



ANNUAL REPORT 2020-21



CHAITANYA GODAVARI GRAMEENA BANK

(A Government Undertaking Sponsored By Union Bank of India)

HEAD OFFICE

Raghu Mansion, 4/1, Brodipet,

GUNTUR - 522 002

ANDHRA PRADESH - INDIA

website : www.cggb.in

facebook : [www.facebook.com / cggb.official](https://www.facebook.com/cggb.official)



CHAITANYA GODAVARI GRAMEENA BANK

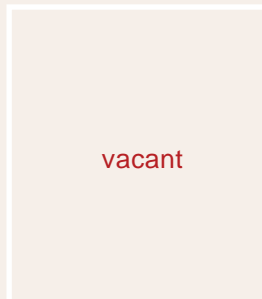
BOARD OF DIRECTORS



Shri T KAMESWARA RAO
CHAIRMAN



Dr. K V V Satyanarayana
I.R.A.S.
Secretary to Government of A.P.,
Finance Department , AP Secretariat,
Amaravati, Guntur Dist.



State Government
Nominee Director - II



Shri G Chandrakanth
Assistant General Manager
Reserve Bank of India
Regional Office, Hyderabad



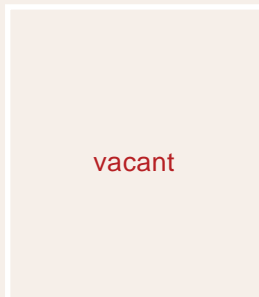
Shri R Inigo Arul Selvan
Deputy General Manager,
NABARD,
Regional Office - AP, Hyderabad



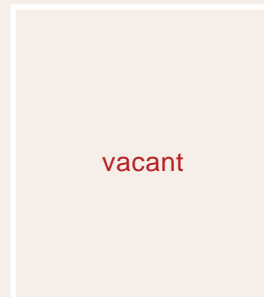
Shri M Srinivas
Regional Head,
Union Bank of India, R.O.,
Guntur, Guntur Dist.



Shri I Satyanarayana Murthy
Regional Head,
Union Bank of India, R.O.,
Eluru, W.G.Dist.



Central Government
Nominee Director - I



Central Government
Nominee Director - II



Shri T. KAMESWARA RAO

CHAIRMAN

CHAITANYA GODAVARI GRAMEENA BANK



CHAITANYA GODAVARI GRAMEENA BANK

OUR MENTORS



Shri RAJKIRAN RAI G.

Managing Director &
Chief Executive Officer
Union Bank of India



Shri GOPAL SINGH GUSAIN

Executive Director, UBI



Shri DINESH KUMAR GARG

Executive Director, UBI



Shri MANAS RANJAN BISWAL

Executive Director, UBI



Shri NITESH RANJAN

Executive Director, UBI



STATUTORY AUDITORS for 2020-21

Statutory Central Auditors
M/s BASHA & NARASIMHAN
Chartered Accountants, VISAKHAPATNAM

BRANCH AUDITORS

M/s Grandhy & Co.
Chartered Accountants, Visakhapatnam

M/s M.Bhaskara Reddy & Co.
Chartered Accountants, Guntur

M/s Ravi Sarma & Co.
Chartered Accountants, Kakinada

M/s Rao & Sharma
Chartered Accountants, Bhimavaram

M/s Eswara Rao & Co.
Chartered Accountants, Guntur

M/s Vasireddy & Associates
Chartered Accountants, Guntur

M/s Garlapati & Co.
Chartered Accountants, Guntur

M/s Ranjit & Associates
Chartered Accountants, Guntur

M/s Ajay S Agarwal & Associates
Chartered Accountants, Guntur

M/s Sudi & Co.
Chartered Accountants, Guntur

M/s HVJ & Associates
Chartered Accountants, Tirupati

M/s K K Chowdary Associates
Chartered Accountants, Bapulapadu

M/s Durga Subrahmanyam & Associates
Chartered Accountants, Vijayawada

M/s Ramesh & Co.
Chartered Accountants, Vijayawada

M/s MMGS & Associates
Chartered Accountants, Vijayawada

M/s Suresh Siva & Co.
Chartered Accountants, Vijayawada

M/s Ramineni & Associates
Chartered Accountants, Guntur



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CHAITANYA GODAVARI GRAMEENA BANK

HEAD OFFICE

GUNTUR - 522 002, ANDHRA PRADESH

LETTER OF TRANSMITTAL

The Secretary
Ministry of Finance
Department of Financial Services
Banking Division, Government of India
Parliament Street
NEW DELHI - 110 001

Dear Sir,

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

A Report of Board of Directors as to the Bank's working and its activities during the period 1st April 2020 to 31st March 2021.

A copy of the Audited Balance sheet and Profit and Loss Account for the year ended 31st March 2021.

A copy of the Auditor's report in relation to the Bank's accounts for the period 1st April 2020 to 31st March 2021.

Place : Guntur
Date : 05.06.2021

Yours Sincerely
Sd/- *7. Kameswara Rao*
Chairman

INTRODUCTION

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

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



VISION

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



MISSION

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





BOARD OF DIRECTORS AS ON 31.03.2021

Chairman	: 1 Shri T Kameswara Rao Assistant General Manager on deputation from Union Bank of India
Nominees of Central Government under section 9(1)(a) of the Regional Rural Banks Act, 1976	: 2 vacant : 3 vacant
Nominee of Reserve Bank of India section 9(1)(b) of the Regional Rural Banks Act, 1976	: 4 Shri G Chandrakanth Assistant General Manager, Reserve Bank of India, Regional Office, Hyderabad
Nominee of NABARD under section 9(1)(c) of the Regional Rural Banks Act, 1976	: 5 Shri R Inigo Arul Selvan Deputy General Manager-NABARD, Regional Office-AP, Hyderabad
Nominees of Union Bank of India under section 9(1)(d) of the Regional Rural Banks Act, 1976	: 6 Shri M Srinivas Regional Head, Union Bank of India, R.O., Guntur, Guntur Dist. : 7 Shri I Satyanarayana Murthy Regional Head, Union Bank of India, R.O., Eluru, W.G. Dist
Nominees of State Government under section 9(1)(e) of the Regional Rural Banks Act, 1976	: 8 Dr. K V V Satyanarayana I.R.A.S. Secretary to Government of Andhra Pradesh, Finance Department, AP Secretariat, Amaravati, Guntur Dist. : 9 vacant



T KAMESWARA RAO
CHAIRMAN



CHAIRMAN'S MESSAGE

Greetings from Chaitanya Godavari Gramina Bank

The financial year 2020-21 had an unusual situation prevailing across the globe on account of spread of COVID-19 virus as pandemic right from the beginning of the year. Growth in our country contracted to (-) 7.30% in FY2021. But as agriculture and allied activities are mostly neutral to the impact of the pandemic and as our entire workforce at all levels, more particularly those at branches, took pain in rendering uninterrupted banking facilities to the clientele as frontline Covid warriors, our bank could register its business growth notably.

The business growth amidst stiff competition in the operational area owes to the unperturbed trust reposed by the clientele on the customer service of the bank and it is acknowledged with humility.

Deposits of the bank grew at 21.56% to Rs.6539.67 crore from the previous year level of Rs.5379.71 crore, as against the CAGR in deposits of 19.06% for the past five years.

Advances of the bank grew at 27.67% to Rs.6877.33 crore from the previous year level of Rs. 5386.68 crore, as against the CAGR in advances of 20.91% for the past five years. Priority sector advances constituted 93.63% of the total advances as on 31st March 2021, even after sale of Rs.600.00 crore under IBPC.

Investments also increased from Rs.1322.20 crore to Rs.1684.58 crore during FY2021 recording a growth rate of 27.41%.

The growth trajectory of the bank during the year under reference has been in tune with the desired goals set for as evident from the targets under MoU with sponsor bank, Union Bank of India and achievement there against.

The agenda set for the bank under the Regional Rural Banks Act, 1976 is never lost sight of and the bank continues to provide banking to the neglected and disadvantaged sections of the Society in the rural hinterland in its area of operation. The growth in business from Rs.685 crore to Rs.1131 crore during FY2021 under 'Financial Inclusion Project' is a candid reflection of the same.

It is accepted now in the industry that notwithstanding the second wave of COVID-19, the economy of the country is bound to regain in FY2022 through its innate strength. With increase in growth capital of the bank on account of CRAR surging from 11.49% to 12.41% as on March 2021, the bank is earnestly poised to extend more credit to the farm sector in FY2022.

As the bank could adapt itself to the challenges posed during FY2021, it is a profound optimism that the business performance during FY2022 will be a step ahead. Growth, Asset Quality and Profitability are regarded as the anchor parameters in our journey forward.

The support of all stakeholders of the bank is truly solicited and the bank vows to provide unimpeded service to the clientele in the years to come.
Thank You All



PERFORMANCE HIGHLIGHTS 2020-21

- Bank is operating in three districts viz. Guntur, East Godavari and West Godavari and is sponsored by Union Bank of India
- Bank is having a network of 222 branches, 59 ATMs and 239 Business Correspondents
- Business stood at Rs. 12817 crore as on 31st March 2021 registering a growth rate of 23% over the previous year
- Deposits stood at Rs. 6540 crore as on 31st March 2021 registering a growth rate of 21% over the previous year
- Advances stood at Rs. 6877 crore as on 31st March 2021 registering a growth rate of 28% over the previous year. Rs. 600 crore advances were issued under IBPC during the year FY2021
- Per-branch business of Rs. 58 crore and per-employee business of Rs.12 crore are indices for Management of the bank
- Gross Non-Performing Assets (NPAs) were pegged at Rs. 69 crore, i.e. 1.09% of Advances and with total provisioning the Net NPAs were reported as NIL
- Operating Profit increased to Rs. 202 crore during FY2021 from Rs. 136 crore that during the preceding year
- Net Profit after Tax crossed Rs.100 crore mark during FY2021 by posting Rs. 101 crore as against Rs. 71 crore during the preceding year
- Net Worth soared to Rs 606 crore at the end of March 2021 from Rs. 505 crore at the end of March 2020
- One of the key financial ratios, Net Interest Margin (NIM) worked out to be 3.14%
- Cost to Income Ratio decreased from 53.24% to 46.60% during FY2021 and Staff Cost to Income Ratio decreased from 39.08% to 33.25% during the corresponding period
- Return on Assets (RoA) at 1.08% and Return on Equity (RoE) at 16.68% at the end of FY2021 reflect the financial performance of the bank during FY2021



CHAITANYA GODAVARI GRAMEENA BANK

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DIRECTORS' REPORT

The Board of Directors of CHAITANYA GODAVARI GRAMEENA BANK have pleasure in presenting the **SIXTEENTH ANNUAL REPORT** of the Bank together with the audited Balance Sheet as on 31st March 2021, Profit & Loss account for the financial year ended 31st March 2021 and Cash Flow Statement for the financial year 2020-21, in terms of Section 20 of the Regional Rural Banks Act, 1976.

OPERATIONAL AREA

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

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

The total geographical area of the district is 11,391 sq. km., consisting of 57 mandals spread over 729 villages. The total population of the district as per 2011 census is 48.89 lakh.

The important rivers and rivulets in the district are river Krishna and rivulets Naguleru, Chandravanka and Gundlakamma. Predominant crops grown in the district are Paddy, Cotton, Chillies, Tobacco, etc.

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

The total geographical area of the district is 7,742 sq.km. consisting of 46 mandals spread over 887 villages. The total population of the district as per 2011 census is 39.35 lakh.

Godavari is the important river with its tributaries, Gowthami Godavari and Vasishta Godavari, that irrigates 85% of the cultivated land in the district. Paddy is the main crop followed by Sugarcane, Tobacco, Maize, Cotton, Chillies, etc. Oil palm cultivation is increasing day by day.

East Godavari district is bounded on the North by Visakhapatnam district and the State of Odisha, on the East by Bay of Bengal, on the South and on the West by West Godavari and Khammam districts.

The total geographical area of the district is 10,818 sq.km. consisting of 60 mandals spread over 1404 villages. The total population of the district as per 2011 census is 51.52 lakh.

SHARE CAPITAL

The authorized share capital of RRBs was raised from Rs.5 crore to Rs.2000 crore in terms of the amendment made to RRB Act in 2015.

The share capital of the bank as on 31.03.2021 is as under:

Central Government (50%)	: Rs.3,72,11,000
Sponsor Bank (35%)	: Rs.2,60,47,700
State Government (15%)	: Rs.1,11,63,300
Total	: Rs.7,44,22,000

RESERVES & SURPLUS

Statutory Reserves increased to Rs.11971.53 lakh during the year from Rs.9949.53 lakh as on 31.03.2020.

The total reserves and surplus increased to Rs.59848.90 lakh during the year from Rs.49740.25 lakh as on 31.03.2020.

Own funds increased to Rs.60593.12 lakh during the year from Rs.50484.47 lakh as on 31.03.2020.

Investment Fluctuation Reserve (IFR) is maintained at Rs. 1180.00 lakh as on 31.03.2021 also.



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NETWORK OF BRANCHES

The bank is operating through 222 branches. The district-wise break up of branches is as under:

District / Category	Rural	Semi-Urban	Urban	Total
Guntur	70	37	14	121
East Godavari	27	22	4	53
West Godavari	28	16	4	48
Total	125	75	22	222

The only extension counter hitherto existing in Guntur district is closed during the year under reference.

The bank has 59 ATMs including 2 Cash Recyclers as on 31.03.2021. Four ATMs are off-site and the rest are on-site.

The Bank has opened 02 branches in West Godavari district during the financial year 2020-21.

