THULLURU : D.No.4/51, Kakumani Rajeswari Building, Thulluru-522237,
Phone No. :08645-244990, Mobile No. : 9866625039
3. TAKKELLAPADU : D.No.6-11, Takkellapadu, Guntur-522509,
Phone No.: 0863-2292965, Mobile No.: 9866625040
4. TENALI : D.No.16-2-49to52, Besides Kanyaka Parameswari Temple,
Bose Rd, Tenali-522201,
Ph.No.08644-234181, Mob.9866625043
5. KOTHAPET : D.No.12-25-131, Kothapet Main Road, Bhagath Singh Centre ,
Guntur-522001, Ph. No.:0863-2235032, Mob.: 9701465965
6. GORANTLA : Plot No.94, 3rd Lane, Annapurna Nagar, Gorantla Village,
Guntur-522034,
Phone No.: 0863-2333323, Mobile No.: 7893632103
7. MANDADAM : D.No.2-7, Nutakki Vari St, Mandadam-522503, Thulluru Mdl,
Guntur Dt, Phone No.08645-243114, Mobile No.7093906187
8. MANGALAGIRI : D.No.5-432, Ground Floor, Rajeev Center, Tenali Road, 12th Ward,
Mangalagiri-522503,
Phone No. 08645-233177, Mob No.7331143305
9. UNDAVALLI : D.No.2-1, Main Rd, Near Panchayat Office, Undavalli Village,
Tadepalli Mandal, Phone No.08645-273200, Cell:7995574830

BAPATLA DISTRICT

1. REPALLE : D.No.10/14, R.N.Road, Near Bus Depot, Repalle-522265,
Phone No.:08648-224404, Mobile No.:9866625037
2. NIZAMPATNAM : D.No.8/116, Bus Stand Road, Nizampatnam-522314,
Phone No.:08648-257085, Mobile No.:8008779911,
3. KOLLURU : D.No.7-85, Andhra Bank Road, Kolluru Mandal, Kolluru-522324,
Ph,one No.08644-242924, Mobile No.:7893632104





PALNADU DISTRICT

1. NARASARAOPET : 6-1-211, Main Rd, Mallamma Centre, Narasaraopet-522 601,
Phone Ph. No.:08647-227415, Mobile No.: 9866625036
2. CHILAKALURIPET : D.No.32-638, Block No.32, Besides Viswanath Theatre, KB Road,
Chilakaluripet-522616,
Ph. No.:08647-257388, Mobile No.:8008779933
- 3.VINUKONDA : D.No.27/170, 171, Lawyerstreet, Kothapeta,
Vinukonda-522647,
Phone No.08646-272019, Mobile No.:7893632102

ELURU DISTRICT

1. ELURU : 23A/5/3/1, MRC Residency, Behind Park, R.R. Pet,
Eluru-534002,
Phone No.:08812-222519, MobileNo.:9866625033,
2. NUZVID : 7/64, Near Municipal Office, Bus Stand Road, Nuzvid-521201,
Phone No.: 08656-234933, Mobile No.: 9866625034
3. JANGAREDDYGUDEM : 14-144, First Floor, Aswaraopet Road,
Jangareddygudem-534447,
Phone No.: 08821-226100, Mobile No.:9866625035
4. CHINTHALAPUDI : D.NO.15, Main Road, Chinthalapudi-533460,
PhoneNo.: 08823-223565, Mobile No.: 7893632101,

WEST GODAVARI DISTRICT

1. TANUKU : D.No.26-3-9, Alamurivari Street, Tanuku-534211,
Phone No.: 08819-229601, Mobile No.:9866625038
2. TADEPALLIGUDEM : 2-1-37, Ground Floor, Opp. Z.P. High School, Main Road,
Tadepalligudem, Phone No.:08818-220592, Mob.:9866625030
3. BHIMAVARAM : D.No.23-3-19, Taluka Office Center, Bhimavaram-534201,
Phone No.:08816-238889, Mobile No.:9866625027,
4. PALAKOL : D.No.16-4-44to46, LVR Complex, Main Road, Palakol-534260,
Phone No.:08814-225222, Mobile No.:9000720720