REGIONAL OFFICES

The bank is having three regional offices, viz. Guntur, Narasaraopet and Rajahmundry. The branches are organized under the regional offices as under:

Regional Office	District	No. of Branches
Guntur	Guntur	67
Narasaraopet	Guntur	54
Rajahmundry	East Godavari	53
	West Godavari	48
Total		222

AGGREGATE BUSINESS

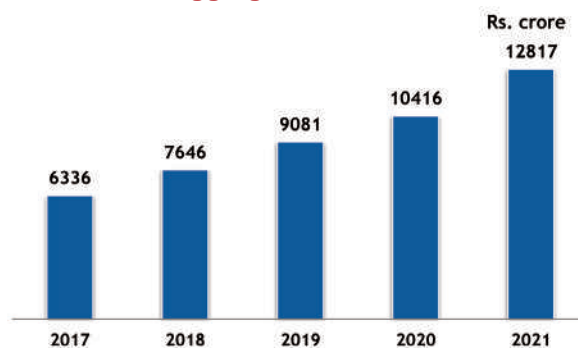
The aggregate business of the bank, region-wise, as on 31.03.2021 is given hereunder:

Region	No. of branches	Deposits	Advances	Aggregate Business
Guntur	67	283597.86	212396.06	495993.92
Narasaraopet	54	146284.23	262526.17	408810.40
Rajahmundry	101	224084.77	212810.66	436895.43
Total	222	653966.86	687732.89	1341699.75

The aggregate business increased to Rs. 1341699.75 lakh as on 31.03.2021 from Rs. 1076639.80 lakh as on 31.03.2020 registering an increase of Rs. 265059.95 lakh [24.62%].

However, as IBPC of Rs. 60000.00 lakh was issued during FY 2021, the aggregate business net of IBPC stood at Rs. 1281699.75 lakh as on 31.03.2021 as against Rs. 1041639.80 lakh as on 31.03.2020, registering a growth rate of 23.05%.

Aggregate Business



CATEGORIZATION OF BRANCHES

The categorization of branches is undertaken as per the applicable norms and the position as on 31.03.2021 is as under:

Category of Branch	No. of Branches
Scale V	4
Scale IV	57
Scale III	116
Scale II	42
Scale I	3
Total	222

DEPOSITS

The Total Deposits of the Bank as on 31st March 2021 stood at Rs.653966.86 lakh. The net accretion of Deposits during the year 2020-21 is Rs.115995.52 lakh registering a growth rate of 21.56%. The percentage of low-cost deposits to total deposits is 30.84% as on 31st March 2021. Cost of deposits during FY2021 stood at 5.87%.

per-Branch deposits worked out to Rs.2945.80 lakh and per-Employee deposits stood at Rs.612.50 lakh.

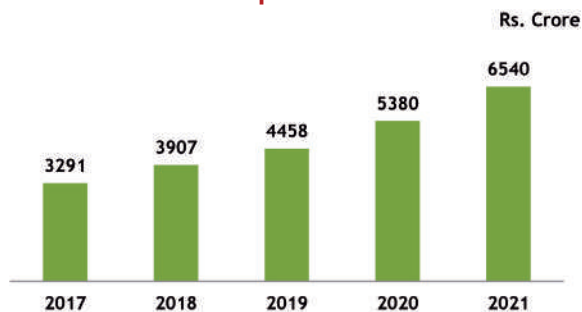


CHAITANYA GODAVARI GRAMEENA BANK

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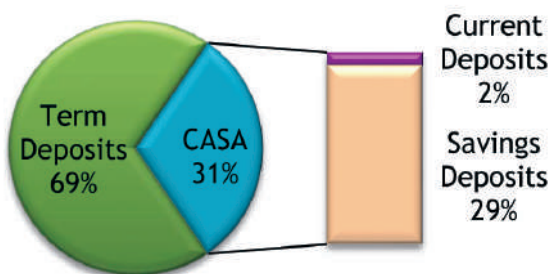


Deposits



The category-wise break-up of deposits as on 31.03.2021 is as under:

Type of Deposit	No. of Accounts	Amount (Rs. lakh)	% to Total Deposits
Current Deposits	16159	12904.51	1.97
Savings Deposits	1793815	188755.13	28.87
Term Deposits	228558	452307.22	69.16
Total Deposits	2038532	653966.86	100.00



CUSTOMER BASE

During the current year, there has been an increase in the number of accounts as furnished hereunder, registering a growth rate of 7.28% in customer base.

	March 2020	March 2021	Growth
Deposits	1948153	2038532	90379
Advances	430801	513507	82706
Total	2378954	2552039	173085

CUSTOMER SERVICE

The bank has been extending good customer service through its network of branches duly taking care of their required banking needs. A policy for Grievance Redressal Mechanism is put in place in the bank with the approval of the Board. Accordingly, a three-tier grievance redressal mechanism, i.e. branches, regional offices and head office is being in vogue. It is acknowledged that in the present scenario of stressful competitive environment in banking industry, good customer service is the most important tool to sustain the business growth and attract new business.

BORROWINGS

Major source of borrowings for the bank continued to be from NABARD followed by NHB and NSCFDC. Bank has adopted a judicious approach on borrowings considering the cost of borrowings.

Bank is prompt in repaying the installments and interest on refinance throughout the year under report.

Cost of borrowings during FY2021 stood at 5.23%.

The details of borrowings outstanding, sector-wise, as on 31.03.2021 are given hereunder:

Sector	NABARD	NHB	NSCFDC
STL (SAO)	26000.00	0.00	0.00
STL (DTP)	744.00	0.00	0.00
STL (Addl.)	30000.00	0.00	0.00
ST (Others)	5500.00	0.00	0.00
ST(SLF)	22000.00	0.00	0.00
MT (SCH)	143527.99	153.59	135.00
Total	227771.99	153.59	135.00

CASH & BALANCES WITH BANKS

Cash management has been given utmost importance and cash retention limits were fixed to the branches. Cash balances maintained by branches are being monitored regularly to ensure that minimum cash balances are maintained subject to constraints.

Adequate balances are maintained with Reserve Bank of India in the current account, as per the requirement of CRR throughout the year under report.



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The Bank is maintaining current accounts with Sponsor Bank, i.e. Union Bank of India to have effective cash remittances from the branches. Apart from Sponsor Bank, bank is also maintaining current accounts with State Bank of India, Indian Overseas Bank, IDBI Bank Ltd., Kotak Mahindra Bank Ltd., Axis Bank Ltd., ICICI Bank Ltd., RBL Bank Ltd., CSB Bank Ltd. and Equitas Small Finance Bank Ltd. to facilitate cash & other transactions.

Our bank is a sub-member (type – II) of Axis Bank Ltd. for CTS clearing with “520 702 102” as its common MICR code for all the branches.

The details of cash on hand (including those held with ATMs) and balances held by the bank in current account with Reserve Bank of India and current accounts and other accounts with other banks are as under:

	Rs. lakh
Average Deposits	601310.22
Average Cash Holdings	6991.63
Average Cash Holding to Average Total deposits (%)	1.16
Average Balances held with Reserve Bank of India	18786.26
Average Balances with Sponsor Bank/Other Banks	12203.53
Average Balances with Sponsor Bank/Other Banks in Other Accounts	88437.23
Income received on the balances in other accounts	4142.60

The bank is listed by RBI in the “Positive List of RRBs” as communicated in December 2020. Accordingly, the bank could have access to Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) in terms of RBI guidelines dated 04.12.2020.

Bank opened Repo and Reverse Repo accounts with RBI and initiated Reverse Repo Transactions since 30.03.2021 for better liquidity management.

The amount outstanding under Reverse Repo account as on 31.03.2021 stood at Rs.100.00 lakh.

Bank also obtained access to E-Kuber portal of RBI on 16.01.2021 and transactions hitherto undertaken through sponsor bank are done directly by the bank now in the said portal.

INVESTMENTS

The bank has invested its surplus funds in approved securities as per the Investment Policy of the bank approved by the Board, after carefully considering the various options available by the Investment Committee at Head Office, to earn maximum possible return.

Investments in Government Securities are made through sponsor bank only and necessary guidance is taken from Treasury Department, Union Bank of India, Mumbai.

The premium paid for the purchase of Government Securities is being amortized over the remaining period of currency of the Investment as per policy of the bank.

The details of investments and income thereon are furnished hereunder:

Particulars	Investments		
	SLR	Non-SLR	Total
Total Gross Investments	153385.14	15423.29	168808.43
Less : Amortization	350.19	0.00	350.19
Net Investments	153034.95	15423.29	168458.24
Break-up of Investments:			
HTM Category	118487.97	0.00	118487.97
AFS Category	34546.98	15423.29	49970.27
HFT Category	0.00	0.00	0.00
Total	153034.95	15423.29	168458.24
Interest Earned	10012.75	1585.67	11598.42

The investments in HTM category in excess of the 25% of the total investments as on 31.03.2021 stood at Rs. 76373.41 lakh. As the total investments in HTM category is less than 19.50% of NDTL applicable, the same is within the guidelines in terms of RBI circular dated 04.10.2017.

Yield on investments during FY2021 stood at 7.85%. Investments to Deposits Ratio stood at 25.76 % only.



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The Bank has earned profit of Rs.1111.05 lakh on sale of SLR securities from AFS category and Rs.306.08 lakh on sale of Non-SLR securities during the year under report. Thus total reported profit for FY2021 on sale of investments stood at Rs.1417.13 lakh.

However, the bank incurred Mark to Market (MTM) loss of Rs. 1521.75 lakh under SLR category, as at the end of the financial year, due to sudden downtrend in the G-Sec market.

There was no MTM loss under Non-SLR category as at the end of the financial year.

It is desired to mention that by the end of seventh year on initiating sale of investments from AFS category by the bank for making profit from investments portfolio (i.e. since FY2015), a cumulative profit of Rs. 3782.62 lakh could be garnered by FY2021.

The Non-SLR investments, outstanding as on 31.03.2021, of Rs. 15423.29 lakh consisted of Mutual Funds, Bonds & Debentures only.

Investments in Mutual Funds were Rs. 1800 lakh only as on 31.03.2021.

There were no investments under equity and convertible debentures category of Non-SLR investments as on 31.03.2021.

Investments in Mutual Funds were made as per the extant guidelines and the total amount outstanding was within the stipulated 5% (of incremental deposits during the preceding financial year) limit, throughout the year under report.

One Non-SLR investment of Rs. 1000.00 lakh is considered as Non-performing Investment as at the end of FY2021, on account of default of interest payment due.

The investment of Rs. 1000.00 lakh in 9.00% AT1 bonds of YES Bank Ltd. in FY 2018 got written off, in terms of the "Draft YES Bank Ltd. Reconstruction Scheme, 2020" proposed by RBI to the investee bank. A writ petition was filed by the AT1 bond trustee in the Hon'ble High Court, Bombay seeking relief and an interim order was received on 16.03.2020 restraining the investee bank from taking any action relating to the write down of AT1 bonds.

However, 100% provision is made towards the same as a prudent measure.

LOANS & ADVANCES

Bank has made significant progress in meeting the integrated credit needs of customers especially in rural areas by intensive expansion & diversification of credit portfolio during FY 2020-21.

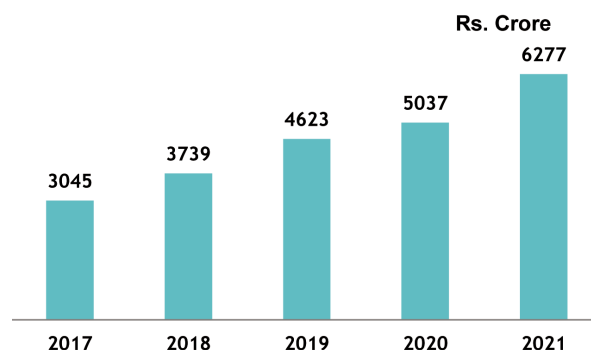
The aggregate loans and advances of the bank as on 31st March 2021 stood at Rs. 687732.89 lakh. The net accretion of advances during the year 2020-21 was Rs.149064.43 lakh registering a growth rate of 27.67% over the previous financial year.

Yield on advances during FY2021 stood at 10.15%.

The advances reported in the balance sheet are net advances as detailed hereunder:

	Rs. lakh
Total Loans & Advances	687732.89
Less: IBPC sold with the participation of HDFC Bank Ltd.	60000.00
Less: Provision for NPAs	6870.00
Net Loans & Advances reported in the balance sheet	620862.89

Loans & Advances



The scheme-wise break-up of outstandings are as under:

Particulars	No. of accounts	Amount (Rs. lakh)
Short Term Agricultural Loans	354796	393425.65
Agricultural Term Loans	23046	13480.14
CCMTL	141	14.11
MSME	63360	42331.74
Other Priority Sector Loans	62645	198464.21
Total Priority Sector Loans	503988	647715.85
Non-Priority Sector loans	9519	40017.04
TOTAL LOANS & ADVANCES	513507	687732.89



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DISBURSEMENTS OF LOANS & ADVANCES

The total disbursements of loans and advances during the year are Rs.594968.93 lakh as against the MoU target of Rs. 450000.00 Lakh. The details of achievement during the year under report are furnished hereunder:

Particulars	Amount (Rs. lakh)
Short Term Agricultural Loans	418491.31
Medium Term Agricultural Loans	11426.13
MSME	6673.05
Self Help Groups	132001.68
Other Priority Sector Loans	9612.93
Total Priority Sector Loans	578205.10
Non-Priority Sector Loans	16763.83
Total Disbursements	594968.93

The sector-wise break up of advances is given hereunder:

Particulars	Amount (Rs. lakh)
Total Advances	687732.89
Advances to Priority Sector	647715.85
% to Total Advances	94.18%
% of Priority Sector Advances to Total Advances (net of IBPC)	93.63%
Advances to Non-Priority Sector	40017.04
% to Total Advances (net of IBPC)	6.37%
Credit to Deposit Ratio	95.99
Average Yield on Advances (%)	10.15
per- Branch Advances	2827.63
per- Employee Advances	596.14
Agricultural Advances	573816.78

SHG-BANK LINKAGE

The Bank has extended outstanding credit linkage to the tune of Rs. 179734.96 lakh spread over 40947 Self Help Groups (SHGs) as on 31.03.2021, as against Rs. 135332.60

lakh to 38768 SHGs as on 31.03.2020, thus registering an accretion of Rs. 44402.36 lakh & increase of 32.81% during the year under report and it reflects the focus of the Bank on SHG-Bank Linkage. Bank has extended credit linkage to 21094 SHGs to the tune of Rs.132001.68 lakh during 2020-21.

The size-wise break-up of credit linkage to SHGs during the year under report is as under:

Size of Credit Linkage	No. of A/cs	Amount (Rs. lakh)
Up to Rs 5.00 lakh	10383	29448.88
Up to Rs 7.50 lakh	2739	19112.62
Up to Rs 10.00 lakh	6061	59019.10
Above Rs.10.00 lakh	1911	24421.08
Total	21094	132001.68

It is pertinent to mention that our Bank is the first Regional Rural Bank in the state of Andhra Pradesh to increase collateral free lending limit to SHGs from Rs.10.00 lakh to Rs.13.00 lakh per SHG Group.

FINANCE TO JOINT LIABILITY GROUPS (Farm and Non-Farm Sectors)

During the financial year, the Bank promoted 157 new JLGs and, out of these, financed 70 JLGs with a financial outlay of Rs.172.19 lakh.

The Bank financed 1617 JLGs (both farm sector & non-farm sector) with a total disbursement of Rs.46.97 crore during FY 2020-21.

The bank has financed to 16436 tenant farmers with a credit outflow of Rs.99.19 Crore through RMGs, JLGs, COCs, CCRCs and LECs during the current year.

NEW INITIATIVES IN CREDIT OUTREACH

With a view to enhance diversification into retail lending, and improve overall credit outreach in our area of operation, our Bank introduced new loan products & revised guidelines for some other loan products to public during FY 2020-21 mentioned below and the same were well-received by our customers:

1. Chaitanya Godavari Property Term Loan (CGPTL)
2. Chaitanya Godavari Property Overdraft (CGPOD)
3. Chaitanya Godavari Two-Wheeler Loan (CGVL2)



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4. Chaitanya Godavari Four-Wheeler Loan (CGVL4)
5. Vehicle Loan to Agriculturists (ATLVL)
6. Personal Loan for Self-Employed Non-Salaried Individuals (PLNEM)
7. Personal Loan for Employed Individuals (PLEMP)

A snapshot of our Bank's disbursements under the above mentioned loan schemes during the financial year, the maiden year for the said products, is as under:

Sl. No	Loan Product	No.of Accounts	Amount Disbursed (Rs lakh)
1	Chaitanya Godavari Property Term Loan (CGPTL)	347	4064.61
2	Chaitanya Godavari Property Overdraft (CGPOD)	44	1121.92
3	Chaitanya Godavari Two-Wheeler Loan (CGVL2)	34	21.96
4	Chaitanya Godavari Four-Wheeler Loan (CGVL4)	7	46.38
5	Vehicle Loan for Agriculturists (ATLVL)	18	61.27
6	Personal Loan for Self-Employed Non-Salaried Individuals (PLNEM)	4	48.00
7	Personal Loan for Employed Individuals (PLEMP)	56	770.60
Total		510	6134.74

DIVERSIFICATION OF BUSINESS/PROCESSES

Retail Credit as a percentage of total credit stood at 8.22 % as on March 2021.

Investment Credit as a percentage of total credit stood at 1.64% as on March 2021.

Growth in Rural Housing Loans under Priority Sector is Rs.5.06 Crore and as a percentage to growth in Gross Bank Credit it stood at 0.34 % during the year 2020-21.

Disbursement of Education Loans stood at Rs.1331.33 lakh during 2020-21 as against Rs. 1553.49 lakh during the previous year 2019-20.

RESPONSE TO COVID 19 PANDEMIC

The Novel Corona Virus Disease (COVID 19) has been considered as one of the most devastating pandemics affecting both the lives & livelihood of people in our country and across the world. The pandemic will certainly have a direct detrimental impact on the economy of our country in many sectors, in the short and medium term horizon.

In line with RBI guidelines issued from time to time, COVID-19 moratorium package was extended to 139086 accounts amounting to Rs.205365.65 lakh spread across all loan categories from 01.03.2020 to 31.08.2020.

Further, COVID 19 Ex-gratia Amount, i.e. difference between compound interest & simple interest for select categories of accounts, as per GoI & RBI guidelines, for the period between 01.03.2020 to 31.08.2020, was passed on to 45128 accounts spread across 8 GOI stipulated categories amounting to Rs.1.11 Crore.

In addition to the above welfare measures initiated by RBI & GoI, our Bank also introduced new top up term loan schemes to support farmers namely, Chaitanya Godavari Rythu COVID Loan (CGRCL) & SHG members namely Chaitanya Godavari SHG COVID Loan (CGSCL), who are found to be vulnerable to the upending economy on account of the pandemic, to tide over the crisis to some extent.

On similar lines, a loan scheme to help Gold Jewel Appraisers of our Bank, namely Chaitanya Godavari COVID Loan to Gold Jewel Appraisers (CGCJA) was introduced.



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A snapshot of disbursements during FY 2020-21 under the said loan schemes is as under:

Sl. No	Loan Product	No. of Accounts	Amount Disbursed (Rs. lakh)
1	Chaitanya Godavari Rythu COVID Loan (CGRCL)	20134	10160.14
2	Chaitanya Godavari SHG COVID Loan (CGSCL)	26703	13362.02
3	Chaitanya Godavari COVID Loan to Gold Jewel Appraisers (CGCJA)	82	66.52
Total		46919	23588.68

VADDI LENI RUNALU SCHEME

Our bank had received Vaddi Leni Runalu claim from Govt. of Andhra Pradesh to the tune of Rs.713.82 Lakh for loans sanctioned & repaid within due date during FY 2014-15 to 2018-19.

Further the scheme had been continued as "YSR Sunna Vaddi Panta Runalu" for which Kharif 2019 claim of Rs.590.42 Lakh is received.

GOVERNMENT SPONSORED SCHEMES

With a view to assist Street Vendors, Women Entrepreneurs etc., Govt of Andhra Pradesh had launched various Govt. Sponsored Schemes like Jagananna Thodu, YSR Cheyutha & Govt of India had launched PM SVANidhi Scheme in which our bank had made the following disbursements during FY 2020-21. Details are summarized below:

Sl. No	Loan Product name	No. of Accounts	Amount Disbursed (Rs. lakh)
1	Jagananna Thodu	17080	1708.00
2	YSR Cheyutha – Animal Husbandry	248	139.24
3	YSR Cheyutha	680	378.52
4	PM SVANidhi	1067	109.80
TOTAL		19075	2335.56

COMPREHENSIVE CROP INSURANCE

Govt of AP, vide G.O.Ms No.119 Dt: 22.12.2019 & Dept of Agriculture, Govt of AP, Circular RcNo.Crop Ins (1) 37/2018, dt: 23.12.2019, declared crop insurance as 100% State Scheme for all eligible crops under RWBCIS & PMFBY for Rabi 2019-20 & intimated that all fresh enrollments for the crop season would be done through e-Karshak portal by the Government, with no further involvement of bank branches.

NON-FUND BUSINESS

The Bank has 239 outstanding Bank Guarantees with a business of Rs.1695.17 lakh as on 31st March 2021.

INTER BANK PARTICIPATION CERTIFICATE [IBPC]

The Bank has issued Inter Bank Participation Certificate (IBPC) of Rs.60000.00 lakh, on risk sharing basis, with the participation of HDFC Bank Ltd., during the current year, in multiple tranches, covering Priority Sector Advances – Direct Agri. at a competitive interest rate.

Accordingly, advances are reported in the balance sheet as net of IBPC of Rs. 60000.00 lakh.

ASSET QUALITY & CLASSIFICATION

In tune with the guidelines given by Reserve Bank of India/ NABARD, assets of the bank as on 31.03.2021 are classified into Standard, Sub-standard, Doubtful and Loss Assets and provisions were made as per the extant guidelines applicable there for.

The break-up of Non-Performing Assets (NPAs) as on 31.03.2021 is as under:

	Rs. lakh
Sub-standard Assets	2921.84
Doubtful Assets	3583.34
Loss Assets	364.06
TOTAL NPAs	6869.24

PROVISIONS

Bank made provision for NPAs over and above the required provision as per IRAC norms. The Provision Coverage Ratio (PCR) stood at 100.00% as on 31st March 2021. The details are mentioned hereunder:

Total NPAs	Rs. 6869.24 lakh
Cumulative Provision against NPAs	Rs. 6870.00 lakh
% of Provision to NPAs	100.00



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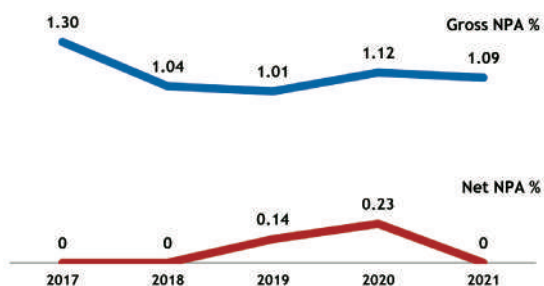


The classification of assets and provisions made are detailed hereunder:

Rs. lakh

Particulars	Amount Outstanding	Provision To be made	Provision Made
Standard assets	680863.65	1825.58	1850.00
Sub-standard assets	2921.84	489.45	
Doubtful assets	3583.34	2204.16	
Loss assets	364.06	364.06	
Non-performing assets	6869.24	4883.25	6870.00
Total Advances	687732.89		
Total Advances less IBPC	627732.89		
Cumulative provision against NPAs	6870.00		
% of Gross NPA to Advances	1.09		
% of Net NPA to Net Advances	0.00		
COVID-19 Regulatory Package		65.20	65.20

NPA Trends



MOVEMENT OF NPA

Consistent and strategic efforts are made throughout the financial year to recover NPAs and contain addition of fresh NPAs. The net increase in NPAs is contained at a low level of Rs.12.19 crore as against net increase in advances of Rs. 1240.64 crore during the year under report. The details of movement of NPAs are given hereunder:

Rs.Crore

Particulars	Amount
Gross NPA as on 01.04.2020 (Opening Balance)	56.50
Additions (Fresh NPAs) during the year	33.70
Sub-total (A)	90.20
Less :	
(i) Upgradations	5.91
(ii) Recoveries (excluding recoveries made from upgraded a/cs)	15.60
(iii) Write-offs	0.00
Sub-total (B)	21.51
Gross NPA as on 31.03.2021 (Closing Balance) [(A-B)]	68.69

INTEREST DERECOGNIZED

In accordance with IRAC norms, the bank has not booked income and has derecognized interest and other charges to the extent of unrealized amounts under NPAs. The details are furnished hereunder:

Rs. lakh

Derecognized income at the beginning of the year	1903.54
Additions during the year	1588.93
Recovery during the year	545.33
Derecognized income at the end of the year	2947.14

RECOVERY OF LOANS

The Bank continued its thrust on recovery of loans through various modes with focus on reduction of both NPAs and overdue accounts. Efforts for recovery of 'Written-off Accounts' to improve the profitability was given due emphasis during the current financial year.

Intensive recovery efforts made included the following channels:

1. Comprehensive Compromise Settlement
2. One-Time Settlement (OTS) Scheme for Real Account Balances up to Rs.3.50 lakh per borrower (other than accounts covered under A.P. Debt Redemption Scheme, 2014)



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3. Special Recovery Drives
4. Enforcement of SARFAESI Act

The recovery to total demand as on 30th June 2020 stood at 67.59 % for the period under report and the break-up for farm and non-farm sectors is given hereunder:

Rs. lakh

	Farm Sector	Non-Farm Sector	Total
Demand	5073.28	13813.69	18886.97
Recovery	1343.90	11421.91	12765.81
Overdue	3729.38	2391.78	6121.16
% of recovery	26.48	82.68	67.59

WRITE-OFF LOANS

The details of written-off loans and recoveries made there under are mentioned hereunder:

Amount Rs. lakh

Particulars	2019-20	2020-21
Amount written-off (technical write-off)	429.45	0.00
Number of accounts written-off	1056	0
Recovery made in written-off accounts	15.54	51.53

COVID-19 PANDEMIC – TOWARDS NEW NORMAL

The financial year 2020-21 had an unusual situation prevailing in the entire world on account of spread of COVID-19 virus as a pandemic right from the month of April 2020. The resultant lockdown had an impact on functioning of branches, regional offices and head office with broad restrictions like truncated business hours and working hours, temporary curtailment of banking operations in localized containment zones in the area of operation etc.

In the context of the pandemic and imposition of lockdown across the country, officers and employees of our bank at all levels, more particularly those at branches, made appreciable efforts and took pain for providing uninterrupted and seamless banking facilities to the clientele, banking having been recognized as one of the essential services sector by Government of India. It is apt to place on record that the entire workforce rendered

services as frontline COVID-19 warriors during the unprecedented pandemic situation.

In this context, staff at branches and offices are sensitized to adopt Non-Pharmaceutical Interventions (NPIs) viz. wearing masks, using sanitizers and maintaining physical distance.

Compensatory pay to the staff at branches was also paid as per board approved policy for a certain period during the initial period of lockdown.

Despite such an unusual situation having prevailed and economy was upending, bank could sustain its business growth notably.

ACHIEVEMENTS MADE UNDER MoU WITH SPONSOR BANK

The Bank has achieved major parameters under MoU entered with Sponsor Bank, for the financial year 2020-21.