5. AKIVIDU : D.No.15-1/B, Main Road, Akividu-534235, Akividu Madal,
Phone No.08816-253889, Mobile No.:7995574831

EAST GODAVARI DISTRICT

1. DEVARAPALLI : D.NO.9-112, Main Road, Devarapalli-534313,
Phone No.: 08813-273411, Mobile No.: 9701465975
2. RAJAHMUNDRY : #80-1-16,A.V.Apparao Road, Opp. Kodandaramalayam,
Rajahmundry-533101, PhNo.0883-2474425, Cell:9963478203

KONASEEMA DISTRICT

1. RAVULAPALEM : D.No.8-390/1,1st Floor, City Plaza, Main Road,
Ravulapalem-533238,
PhoneNo.08855-257755,CellNo.9963478204
2. AMALAPURAM : DNo:4-2-32, College Road, Amalapuram-533201,
Phone No.0884-2356363,Cell No.7093906176
3. RAMACHANDRAPURAM: D.No.19-1-51, SumathiPlaza,MainRoad,Ramachandrapuram-
566255,PhoneNo.08857-244699,MobNo.7331143304

KAKINADA DISTRICT

1. SARPAVARAM : D.No.9-186, Ground Floor, Opp. MRO Office,
Sarpavaram Junction, Kakinada-533005,
Ph.0884-2356363,Cell:9963478205
2. TUNI : D.No.8-9-19, Pedda Veedhi, Tuni Town-533401,
Phone No.08854-251455, Mob.No.7995574832

ANAKAPALLI DISTRICT

1. ANAKAPALLI : DNo:14-8-15, Main Rd, Opp. Satyanarayana Theater,
Anakapalli-531001, Visakha Dt,
Phone No.08924-223498, Mob.No.7331143301

VISAKHAPATNAM DISTRICT

1. VISAKHAPATNAM : D.No:45-40-43/1, Main Road, Akkayyapalem,
Vishakapatnam-530016,
Phone No.:0891-2544660, Mobile No.:9963478201





2. GOPALAPATNAM : DNo.58-1-303, V.S.R. TOWERS, 1st Floor, BRTS Road, Gopalapatnam-530027,
Ph.0891-2597888, Cell:9963478202
3. GAJUWAKA : D.No.7-16-36-1/3, R.K. Square, Old Gajuwaka Junction, Gajuwaka, Visakhapatnam-530026, Mobile No.:7093906178
4. KOMMADI : DNo.9-49/3, 120Feet Road, Kommadi,
Visakhapatnam-530048, Mobile No.:7093906180,
5. DUVVADA : D.No.:31-29-26/2, Santha Mamidi Thota St,
Duvvada-530046, Kurmannapalem Post,
Phone No. 0891-2701811, Mob.No.7995574834





CSR - Digital Classrooms at Sarada Vidyalaya , Kakinada



CSR - Distribution of Artificial Limbs through Sudeekshan Foundation



CSR - Distribution of Hearing Aids to children



CSR - Distribution of Sewing machines and Cycles through Rotary Club, Jangareddygudem



CSR - Go Green Campaign - Distribution of Cloth bags by branches



CSR- Feeding the poor through Akshaya patra



CSR - Donating Fridge to Subrahmanyeswara Temple - Mopidevi



CSR - Go Green Campaign launch at Corporate Office, Vijayawada




CSR - Medical Camp on International Yoga Day by our Tenali Branch



 **Corporate Office :**

COASTAL LOCAL AREA BANK LTD.

D.No. 59-12-6, Grace Line, Ghantasalavari Veedhi,
Gayatri Nagar, Vijayawada - 520008. A.P.,

 0866-2494425, 2494426