The details of performance vis-à-vis the MoU targets are furnished hereunder:

Amount Rs. lakh

Parameter	31.03.2020	Target 2020-21	Achievement as on 31.03.2021
Own Funds	50484.47	58284.47	60593.12 ✓
Total Business	1041639.80	1205000.00	1281699.75 ✓
Deposits	537971.34	635000.00	653966.86 ✓
Advances	503668.46	570000.00	627732.89 ✓
Borrowings	176227.71	180333.59	228060.58 ✓
Operating Profit	13592.79	14500.00	20247.72 ✓
Net Profit After Tax	7064.23	7800.00	10108.65 ✓
NPA	5650.40	5600.00	6869.24 ✓
Investments	132219.59	150000.00	168458.24 ✓
Loans Issued	431068.10	450000.00	594968.93 ✓
per-Branch Business	4734.73	5355.56	5773.42 ✓
per-Employee Business	971.41	1073.00	1208.64 ✓
CD Ratio (%)	93.62	89.76	95.99 ✓
Cost of Deposits (%)	6.58	6.38	5.87 ✓
Yield on Advances (%)	10.55	10.48	10.15
Recovery to Demand (%)	82.54	86.67	67.59



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CROSS SELLING OF INSURANCE PRODUCTS OF IFLIC

Bank is functioning as a corporate agent for selling life insurance products of India First Life Insurance Company Ltd. (IFLIC). Bank could secure business worth of Rs.545.47 lakh from 5604 applications during 2020-21.

Bank had earned non-interest income of Rs.111.14 lakh towards commission received from IFLIC on account of the said business during the current year.

OTHER CHANNEL PARTNERS FOR INSURANCE BUSINESS

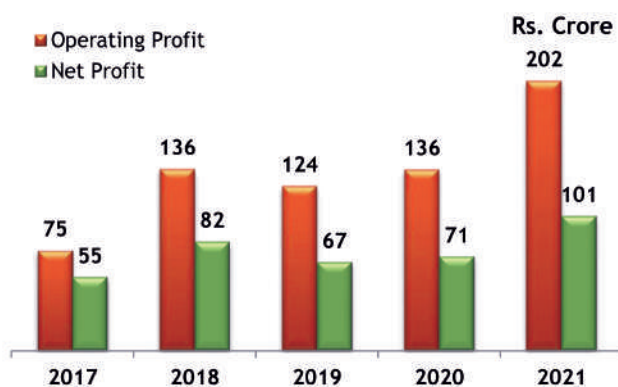
Bank has an agreement with Shriram General Insurance Co. Ltd. and SBI General Insurance Company Ltd. under general insurance and business of Rs.107.75 Lakh & Rs.11.84 Lakh respectively is procured during the current year 2020-21.

Bank also has an agreement with Star Health and Allied Insurance Co. Ltd. under health insurance and business of Rs.21.67 lakh from 354 applications is sourced.

OPERATING PROFIT AND NET PROFIT

The Bank has earned operating profit of Rs. 20247.72 lakh and net profit after tax of Rs.10108.65 lakh during the financial year 2020-21, as against Rs.13592.79 lakh and Rs.7064.23 lakh respectively during the preceding year 2019-20.

Operating Profit & Net Profit



INCOME EARNED

The details of the income earned are furnished below:

Particulars	2020-21
Interest received on loans and advances	60353.11
Income on investments	11598.42
Interest on RBI balances and other inter-bank funds	4142.60
Non-interest income	8547.15
Total	84641.28

The share of non-interest income to the total income stood at 10.10%.

EXPENDITURE INCURRED

The details of the expenditure incurred are furnished below:

Particulars	2020-21
Interest paid on deposits	35282.47
Interest paid on refinance availed	10185.24
Interest paid on Inter Bank Participation Certificates issued	1256.90
Other expenditure	17668.95
Total	64393.56

The Cost to Income Ratio stood at 46.60% as on 31.03.2021 as against 53.24% as on 31.03.2020.

On similar computation, the Staff Cost to Income Ratio is worked out to be 33.25% as on 31.03.2021 as against 39.08% as on 31.03.2020.



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FINANCIAL RATIOS

Important financial ratios for the current year vis-à-vis that for the previous year are mentioned hereunder:

	2020-21	2019-20
Average Working Funds (Rs. Lakh)	935205.60	750528.91
Financial Return (% of interest income to average working funds)	8.14	8.72
Financial Cost (% of interest expended to average working funds)	5.00	5.71
Financial Margin (Financial Return – Financial Cost)	3.14	3.01
Operating Cost (% of operating expenses to average working funds)	1.89	2.06
Miscellaneous Income (% of non-interest income to average working funds)	0.91	0.86
Operating Profit (Financial Margin + Miscellaneous Income-Operating Cost)	2.16	1.81
Risk Cost (% of loss provisions made to average working funds)	0.58	0.15
Net Margin (Return on Assets) [% of net profit after tax to average working funds]	1.08	0.94

CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio (CRAR) of the Bank stood at 12.41% as on 31.03.2021 as against the mandatory requirement of 9.00% (Previous year: 11.49%)

Out of the above, the Tier I Capital and Tier II Capital stood at 11.57% and 0.84% respectively.

INCOME TAX

Advance tax of Rs. 5300.00 lakh was paid to Income Tax Department.

Provision for Income Tax of Rs. 3173.27 lakh was made during the current year. While arriving at the above provision for income tax, the income tax refunds received pertaining to previous assessment years, viz. 2011-12, 2017-18 and

2020-21 amounting to Rs. 230.31 lakh is also accounted for. The estimate of provision for income tax for the current year stood at Rs. 3403.58 lakh.

HUMAN RESOURCES

The Bank has committed staff strength of 1053 comprising 619 officers, 272 Office Assistants and 162 Office Attendants.

The cadre-wise and grade-wise break-up of manpower in the Bank is given hereunder:

Cadre	Grade	No. of staff
Officer	Senior Management Grade-Scale V	1
	Senior Management Grade-Scale IV	35
	Middle Management Grade- Scale III	84
	Middle Management Grade- Scale II	137
	Junior Management Grade- Scale I	362
	Total	619
OAS (Office Assistant)		272
OAT (Office Attendant)		162
	Grand Total	1053

HUMAN RESOURCE DEVELOPMENT

Bank recruited 32 Office Assistants (OAS) through IBPS – RRB – CWE VIII recruitment during 2020-21 and given appointment under Compassionate Appointment (Medical Grounds) scheme to one applicant as Office Assistant (OAS).

During 2020-21, Bank has effected promotions to 82 staff members in different cadres, viz. 3 Officers from Scale III to Scale IV, 26 Officers from Scale II to Scale III, 21 Officers from Scale I to Scale II and 32 Office Assistants to Officer-Scale I cadre.

Bank has been imparting need-based training to all staff members for enhancing their knowledge and skills. Bank conducted in-house training programs for 74 Office Assistants and nominations were made to premier external training institutes for 388 officers for training in specialized areas in online mode, in the light of the Covid-19 pandemic.



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STAFF WELFARE

Pension Fund for payment of pension to employees in terms of the CGGB (Employees') Pension Regulations, 2018 (as notified in the official gazette by Government of India on 12.12.2018) is created and Rs.14817.00 lakh was provided for, in Schedule 11 of the balance sheet as on 31.03.2019.

Bank charged Rs. 2963.40 lakh to P&L account during the current financial year, i.e. third year. This amortization of pension liability for a period of five years commencing from the year 2018-19 is in accordance with the guidelines issued by NABARD. Thus the un-amortized Pension Fund stood at Rs.5926.80 lakh as on 31.03.2021.

Bank appointed LIC of India as Fund Manager for the pension fund and made payment of Rs. 180.00 lakh to it during the current financial year. This is in addition to the payment of entire balance amount of Rs. 11257.00 lakh during the previous financial year.

Bank made payment of Rs.491.84 lakh to LIC of India and Rs.100.00 lakh to India First Life Insurance Co. Ltd. (IFLIC) towards Group Gratuity, as per the actuarial valuation, during the current financial year.

Bank made payment of Rs.44.75 lakh to LIC of India, Rs.150.00 lakh to IFLIC towards Group Leave Encashment Scheme (GLES), during the current financial year.

Bank also made contributions of Rs.401.42 lakh through Stock Holding Corporation of India Ltd., the Fund Manager for NPS, to NSDL in respect of the employees covered under National Pension System (NPS).

The bank had Group Gratuity Scheme with India First Life Insurance Company Ltd.(IFLIC) as a staff welfare measure in lieu of EDLI. The annual premium is being paid for coverage of Rs.6.00 lakh insurance to all staff members in case of death. The gratuity is paid to staff members on retirement or on death from the Fund regularly.

The Medical Insurance Scheme for Staff is renewed, during the year under report, with New India Assurance Company Ltd. on 06.04.2020, as per Ministry of Finance, GoI, letter dated 20.10.2016 issued in terms of Joint Note dated 25.05.2015 on Salary revision and 10th Bi-Partite Settlement between IBA and Employees' Unions of PSBs. The coverage for Officers, Office Assistants and Office Attendants, along with their dependents, is Rs.4.00 lakh, Rs.3.00 lakh and Rs.3.00 lakh respectively.

Board approved in April 2020 a scheme for *Ex-gratia* of Rs. 20.00 lakh as one-time lumpsum payment to a staff member in service, irrespective of cadre, in the unfortunate event of death due to Covid-19 infection and the scheme commenced from 01.04.2020. Fortunately, there were no such casualties during FY2021.

INDUSTRIAL RELATIONS

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

SC/ST WELFARE

A separate SC/ST cell is functioning at Head Office as per guidelines. The General Manager is the liaison officer. Quarterly Structural Meetings are held with SC/ST Employees' Welfare Association during the year under report. The representation of SCs and STs stood at 174 and 67 respectively, among the total staff strength of 1053 in the Bank.

INTERNATIONAL WOMEN'S DAY CELEBRATIONS

International Women's Day celebrations were conducted at Branches, Regional Offices and Head Office on 08.03.2021.

IBPS – RRB – CWE IX – INTERVIEWS

The Bank has successfully conducted interviews for all RRBs in Andhra Pradesh state, on behalf of Institute of Banking Personnel Selection (IBPS), as Nodal Bank, for candidates for Officer – Scale I, II and III posts, during the year under reference, duly taking all necessary precautions required under 'Covid Appropriate Behavior (CAB)' and the Bank was appreciated by IBPS for the smooth conduct of the same.

RISK MANAGEMENT

The Bank has put in place a comprehensive "Asset Liability Management Policy" for the management of market risk as per the NABARD/RBI guidelines.

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

Asset Liability Committee [ALCO] meets at regular intervals to provide guidance and directions in implementing the risk management initiatives of the Bank. The Management Information System (MIS) required for ALM is being tracked from CBS to the maximum extent.



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The 'liquidity risk' is measured and managed through 'gap analysis' for maturity mismatches based on residual maturity. The liquidity position of the bank is assessed by means of Structural Liquidity Statement and projections in Short Term Dynamic Liquidity Statement.

For assets and liabilities, which are of non-maturity nature, bank is conducting behavioral studies and factoring the observations in the gap analysis. Prudential limits are fixed as per NABARD guidelines and these limits are measured and monitored regularly.

The 'interest rate risk' is also managed through gap analysis.

The ALM status note is being put up to the Board for approval every quarter regularly and the board approved resolution is submitted to NABARD.

OPERATIONAL RISK MANAGEMENT

To have a consistent and effective operational risk management framework which can help achieve organizational objectives with enhanced performance, a booklet in the form of "Dos and Don'ts" on Operational Risk Management is brought out. The booklet is supplied to all the staff members of the Bank. Further, new recruits are provided with the same at the time of joining the bank.

Credit transactions in staff accounts of Rs.50,000/- and above in cash and Rs.1 lakh and above by transfer are monitored on monthly basis regularly.

SECURITY ARRANGEMENTS

Bank has drawn up plans and taken up measures to strengthen the security arrangements at all our branches. Security Officer is posted at Head Office to monitor security arrangements at the branches. Lapses in security arrangements are being identified by the said officer and rectified.

As a part of enhancing security and ambience, 12 branches are shifted to new premises with strong room with adequate space for customer use during the current year.

Burglar Alarms, Fire Extinguishers and CCTV cameras are provided at all the branches.

TECHNOLOGY UPGRADATION

Several technology up-gradations are undertaken by the bank during the year under report and notable ones are highlighted hereunder:

1	NPCI Chatbot PAi integration with our website	NPCI Chatbot PAi integration with our website done on 03.08.2020
2	Balance enquiry services on sending SMS from customer's registered mobile number	Balance enquiry services on sending SMS from customer's registered mobile number, by sending SMS with text "BAL" (all capital letters) to the mobile number "99029 88992" made live on 08.05.2020
3	New BIN 817229 - certification completed for PMJDY accounts	For exclusive PMJDY accounts, our bank got certified new BIN 817229 on 17.08.2020
4	Bank official facebook launched	Our Bank has launched official facebook page @cggb.official on 23.10.2020 On the auspicious occasion of Dussehra, our Bank has made its debut on social media by launching "Official facebook Page" to enable our customers connect to us via social media and be updated about our latest products and notices
5	NEFT integration with UBI	Our Bank had completed testing for migration of NEFT service from eAB to UBI interface on 23.10.2020
6	RTGS integration with UBI	Our Bank had completed testing for migration of RTGS service from eAB to UBI interface on 03.11.2020
7	In-house developed UPI Reconciliation module	Our Bank got in-house developed module for reconciliation of UPI transactions for secure and flexible solution to enable reduction of human intervention and it was implemented on 23.09.2020



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8	Contract for supply, installation, maintenance of Hardware and maintenance of CBS application of the bank	Bank has issued purchase order with M/s Wipro Limited on 24.09.2020 for supply of hardware, installation & implementation of hardware, supply of software, upgradation to Oracle 12C, upgradation to Finacle 10.X (optional) and for providing facility management services for CBS and Network services, AMC of existing H/w, AMC of existing network equipment, ATS of software etc. for a period of five years
9	RTGS service 24X7	Bank had implemented RTGS service 24X7 since 14.12.2020 as per the Reserve bank of India instructions
10	4G link service of Airtel	First time our Bank got installed 4G link service of Airtel in two branches on 09.02.2021
11	Bank entered into an agreement for supply of new hardware and for providing CBS and network facility management services with Wipro on 25.11.2020	M/s Wipro limited has taken over the support services from the incumbent M/s EIT Services India Pvt Ltd on 14.09.2020 and providing of CBS services got continued. Our Bank and CBS services vendor M/s Wipro Limited has executed agreement for supply of hardware, installation & implementation of hardware, supply of software, upgradation to Oracle 12C, upgradation to Finacle 10.X (optional) and for providing facility management services for CBS and Network services, AMC of existing H/w, AMC of existing network equipment, ATS of software etc. for a period of five years on 25.11.2020

12	New Hardware implemented at DC and DR during Dec'2020 and Jan'2021	<ul style="list-style-type: none"> • New CBS Hardware was delivered at DC on 15.12.2020 and at DR on 16.12.2020 • Core servers (App, Web, DB) installation & configuration etc. completed at DC by 08.01.2021 • Core servers (App, Web, DB) installation & configuration etc. completed at DR by 21.01.2021 • CBS solution and data migrated to new Core servers and storage at DC on 25.01.2021 successfully • CBS solution and data migrated to new Core servers and storage at DR on 30.01.2021 successfully
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FINANCIAL INCLUSION INITIATIVE

The Financial Inclusion (FI) is in operation in 239 villages, viz. Guntur District: 147, East Godavari District: 45 and West Godavari District: 47.

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

Implementation of FI during 2020-21 is summarized hereunder:

Sl. No.	Parameter	Target - March 2021	Achievement as on 31.03.2021
1	Deployment of Business Correspondents	220	239
2	No. of transactions from 01-04-2020 to 31-03-2021	17,92,563	29,82,800
3	Volume of business	Rs.49449.75 lakh	Rs.113126.29 lakh



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All BC outlets are active and incremental growth during the year under report is as under:

Parameter	2019-20	2020-21	Growth (%)
Total transactions	19,00,695	29,82,800	56.93
Volume of business (Rs. crore)	685.07	1131.26	65.13
Average transactions per BC per month	756	1147	51.72
Average remuneration to BC (Rs.)	8320	11460	37.74
Transaction cost (Rs.)	16.08	14.35	

The transaction cost decreased from Rs.16.08 during 2019-20 to Rs.14.35 during 2020-21 registering a decrease of 10.76%.

Progress Under PM's Social Security Schemes:

Sl. No.	Name of the Scheme	No. of Accounts/Enrolments	
		March 2020	March 2021
1	PMJDY	1,84,859	2,09,746
		No. of a/cs transacted: 1,74,803	No. of a/cs transacted: 1,98,308
		Zero balance a/cs : 5.44%	Zero balance a/cs : 5.45%
2	PMSBY	3,94,934	5,74,045
3	PMJBY	1,26,804	2,62,453
4	PMAPY	51,256	66,836

Bank registered disbursements under Pradhan Mantri Mudra Yojana (PMMY) of Rs.238.68 Crore as against the target of Rs.400.00 Crore for the year 2020-21.

In respect of PMJDY accounts, the percentage of active Rupay Cards vis-à-vis total Rupay Cards issued by the bank stood at 72.30% as on March 2021.

Overdraft facility disbursed to eligible PMJDY accounts stood at 5.40% as on March 2021.

Aadhaar Seeding of bank accounts is completed to an extent of 94% as on March 2021.

Atal Pension Yojana (APY):

In respect of cumulative average performance under APY, our RRB stood first among RRBs in Andhra Pradesh and

Telangana States for the last six years. Our Bank stood second among RRBs in South India during the current year. Our Bank has received '**Achiever Award**' for surpassing the APY target given by PFRDA during 2020-21. It is apposite to mention that the bank posted a figure of APY enrolments of 72 per branch as against the prescribed target of 60 per branch leading to the said award.

Financial Literacy Centers (FLCs):

Bank has appointed four counselors for the 3 FLCs and they are conducting FLCs as per the target given by RBI at satisfactory level. 416 Financial Literacy Awareness Camps (FLACs) are conducted by the FLCs, out of which 63 are Special Camps on 'Going Digital' and 353 are 'Target Group' specific camps through rural branches, during the year under report.

NABARD has sanctioned Rs.24.96 lakh as grant assistance under Financial Inclusion Fund (FIF) to conduct 416 FLCs during 2020-21, against which 416 camps are conducted in the second half-year i.e. October 2020 to March 2021, due to the lockdown during the earlier period.

Bank has also successfully conducted 33 Street Plays (NUKKAD NATAK) during the period of 12.03.2021 to 25.03.2021 under the support of NABARD FIF.

Bank has also conducted one-day training programme for all the Business Correspondents (BCs) through online mode owing to Covid-19 pandemic.

INTERNAL INSPECTION

As on 31.03.2021, out of 169 branches eligible for inspection, Regular Internal Inspection of all the 169 branches is completed.

Out of these 169 branches, 127 branches have got 'A' rating and 42 branches have got 'B' rating.

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

CONCURRENT AUDIT

Concurrent audit of branches, by independent chartered accountant firms and a few retired officers of our Bank, is undertaken for 98 branches during FY2021. 21 branches are brought under the purview of concurrent audit during the year under reference to have contemporaneous examination of the operations at branches for initiating early corrective action wherever necessary.

STATUTORY INSPECTION BY NABARD

NABARD has conducted tenth statutory inspection under section 35(6) of Banking Regulation Act, 1949, from 23.12.2020 to 08.01.2021, with reference to the financial position of the bank as on 31.03.2020.



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MANAGEMENT AUDIT BY SPONSOR BANK

Sponsor Bank, i.e. Union Bank of India has conducted the Management Audit (MAD) of the Bank from 09.09.2020 to 11.09.2020. The Bank has secured "VERY GOOD" rating.

MoU REVIEW BY SPONSOR BANK

The performance of the bank is reviewed by Executives of Union Bank of India, with reference to Memorandum of Understanding (MoU) with sponsor bank for FY2021, once in a quarter, that provided valuable insights for the growth of the Bank.

A detailed report for review by sponsor bank, on the performance of the bank under various parameters, is also submitted every quarter to Agri Business Department, Central Office (Annex.), Union Bank of India, Hyderabad.

VIGILANCE AWARENESS WEEK

Vigilance Awareness Week is observed from 27.10.2020 to 02.11.2020 in accordance with instructions from Central Vigilance Commission (CVC), New Delhi under the guidance of Vigilance Department, Union Bank of India, Mumbai. As part of it, 'Integrity Pledge' is undertaken by all the staff at branches, regional offices and head office on 27.10.2020.

FRAUD CASES

During the year under report, no fraud incidents are discovered.

SOCIAL RESPONSIBILITY

The Bank has always been mindful of its obligation to the Society and has been in the vanguard in participating in events of importance and utility to the Society which it serves.

The Covid-19 pandemic had a telling impact on the populace in the area of operation of our bank and in fact it derailed the economic activities to a significant extent during the period of lockdown. In response to it, financial assistance to the tune of Rs. 0.70 lakh is provided to organizations or agencies that tried to provide solace to the people affected by the said pandemic.

AWARDS AND ACCOLADES

During the year under reference, a good number of awards and accolades are received by the bank for its performance under various parameters set by the shareholders and notable among them are mentioned hereunder:

I] Financial Inclusion – APY:

- (i) APY- Art of Possible Campaign– for Q1 FY2021
- (ii) APY- Shine & Succeed Campaign -6th Jul'20 to 14th Aug'20
- (iii) APY- Old Age Financial Freedom Fighters (FFF) Campaign - 14th Aug'20 to 30th Sep'20
- (iv) APY - Lead To Leap Campaign – for Q2 FY2021
- (v) APY - Out Performers' Campaign - for Q3 FY2021
- (vi) APY - Wondrous Warriors of Winning Wednesday Award – Feb'2021
- (vii) APY - Game Changers Award – for Q4 FY2021
- (viii) APY - Annual Award for FY 2020-21

II] Information Technology:

- (i) RUNNER UP in "Infosys Finacle Client Innovation Awards 2020 – Process Innovation Awards Category" for " Integration of Financial Inclusion Gateway with Finacle Core Banking Solution"
- (ii) RUNNER UP award from ASSOCHAM (The Associated Chambers of Commerce & Industry of India, New Delhi) under "Digital Financial Services" - under Regional Rural Banks category pan-India

III] Credit Portfolio:

Award from National Rural Livelihood Mission (NRLM), Ministry of Rural Development, Government of India - The best performing RRB among all RRBs in South India under SHG-Bank Linkage Programme, for the financial year 2019-20

BOARD MEETINGS

Six board meetings have been convened by the Bank during the calendar year 2020 and a minimum of one meeting was held during each quarter thus meeting the stipulated number for conduct of board meetings.

The number of board meetings held during FY2021 were also six only.

18 Circular Resolutions were passed by the Board of Directors owing to urgency, during the year under reference. All these resolutions were confirmed by the Board in its next meetings.

Two board level committees, viz. Audit Committee and Special Committee of the Board to monitor Fraud Cases of Rs. 20.00 lakh and above (SCBF) met three times during the year FY2021.



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The following Directors have assumed Office during the year under report:

- Mr. G Chandrakanth, A.G.M., RBI, Regional Office, Hyderabad
- Mr. R Inigo Arul Selvan, Dy.G.M., NABARD, APRO, Hyderabad
- Mr. I Satyanarayana Murthy, Regional Head, Union Bank of India, R.O., Eluru

The following Directors have vacated office during the year under Report:

- Mr. M Venkatesh, Dy.G.M, RBI, Regional Office, Hyderabad
- Mr. Subhash Seraphim, Dy.G.M., NABARD, APRO, Hyderabad
- Mr. A Koteswara Rao, Regional Head, Union Bank of India, R.O., Eluru

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

GRATEFUL ACKNOWLEDGEMENTS

The Board wishes to place on record its appreciation for the patronage extended by its valued customers, which has enabled the Bank to show good business performance during the current year. The Board thanks its clientele for the confidence reposed in the Bank and their continued patronage despite lockdown and resultant disruption of banking services during the first half-year of FY2021 on account of Covid-19 pandemic. The Bank renews its obligation for rendering a better service in the years to come.

The Board ardently wishes to thank the shareholders of the Bank, viz. Government of India, Union Bank of India and Government of Andhra Pradesh for their valuable support at all levels for the growth and development of the Bank.

The Board also expresses its sincere gratitude to Reserve Bank of India, National Bank for Agriculture and Rural Development (NABARD), Union Bank of India for their valuable guidance and encouragement extended to the Management from time to time.

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

The Board also thanks the Statutory Central Auditors, M/s Basha&Narasimhan, Visakhapatnam and 17 Statutory Branch Auditors, viz. M/s Grandhy& Co., Visakhapatnam, M/s M. Bhaskara Reddy & Co., Guntur, M/s Ravi Sarma & Co., Kakinada, M/s Rao & Sharma, Bhimavaram, M/s Eswara Rao & Co., Guntur, M/s Vasireddy & Associates, Guntur, M/s Garlapati & Co., Guntur, M/s Ranjit& Associates, Guntur, M/s Ajay S Agarwal & Associates, Guntur, M/s Sudi& Co., Guntur, M/s HVJ & Associates, Tirupati, M/s K K Chowdary Associates, Bapulapadu, M/s Durga Subrahmanyam & Associates, Vijayawada, M/s Ramesh & Co, Vijayawada, M/s MMGS & Associates, Vijayawada, M/s Suresh Siva & Co, Vijayawada and M/s Ramineni & Associates, Guntur for their cooperation, guidance and completion of the statutory audit within the scheduled timeline and their valued inputs for scaling up the efficiency in operations of the bank at various functional levels.

The Board records its admiration for all the staff members for their dedicated involvement in the growth and functioning of the Bank. It is due to their unstinted efforts that the Bank could post good performance during this year and could surpass the targets under the MoU under many parameters. The Board looks forward for their ambitious drive and lasting efforts for the overall development of the Bank in upcoming years also.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

T Kameswara Rao
Chairman

G Chandrakanth
Nominee Director,
RBI

R Inigo Arul Selvan
Nominee Director,
NABARD

I Satyanarayana Murthy
Nominee Director,
Union Bank of India

Place : Guntur

Date : 5th June, 2021



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KEY PERFORMANCE INDICATORS

Sl. No.	Key Performance Indicators	2018-19	2019-20	2020-21
Amount Rs. lakh				
1	No. of Districts covered	3	3	3
2	No. of Branches	218	220	222
	a) Rural	121	123	125
	b) Semi-Urban	75	75	75
	c) Urban	22	22	22
3	Total Staff	975	1062	1053
	a) Officers	571	623	619
	b) Office Assistants	242	277	272
	c) Office Attendants	162	162	162
4	Deposits	445776.88	537971.34	653966.86
	Growth %	14.10	20.68	21.56
5	Loans & Advances	512275.03	538668.46	687732.89
	Growth %	22.28	5.15	27.67
	Loans & Advances net of IBPC of Rs. 50000 lakh, Rs. 35000 lakh and Rs. 60000 lakh respectively	462275.03	503668.46	627732.89
	Growth %	23.63	8.95	24.63
6	Borrowings Outstanding	185808.12	176227.71	228060.58
	Growth %	51.98	(-)5.16	29.41
7	CD Ratio	103.70	93.62	95.99
8	Investments Outstanding	133267.77	132219.59	168458.24
	Growth %	34.70	(-)0.79	27.41
9	Average Deposits	386678.91	472426.06	601310.22
	Growth %	15.13	22.18	27.28
10	Average Loans & Advances	478289.69	510858.59	594881.15
	Growth %	25.15	6.81	16.45
11	Average Borrowings	165587.72	141247.73	194688.18
	Growth %	40.67	(-)14.70	37.83
12	Average Investments	99585.78	120350.49	165819.93
	Growth %	12.27	20.85	37.78
13	Average Working Funds	668479.61	750528.91	935205.60



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Sl. No.	Key Performance Indicators	2018-19	2019-20	2020-21
Amount Rs. lakh				
14	Loans Issued during the year			
	a) Loans to Priority Sector	385508.58	413279.63	578205.10
	b) Loans to Non-Priority Sector	42266.53	17788.47	16763.83
	c) Total Loans issued	427775.11	431068.10	594968.93
15	per- Branch Business	4165.38	4734.73	5773.42
16	per- Employee Business	920.05	971.41	1208.64
17	Recovery Performance (% of Collection to Demand)	81.15	82.54	67.59
18	Classification of Advances			
	a) Standard Assets	507597.92	533018.06	680863.65
	b) Sub-standard Assets	2678.26	2674.30	2921.84
	c) Doubtful Assets	1911.67	2700.56	3583.34
	d) Loss Assets	87.18	275.54	364.06
	Total NPAs	4677.11	5650.40	6869.24
	Total Advances	512275.03	538668.46	687732.89
19	% of Standard Assets to Gross Advances Outstanding	99.09	98.95	99.00
20	Interest Paid on			
	a) Deposits	24744.22	31071.51	35282.47
	b) Borrowings	11107.60	9192.38	10185.24
21	Salary & Allowances	9893.31	11361.92	12606.19
22	Other Operating Expenses	4203.34	4116.60	5062.76
23	Provisions made against Loans and Advances			
	a) Against NPA	4048.77	4525.00	6870.00
	b) Other Provisions	1402.76	1476.10	1915.20
	Total	5451.53	6001.10	8785.20
24	Interest Received on			
	a) Loans & Advances	49961.42	53888.03	60353.11
	b) Investments	7453.69	9419.86	11598.42
25	Other Income	5584.37	2126.85	4142.60
26	Profit Before Tax	11352.20	11505.98	13281.92
27	Profit After Tax	6649.76	7064.23	10108.65
28	Cost to Income Ratio	53.29	53.24	46.60



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AUDITOR'S REPORT

Independent Auditor's Report on the Financial Statements

To

The Shareholders

Chaitanya Godavari Grameena Bank

Opinion

1. We have audited the accompanying financial statements of Chaitanya Godavari Grameena Bank ("the Bank") as at 31st March 2021, which comprises of Balance Sheet as at 31st March 2021, Profit and Loss Account and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, Incorporated in these financial statements are the returns of:

- i. The Head Office and 20 Branches audited by us
- ii. 183 Branches audited by other auditors.

The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by National Bank for Agriculture and Rural Development ("NABARD"). Also incorporated in the Balance Sheet and the Statement of Profit and Loss are the returns from 19 branches which have not been subjected to audit. These unaudited branches account for 2.74% of deposits, 3.00% of advances, 2.54% of interest income and 1.88% of interest expenses.

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

- i. The Balance Sheet, read with the significant accounting policies and the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, and is properly drawn up so as to exhibit a true and fair

view of state of affairs of the Bank as at 31st March 2021 in conformity with accounting principles generally accepted in India;

- ii. The Profit and Loss Account, read with the significant accounting policies and the notes thereon shows a true balance of profit, is in conformity with accounting principles generally accepted in India, for the year covered by the account; and
- iii. The Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") issued by Institute of Chartered Accountants of India ("ICAI"). 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 ethical requirements that are relevant to our audit of the financial statements, 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

4. Without qualifying our opinion, we bring to your attention the following:
 - (i) We draw attention to Note Number 24 of the financial statements, which describes the extent to which COVID-19 Pandemic will impact the Bank's operations and financial results. This is significantly dependent on future developments, which are highly uncertain.



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- (ii) The Government imposed lockdown and travel restrictions have resulted in restriction on physical visit to the Bank and to rely on alternative audit procedures as per the Standards on Auditing prescribed by ICAI.

As a result of the above, the entire statutory audit of the bank has been carried out remotely based on data shared by the Bank through electronic mode. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit of Bank Branch under current COVID-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the Chairman of the Bank that Physical Verification of Cash/ Gold/Stationery has been done by the Bank and the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the bank without any further manual modifications.

The financial statements of the Bank has been thus prepared and presented by the bank and audited by us in the aforesaid conditions.

Other Matter

5. Without qualifying our opinion, we bring to your attention the following:

We did not audit the financial statements / information of 183 Branches included in the financial statements of the Bank whose financial statements / financial information reflect total advances of Rs. 5,22,858.27 Lakhs as at 31st March 2021 and total revenue of Rs. 67,337.17 Lakhs (Interest on advances and Commission Income) for the year ended on that date. The financial statements / information of these branches have been audited by the other auditors whose reports have been furnished to us, and in

our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such other auditors.

Responsibility of the Management and those charged with Governance for the Financial Statements

6. The Bank's Management and Board of Directors are responsible for preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of Bank in accordance with the applicable provisions of Regional Rural Banks Act, 1976, Banking Regulation Act, 1949, complying with the guidelines issued by Reserve Bank of India ("RBI") and NABARD from time to time and recognized accounting policies and practices generally accepted in India, including the Accounting Standards issued by ICAI. 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 judgements 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.



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Auditor's Responsibility for audit of financial statements

7. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We also:

- (i) 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.
- (ii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iii) 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.
- (iv) 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.



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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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949. Subject to the limitations of the audit indicated in paragraph 4 to 7 above and as required by the Regional Rural Banks Act, 1976 and the Banking Companies (Regulation) Act, 1949, and subject also to the limitations of disclosure required therein, we report that:

- (i) We have obtained all the information and explanations which to the best of our knowledge

and belief, were necessary for the purposes of our audit and have found them to be satisfactory.

- (ii) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- (iii) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
- (iv) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the Books of Accounts and the Returns.
- (v) In our opinion, proper books of accounts as required by law have been kept by the Bank so far as appears from our examination of those books.
- (vi) The report on the financial statements of the branches audited by branch auditors have been dealt with in preparing our report in the manner considered necessary by us.

In our opinion, Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

Place : Visakhapatnam

Date : 5th June, 2021

for BASHA & NARASIMHAN
CHARTERED ACCOUNTANTS
Firm's Registration No: 006031S

(Rameez Raja Shaik)
Membership No: 246786
Partner
UDIN : 21246786AAAAAG3771



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CHAITANYA GODAVARI GRAMEENA BANK

Sponsored by Union Bank of India

HEAD OFFICE : GUNTUR

FORM- A

BALANCE SHEET AS ON 31st MARCH 2021

PARTICULARS	SCHEDULE	Rs in '000	
		31.03.2021	31.03.2020
CAPITAL & LIABILITIES			
Share Capital	1	74422	74422
Reserves & Surplus	2	5984890	4974025
Deposits	3	65396686	53797134
Borrowings	4	22806058	17622771
Other Liabilities & Provisions	5	2314553	2254399
TOTAL		96576609	78722751
ASSETS			
Cash & Balances with R B I	6	3140370	2814062
Balance with Banks & Money at call and Short Notice	7	9915768	8241242
Investments	8	16845824	13221959
Advances *	9	62086289	49914346
Fixed Assets	10	324170	160702
Other Assets	11	4264188	4370440
TOTAL		96576609	78722751
Contingent Liabilities	12	335113	166335
Bills for Collection		179017	120397



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* Advances are netted of IBPC of Rs.600.00 crore as on 31.03.2021 and Rs.350.00 crore as on 31.03.2020

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

As per our report of even date
For BASHA & NARASIMHAN
CHARTERED ACCOUNTANTS
Firm's Registration No: 006031S

(Rameez Raja Shaik)
Membership No: 246786
Partner
UDIN : 21246786AAAAAG3771

BOARD OF DIRECTORS

G Chandrakanth
Nominee Director,
RBI

T Kameswara Rao
Chairman

R Inigo Arul Selvan
Nominee Director,
NABARD

I Satyanarayana Murthy
Nominee Director,
Union Bank of India

Place : Guntur

Date : 5th June, 2021



CHAITANYA GODAVARI GRAMEENA BANK

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CHAITANYA GODAVARI GRAMEENA BANK

Sponsored by Union Bank of India
HEAD OFFICE : GUNTUR

FORM- B

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March 2021

PARTICULARS	SCHEDULE	Rs in '000	
		31.03.2021	31.03.2020
1. INCOME			
Interest earned	13	7609413	6543474
Other Income	14	854715	650120
Total		8464128	7193594
2. EXPENDITURE			
Interest Expended	15	4672461	4286463
Operating Expenses	16	1766895	1547852
		6439356	5834315
Provisions & Contingencies		696580	208681
TOTAL		7135936	6042996
3. PROFIT / LOSS			
A. Net Profit before Tax for the year(1-2)		1328192	1150598
Less: Provision for Income Tax		317327	479575
Add: Deferred Tax Asset		0	35400
Net Profit after Tax for the year		1010865	706423
B. Net Profit after Tax for the year		1010865	706423
Profit brought forward from the previous year		100	100
TOTAL		1010965	706523
4. APPROPRIATIONS			
Transferred to Statutory reserve		202200	141400
Transferred to General reserve		808665	486323
Transferred to IFR		0	78700
Balance carried forward to balance sheet		100	100
TOTAL		1010965	706523
Significant accounting policies	17		
Notes forming part of the accounts	18		



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The schedules referred to above and schedules 17 & 18 form an integral part of
Profit & Loss A/c

As per our report of even date
For BASHA & NARASIMHAN
CHARTERED ACCOUNTANTS
Firm's Registration No: 006031S

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CHAITANYA GODAVARI GRAMEENA BANK

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CHAITANYA GODAVARI GRAMEENA BANK

HEAD OFFICE : GUNTUR

SCHEDULE 1

CAPITAL

Rs. in '000

Particulars	31.03.2021	31.03.2020
Authorised Capital of 200,00,00,000 Shares of Rs.10 each	20000000	20000000
Issued,Subscribed & Paid up Capital of 74,42,200		
Shares of Rs.10/- each	74422	74422
Total	74422	74422

SCHEDULE 2

RESERVES & SURPLUS

Rs. in '000

Particulars	31.03.2021	31.03.2020
I Statutory Reserves		
A. Opening Balance	994953	853553
B. Additions during the year	202200	141400
II Capital Reserve	24000	24000
III Share Premium	0	0
IV Revenue and Other Reserves		
A. General Reserve		
a. Opening Balance	3836972	3350649
b. Additions during the year	808665	486323
c. Drawals during the year	0	0
B. Investment Fluctuation Reserve		
a. Opening Balance	118000	39300
b. Additions during the year	0	78700
V Balance in Profit & Loss A/c.	100	100
Total	5984890	4974025



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SCHEDULE 3

DEPOSITS

Rs. in '000

Particulars	31.03.2021	31.03.2020
I. Demand Deposits		
i. From Banks	0	0
ii. From Others	1290451	1125777
II. Saving Bank Deposits	18875513	15836907
III. Term Deposits		
i. From Banks	900000	1000000
ii. From Others	44330722	35834450
TOTAL	65396686	53797134

SCHEDULE 4

BORROWINGS

Rs. in '000

Particulars	31.03.2021	31.03.2020
I. Borrowings in INDIA		
i. Reserve Bank of India	0	0
ii. Other Banks - Union Bank of India	0	149
iii. NABARD	22777199	17566131
iv. Other Inst. & Agencies	28859	56491
TOTAL	22806058	17622771



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SCHEDULE 5

OTHER LIABILITIES AND PROVISIONS

Rs. in '000

Particulars	31.03.2021	31.03.2020
Other Liabilities and Provisions		
I. Bills payable	30285	32106
II. Inter-Office adjustments (Net)	0	0
III. Interest Payable	109321	135499
IV. Others (Including Provisions)	2174947	2086794
TOTAL	2314553	2254399

SCHEDULE 6

CASH & BANK BALANCES WITH RBI

Rs. in '000

Particulars	31.03.2021	31.03.2020
Cash & Bank Balances with RBI		
I. Cash on Hand	917051	707972
II. Balances with Reserve Bank of India		
i. In Current Account	2223319	2106090
ii. In Other Accounts		
TOTAL	3140370	2814062



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SCHEDULE 7

BALANCES WITH BANKS AND MONEY AT CALL & SHORT NOTICE

Rs. in '000

Particulars	31.03.2021	31.03.2020
1. IN INDIA		
I. Balances with Banks		
a) in Current Account	1927118	1340085
b) in Other Deposit Accounts	7978650	6901157
II. Money at Call & Short Notice		
a) with Banks		
b) with Other Institutions	10000	0
Total	9915768	8241242

SCHEDULE 8

INVESTMENTS

Rs. in '000

Particulars	31.03.2021	31.03.2020
I. INVESTMENTS IN INDIA		
i. Govt. Securities	15303495	11400124
ii. Other Approved Securities	0	0
iii. Shares	0	0
iv. Debentures & Bonds	1362329	1821835
v. Others-Mutual Funds	180000	0
Total	16845824	13221959



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SCHEDULE 9

ADVANCES

Rs. in '000

Particulars	31.03.2021	31.03.2020
A. I. Bills Purchased & Discounted	2518	756
II. Cash Credits, Overdrafts & Loans repayable on demand*	52303330	42086407
	9780441	7827183
III. Term Loans	62086289	49914346
TOTAL	61704632	49667464
B. I. Secured by Tangible Assets*	0	0
II. Covered by Banks/Govt. guarantees	381657	246882
III. Unsecured	62086289	49914346
TOTAL		
C. I. Advances in India	58142191	46183454
a. Priority Sector*	0	0
b. Public Sector	0	0
c. Banks	3944098	3730892
d. Others	62086289	49914346
TOTAL OF C (I)	0	0
C. II. Advances outside India	62086289	49914346
TOTAL OF C (I) & C (II)		

* Advances are netted of IBPC of Rs.600.00 crore as on 31.03.2021 and Rs.350.00 crore as on 31.03.2020



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SCHEDULE 10

FIXED ASSETS

Rs. in '000

Particulars	31.03.2021	31.03.2020
I. Premises	0	0
II. Other Fixed Assets		
WDV as on 31st March of the Previous year	160702	166145
Add: Additions during the year	204875	31682
Less: Deductions during the year	387	772
WDV at the end of the year before depreciation	365190	197055
Less: Depreciation for the year	41020	36353
Total	324170	160702

SCHEDULE 11

OTHER ASSETS

Rs. in '000

Particulars	31.03.2021	31.03.2020
I. Inter Office Adjustments (Net)	0	7
II. Interest Accrued	1006136	783029
III. Tax paid in advance / TDS	530000	568110
IV. Stationery & Stamps	11952	12542
V. Non Banking Assets Acquired	0	0
VI. Pension Fund	592680	889020
VII. DTA	69965	69965
VIII. Others	2053455	2047767
Total	4264188	4370440



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SCHEDULE 12 CONTINGENT LIABILITIES

Rs. in '000

Particulars	31.03.2021	31.03.2020
1. Guarantees given on behalf of constituents	169517	151803
2. DEAF scheme - Amount transferred to RBI	165596	14532
3. Others	0	0
Contingent Liabilities - Total	335113	166335
Bills for collection	179017	120397

SCHEDULE 13 INTEREST EARNED

Rs. in '000

Particulars	31.03.2021	31.03.2020
I. Interest/Discount on Advances/Bills	6035311	5388803
II. Income on Investments	1159842	941986
III. Interest on balances with RBI and other Inter-Bank Funds	414260	212685
IV. Others	0	0
Total	7609413	6543474

SCHEDULE 14 OTHER INCOME

Rs. in '000

Particulars	31.03.2021	31.03.2020
I. Commission, Exchange & Brokerage	34639	29432
II. Profit on sale of Bank Assets	416	80
III. Profit on sale of Investments	141713	78748
Profit on revaluation of Investments	0	0
Depreciation on Non-SLR investments	0	0
IV. Miscellaneous	677947	541860
Total	854715	650120



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SCHEDULE 15

INTEREST EXPENDED

Rs. in '000

Particulars	31.03.2021	31.03.2020
I. Interest on Deposits	3528247	3107151
II. Interest on RBI/Inter-Bank Borrowings	1018524	919238
III. Others	125690	260074
Total	4672461	4286463

SCHEDULE 16

OPERATING EXPENSES

Rs. in '000

Particulars	31.03.2021	31.03.2020
I. Payments to & provisions for employees	1260619	1136192
II. Rent, Taxes & Lighting	62628	58430
III. Printing & Stationery	9408	10597
IV. Publicity	1139	2901
V. Depreciation on Bank's property	41020	36353
VI. Directors fee, allowances and expenses	0	0
VII. Auditors fees and expenses	4261	2390
VIII. Law charges	1392	191
IX. Postage, telegrams, telephones	1993	2877
X. Repairs and Maintenance	13447	12898
XI. Insurance	99234	63619
XII. Other Expenditure	271754	221404
Total	1766895	1547852



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HEAD OFFICE : GUNTUR

SCHEDULE – 17

SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL:

1.1 Basis of preparation

The Bank's financial statements are prepared on historical cost convention and on accrual basis of accounting, unless otherwise stated, by following going concern assumption and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India which comprise applicable statutory provisions, regulatory norms/ guidelines prescribed by the Reserve Bank of India (RBI)/ National Bank for Agriculture and Rural Development (NABARD), Banking Regulation Act, 1949, Regional Rural Banks Act, 1976 as amended up to date, Accounting Standards, Guidance Notes issued by the Institute of Chartered Accountants of India (ICAI) and practices prevailing in the banking industry in India.

1.2 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 of date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the financial statements are prudent and reasonable and are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Future results could differ from these estimates. Any revision in the accounting estimates is recognized in the period in which the results are known / materialized.

2. REVENUE RECOGNITION:

2.1 Income and Expenditure are generally recognized on accrual basis, except the following:

- i. Interest on non-performing advances and non-performing investments is recognized based on realization as per prudential norms laid down by Reserve Bank of India, in view of uncertainties of collection of income in such cases.
- ii. Income by way of commission, exchange, brokerage, fee and interest on overdue bills are accounted for on realization.
- iii. Locker rent and commission on bank guarantees are recognized on realization basis.
- iv. In case of suit filed accounts, related legal and other expenses incurred are charged to Profit and Loss account and on recovery the same are accounted as income.

2.2 Partial recoveries in non-performing advances are appropriated in the following order of priority:

- i. Expenditure/out of pocket expenses incurred for recovery
- ii. Interest irregularities/accrued interest
- iii. Principal irregularities i.e., Principal outstanding in the account



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- 2.3 In case of non-performing advances involving compromise settlements, the recoveries are first adjusted towards principal.

3. INVESTMENTS:

The guidelines issued by RBI for Investment Portfolio of RRBs are adopted by our Bank.

3.1 Categorization

The entire investment portfolio of the RRBs comprising SLR securities and non-SLR securities are classified under three categories viz. 'Held to Maturity', 'Available for Sale' and 'Held for Trading'.

However, in the Balance Sheet, the investments will continue to be disclosed as per the existing five classifications viz. (1) Government Securities (2) Other Approved Securities (iii) Shares (iv) Debentures & Bonds (v) Others like Mutual Fund Units, etc.

RRBs should decide the category of the investment at the time of acquisition and the decision should be recorded on the investment proposals.

3.2 Definitions

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

3.3 Valuation

- A. In determining the acquisition cost of an investment,
 - (i) Brokerage, commission, securities transaction tax and stamp duty paid in connection with acquisition of investments is treated as revenue expenditure.
 - (ii) Broken period interest paid/received on debt instruments is treated as interest expense/income and is excluded from cost/sale consideration.
 - (iii) Cost is determined on the weighted average cost method for all the categories of investments.
- B. The investments are valued in accordance with the guidelines issued by Reserve Bank of India on the following basis:
 - i. Investments classified under Held to Maturity category need not be marked to market and will be carried at acquisition cost unless it is more than the face value, in which case the premium should be amortized over the period remaining to maturity.

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

However, the deduction need not be disclosed separately. The book value of the security should continue to be reduced to the extent of the amount amortized during the relevant accounting period.
 - ii. The individual scrips in the Available for Sale category will be marked to market at quarterly or at more frequent intervals. The book value of the individual securities would not undergo any change after the revaluation.



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

3.4 Accounting Procedure

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

3.5 Prudential Norms

Investments are classified as Performing and Non-Performing, based on the guidelines issued by the Reserve Bank of India.

4. FIXED ASSETS:

- (a) Fixed assets are stated at historical cost net of depreciation.
- (b) Depreciation on fixed assets has been provided as per written down value method as under:
 - (i) Rates of depreciation:
 - ❖ 10% on Wooden & Steel furniture items and Electrical installations etc.
 - ❖ 15% on Plant & Machinery, Motor Vehicles (Car & Jeep) and Cycles
 - ❖ 60% on Computers, Computer equipment and Software
 - ❖ 10% on Library
 - (ii) Assets having original cost less than or equal to Rs. 5,000/- will be depreciated 100% leaving a residual value of Rs. 1/- only.
 - (iii) In respect of assets purchased during the year, depreciation is provided proportionately as per the number of days the asset is put to use by the bank during the year.
 - (iv) Depreciation is calculated in furniture module of the system and the same is provided manually in respect of Library.

5. IMPAIRMENT OF ASSETS:

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Statement of Profit and Loss to the extent the carrying amount of assets exceeds their estimated recoverable amount.

6. DEPOSITS:

The Bank provides interest at the rate applicable to SB accounts towards Interest on overdue deposits in terms of the RBI guidelines.

7. ADVANCES:

- a. All advances of the Bank have been classified into Performing (Standard) and Non-Performing Assets (Sub-standard, Doubtful and Loss Assets).
- b. Provision in respect of Non-Performing Assets is made as per the Prudential Norms issued by RBI/NABARD and the provisions are as under:



CHAITANYA GODAVARI GRAMEENA BANK

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- (i) Sub-standard Assets: 15% on secured portion and 25% on unsecured portion
- (ii) Doubtful Assets under D1 category: 25% on secured portion and 100% on unsecured portion
- (iii) Doubtful Assets under D2 category: 40% on secured portion and 100% on unsecured portion
- (iv) Doubtful Assets under D3 category and loss assets: 100 %
- c. Provision in respect of Non-performing Assets has been deducted from the advances.
- d. A general provision on Standard Advances (Performing Assets) and floating provision on advances have not been deducted from advances, but are shown under the head "Other Liabilities & Provisions" in the liabilities side of the Balance Sheet.
- e. Unrealized Interest on Non-Performing assets is not recognized as income.
- f. Partial recoveries in nonperforming assets are apportioned first to the charges & interest and thereafter to the principal.

8. EMPLOYEE BENEFITS

8.1 Short Term Employee Benefits

The undiscounted amounts of employee benefits payable wholly within twelve months of rendering the service by employees are classified as short term and are recognized during the period in which the employee renders the related service.

8.2 Long Term Employee Benefits

(i) Defined Contribution Plans

Government of India accorded approval for grant of pension to the employees of RRBs vide its letter F.No. 8/20/2010-RRB dated 23.10.2018. Board vide its resolution no. 2714 dated 30.10.2018 approved adoption of Chaitanya Godavari Grameena Bank (Employees') Pension Regulations, 2018.

Contributions to the recognized provident fund and/or National Pension Scheme (NPS) shall be made in terms of the said pension regulations.

The accounting shall be made as per the extant guidelines applicable there for, as communicated by Gol/NABARD/Sponsor Bank from time to time.

(ii) Defined Benefit Plans

Employees' gratuity, pension and leave encashment are defined benefit plans.

a. Gratuity:

Bank has formulated a trust and the Trustees have obtained a Group Gratuity policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

The present value of the Bank's obligations under Gratuity is recognized on the basis of an actuarial valuation as at the year end and the fair value of the Plan assets is reduced from the gross obligations to recognize the obligation on a net basis.

As per the actuarial valuation given by LIC, the Bank shall make payment to the LIC. The trust shall also make investments with India First Life Insurance Company Ltd. (IFLIC) towards gratuity.



CHAITANYA GODAVARI GRAMEENA BANK

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b. Pension:

Government of India issued notification on CGGB (Employees') Pension Regulations, 2018 in its official gazette on 12.12.2018 and accordingly "CGGB (Employees') Pension Fund" is constituted by the Bank.

The contribution to the pension fund shall be in terms of the aforesaid regulations.

The accounting shall be made as per the extant guidelines applicable there for, as communicated by GoI/NABARD/Sponsor Bank from time to time.

c. Leave Encashment:

- i. Encashment of Earned leaves during the tenure of service on account of LFC/LTC is charged to Profit & Loss Account as and when it arises.
- ii. Towards encashment of earned leave at the time of retirement etc., Bank is maintaining a fund with LIC of India which makes actuarial valuation and accordingly amounts are invested in the fund every year. Funds are invested under Group Leave Encashment Scheme (GLES) with India First Life Insurance Company Ltd. (IFLI) also.

9. ACCOUNTING STANDARD 17: SEGMENT REPORTING

In terms of the compliance to the accounting standard, bank has adopted the following:

- (i) The business segment is considered as the only reporting format.
- (ii) The business segments will be Retail Banking and Treasury only.
- (iii) The allocation of expenditure among the segments will be made on a reasonable and consistent basis.

10. ACCOUNTING STANDARD 22: ACCOUNTING FOR TAXES ON INCOME

The standard is applied in accounting for taxes on income. This includes the determination of the amount of the expenses or saving related to taxes on income in determination of the amount period and the disclosure of such an amount in the financial statement. This accounting standard provides for creation of either a 'Deferred Tax Asset (DTA)' or a 'Deferred Tax Liability (DTL)' in the books of accounts of the bank.

11. TAXES ON INCOME:

- 11.1 Income tax expenses is the aggregate amount of
 - a. current tax provision and
 - b. deferred tax charge
- 11.2 Current tax provision is the amount of tax for the period which is determined in accordance with the provisions of Income Tax Act, 1961 and the rules made there under.
- 11.3 Deferred tax charge is determined in accordance with the provisions of Income Tax Act, 1961 and as per Accounting Standard 22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India and is the net change in the deferred tax asset or liability during the year. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income and reversal of timing differences of earlier years.
- 11.4 Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.



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- 11.5 Deferred tax assets are not recognized unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realized.
- 11.6 Deferred tax assets are recognized and reassessed at each reporting date, based upon the management's judgment as to whether realization is considered as reasonably/virtually certain.

12. ACCOUNTING STANDARD 25: INTERIM FINANCIAL REPORTING

There shall be a quarterly review by Statutory Central Auditors (SCA) for the period ended 30th June, 30th September and 31st December. Such exercise of quarterly review shall be made with major thrust on the verification of income and expenditure items and not on balance sheet items except to the extent that such items have an impact on the income and expenditure of the bank.

13. PROVISIONS & CONTINGENT LIABILITIES:

- 13.1 In conformity with AS 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the Bank shall recognize provisions only when:
- it has a present obligation as a result of a past event.
 - it is probable that an 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.
- 13.2 No provision is recognized for:
- 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
 - any present obligation that arises from past events but is not recognized because
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
 - 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.
- 13.3 All unclaimed liabilities, where amount due has been transferred to Depositor Education and Awareness Fund Scheme [DEAF] of RBI, are reflected as "Contingent Liability – Others, items for which the bank is contingently liable" under Schedule 12 of the annual financial statements.
- 13.4 Contingent Assets are not recognized in the financial statements.

14. NET PROFIT:

The Net Profit disclosed in the Profit and Loss Account is after__

- Provision on standard assets
- Provision on loan losses
- Provision for non-performing investments
- Provision for depreciation on investments
- Provision for taxation
- Other usual and necessary provisions



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15. RELATED PARTY DISCLOSURES:

- Chairman and Chief Vigilance Officer deputed by Sponsor Bank, i.e., Union Bank of India are related parties to the Bank. Salaries and Allowances paid to them are charged to the Profit & Loss account of the Bank.
- The Bank is having transactions with Union Bank of India, but details are not given under this head as Paragraph 9 of Accounting Standard 18 issued by The Institute of Chartered Accountants of India (ICAI) exempts the Bank from disclosing the transactions with Other State Controlled Enterprises.

As per our report of even date
For **BASHA & NARASIMHAN**
CHARTERED ACCOUNTANTS
Firm's Registration No: 006031S

(Rameez Raja Shaik)

Membership No: 246786

Partner

UDIN : 21246786AAAAAG3771

BOARD OF DIRECTORS

T Kameswara Rao

Chairman

G Chandrakanth

Nominee Director,
RBI

R Inigo Arul Selvan

Nominee Director,
NABARD

I Satyanarayana Murthy

Nominee Director,
Union Bank of India

Place : Guntur

Date : 5th June, 2021



CHAITANYA GODAVARI GRAMEENA BANK

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CHAITANYA GODAVARI GRAMEENA BANK

HEAD OFFICE : GUNTUR

SCHEDULE - 18

NOTES FORMING PART OF THE ACCOUNTS

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

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

Thus, the share capital of the Bank as on 31.03.2021 is as under:

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

2. Salaries & Allowances paid to Chairman and Chief Vigilance Officer deputed by Sponsor Bank, i.e., Union Bank of India were charged to Salaries & Allowances of the Bank.

3. Disclosure requirements

a. Capital

S.No.	Particulars	Current year	Previous year
i)	CRAR (%)	12.41	11.49
ii)	CRAR-Tier I Capital (%)	11.57	10.65
iii)	CRAR-Tier II Capital (%)	0.84	0.84
iv)	Percentage of Shareholding of the		
	A Central Government	50%	50%
	B State Government	15%	15%
	C Sponsor Bank	35%	35%



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b. Investments (SLR Investments)

(Rs.lakh)

S.No.	Particulars	Current year	Previous year
1	Value of Investments		
i)	Gross Value of Investments	153385.14	114196.91
ii)	Amortization	350.19	195.67
iii)	Net Value of Investments	153034.95	114001.24
iv)	Provisions for Depreciation	1521.75	Nil
2	Movement of provisions held towards depreciation on investments		
i)	Opening Balance	0.00	Nil
ii)	Add: Made during the year	1521.75	Nil
iii)	Less: write off / write back during the year	0.00	Nil
iv)	Closing Balance	1521.75	Nil

The break-up of SLR investments is given hereunder :

	(Rs. Lakh)
i. HTM Category :	118487.97
ii. AFS Category :	34546.98
iii. HFT Category :	0.00
Total :	153034.95

c. Repo Transactions

(Rs.lakh)

Item	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	As on 31st March 2021
Securities Sold under Repos	Nil	Nil	Nil	Nil
Securities Purchased under reverse repos	100.00	100.00	100.00	100.00



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RBI vide its circular no. DOR.RRB.No.28/31.01.001/2020-21 dated 04.12.2020 introduced Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) to select RRBs.

The Bank is listed by RBI in the "Positive List of RRBs" and accordingly the above said facilities are made available to the Bank.

Bank initiated Reverse Repo transactions since 30.03.2021 for better liquidity management.

d. Non-SLR Investment portfolio

i. Issuer composition of Non-SLR Investments

S.No.	Issuer	Amount	Extent of private placement	Extent of below investment grade securities	Extent of unrated securities	(Rs.lakh) Extent of unlisted securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
i)	PSUs	4348.12	Nil	Nil	Nil	Nil
ii)	Fls	1192.42	Nil	Nil	Nil	Nil
iii)	Banks	8082.75	Nil	Nil	Nil	Nil
iv)	Private Corporate	0.00	Nil	Nil	Nil	Nil
v)	Others (Mutual Funds)	1800.00	Nil	Nil	Nil	Nil
	Total	15423.29	Nil	Nil	Nil	Nil
Less	Provisions held towards depreciation	0.00	Nil	Nil	Nil	Nil
	Total	15423.29	Nil	Nil	Nil	Nil

ii. Non-performing Non-SLR Investments

Particulars	Amount (Rs.lakh)
Opening balance	0.00
Additions during the year since 1 st April	1000.00
Reductions during the above period	0.00
Closing balance	1000.00
Total provisions held	1000.00



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Bank invested Rs. 1000.00 lakh in 9.00% AT1 Bonds of YES Bank Ltd. in FY2018.

RBI proposed “Draft Yes Bank Ltd. Reconstruction Scheme, 2020” and accordingly the investee bank disclosed on 14.03.2020 to the Stock Exchanges that the AT1 Bonds amounting to Rs. 3000 crore and Rs. 5415 crores were fully written down.

A writ petition was filed by Axis Trustee Services Ltd., as the AT 1 Bond Trustee, in the Hon'ble High Court, Bombay seeking a relief of setting aside the write-off of the said bonds. The Hon'ble High Court passed an interim order, on 16.03.2020, restraining the investee bank from taking any action relating to the write down of AT 1 Bonds.

The interest payment due to our bank on 18.10.2020 was in default by the investee bank.

Hence, notwithstanding the above, the investment is treated as Non-Performing Investment (NPI).

As a prudent measure, 100% provision is made for FY2021 towards the said investment of Rs. 1000.00 lakh.

4. Asset Quality

In tune with the guidelines issued by Reserve Bank of India, the Assets of the Bank have been classified as performing and non-performing Assets as on 31.03.2021 and the breakup of non-performing assets for the last two years is furnished here under:

Non-Performing Assets

S.No.	Particulars	(Rs.lakh)	
		Current Year	Previous year
I	Net NPA to Net Advances (%)	0.00	0.23
II	Movement of NPAs (Gross)		
(a)	Opening balance	5650.40	4677.11
(b)	Additions during the year	3369.67	3130.16
(c)	Reduction during the year	2150.83	2156.87
(d)	Closing balance	6869.24	5650.40
III	Movement of Net NPAs		
(a)	Opening balance	1125.40	628.34
(b)	Additions during the year	0.00	497.06
(c)	Reduction during the year	1125.40	0.00
(d)	Closing balance	0.00	1125.40
IV	Movement of Provisions on NPAs (excluding provision on standard assets)		
(a)	Opening balance	4525.00	4048.77
(b)	Provisions made during the year	2472.44	897.50
(c)	Write off/write back of excess provision	127.44	421.27
(d)	Closing balance	6870.00	4525.00



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Details of Loan Assets subject to Restructuring :

(Rs. lakh)

S.No.	Particulars	Current Year	Previous year
I	Total amount of loan assets subject to restructuring, rescheduling, renegotiation	205365.65	Nil
II	The amount of standard assets subject to restructuring, rescheduling, renegotiation	205365.65	Nil
III	The amount of sub-standard assets subject to restructuring, rescheduling, renegotiation	Nil	Nil
IV	The amount of doubtful assets subject to restructuring, rescheduling & renegotiation Note [I = II + III + IV]	Nil	Nil

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

Details of financial assets sold to Securitization (SC) / Reconstruction Company (RC) for assets reconstruction:

(Rs. lakh)

S.No.	Particulars	Current Year	Previous year
I	No. of accounts	Nil	Nil
II	Aggregate value (net of provision) of accounts sold to SC / RC	Nil	Nil
III	Aggregate consideration	Nil	Nil
IV	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
	Aggregate gain / loss over net book value	Nil	Nil

Details of Non-performing assets purchased / sold

A. Details of non-performing financial assets purchased:

(Rs. lakh)

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



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B. Details of non-performing financial assets sold:

(Rs. lakh)

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

Provisions on standard assets: The Bank has made adequate provision on standard assets as per guidelines of the Reserve Bank of India. The details of provision made on standard assets are furnished hereunder :

(Rs. lakh)

Particulars	Current year	Previous year
Provisions towards standard assets	1850.00	1443.50

5. Business Ratios

S.No.	Particulars	Current year	Previous year
I	Interest Income as a percentage to Working Funds \$	8.14	8.72
II	Non-interest income as a percentage to Working Funds \$	0.91	0.86
III	Operating Profit as a percentage to Working Funds \$	2.16	1.81
IV	Net Margin (RoA) @	1.08	0.94
V	Business (Deposits plus Advances) per employee #	Rs.1208.67 Lakh	Rs. 971.41 Lakh
VI	Profit per employee (Net profit)	Rs. 9.60 Lakh	Rs. 6.65 Lakh

\$ Working Funds (AWF) = Total Assets – Accumulated Losses

Average Working Funds (AWF) are arrived at monthly averages, with the above formula, for the current year, in accordance with NABARD circular no. 38/DoS-03/2015 dated 04.03.2015

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

@ Net Margin (RoA) is worked out as a ratio of net profit after tax to the average working funds

Business per employee is computed by adding deposits & advances excluding inter-bank deposits



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6. Asset Liability Management [ALM]

Maturity pattern of certain items of Assets and Liabilities as on 31-03-2021

(Rs. lakh)

	1-14 days	15-28 days	29 days-3 months	3-6 Months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
LIABILITIES									
Deposits	11736.74	4113.42	11235.32	5721.42	127688.81	354135.67	70212.56	69122.92	653966.86
Borrowings	0.00	0.00	22000.00	62513.19	64630.90	60008.82	18907.67	0.00	228060.58
Inter Bank Participation Certificate	0.00	0.00	35000.00	25000.00	0.00	0.00	0.00	0.00	60000.00
ASSETS									
Investments	1800.00	0.00	0.00	4078.06	15485.24	19247.87	6560.52	121286.55	168458.24
ADVANCES (Performing)	112.18	98.78	4779.64	10623.10	304246.40	106679.55	92045.66	162278.34	680863.65

7. Exposures – Exposure to Real Estate Sector

(Rs. lakh)

S.No.	Category	Current year	Previous year
A	Direct exposure :		
(i)	Residential mortgages-Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented - individual housing loan up to Rs.20 lakh - above Rs. 20 lakh	22978.89 5671.91	28223.81 5670.52
(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.	4271.55	4819.24
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures	Nil	Nil
	a) Residential	Nil	Nil
	b) Commercial Real Estate	Nil	Nil
B	Indirect exposure :		
	Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil



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

There are no sanctions over and above the prudential exposure norms applicable to single borrower and group borrowers during the year 2020-21. There are no outstandings over and above the prudential exposure norms applicable to single borrower and group borrowers.

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

S.No.	Particulars	(Rs. lakh)	
		Current year	Previous year
1	Provision for Income Tax	3173.27	4795.75

While arriving at the above provision for income tax, the income tax refunds received pertaining to previous assessment years, viz. 2011-12, 2017-18 and 2020-21 amounting to Rs. 230.31 lakh is also accounted for. The estimate of provision for income tax for the current year stood at Rs. 3403.58 lakh.

10. Disclosure of Penalties Imposed by RBI

During the year ended with March 2021, no penalty has been levied by RBI.

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

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

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

Accounting Standard 9 – Revenue Recognition

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

Accounting Standard 15 – Employee Benefits

Short Term Employee Benefits

The undisclosed amounts of employee benefits payable wholly within twelve months of rendering the service by employees are classified as short term and are recognized during the period in which the employee renders the related service.



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Long Term Employee Benefits

(i) Defined Contribution Plans

Government of India accorded approval for grant of pension to the employees of RRBs vide its letter F.No.8/20/2010-RRB dated 23.10.2018. Board vide its resolution no.2714 dated 30.10.2018 approved adoption of Chaitanya Godavari Grameena Bank (Employees') Pension Regulations, 2018.

Contributions to the recognized provident fund and / or National Pension Scheme (NPS) shall be made in terms of the said pension regulations.

The accounting shall be made as per the extant guidelines applicable there for, as communicated by Gol / NABARD / Sponsor Bank from time to time.

(ii) Defined Benefit Plans

Employees' gratuity, pension and leave encashment are defined benefit plans.

a. Gratuity:

Bank has formulated a trust and the Trustees have obtained a Group Gratuity policy with Life Insurance Corporation of India (LIC) to cover the gratuity liability of the employees.

The present value of the Bank's obligations under Gratuity is recognized on the basis of an actuarial valuation as at the year end and the fair value of the Plan assets is reduced from the gross obligations to recognize the obligation on a net basis.

As per the actuarial valuation given by LIC, the Bank shall make payment to the LIC. The trust shall also make investments with India First Life Insurance Company Ltd. (IFLIC) towards gratuity.

b. Pension:

Government of India issued notification on CGGB (Employees') Pension Regulations, 2018 in its official gazette on 12.12.2018 and accordingly "CGGB (Employees') Pension Fund" is constituted by the Bank.

The contribution to the pension fund shall be in terms of the aforesaid regulations.

The accounting shall be made as per the extant guidelines applicable there for, as communicated by Gol/NABARD/Sponsor Bank from time to time.

c. Leave Encashment:

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

Towards encashment of earned leave at the time of retirement etc., Bank is maintaining a fund with LIC of India which makes actuarial valuation and accordingly amounts are invested in the fund every year. Funds are invested under Group Leave Encashment Scheme (GLES) with India First Life Insurance Company Ltd. (IFLIC) also.



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Accounting Standard 17 - Segment Reporting

Part A: Business Segment Revenue

SEGMENT WISE RESULTS

S.No.	Business Segments	(Rs. lakh)	
		for the year ended 31.03.2021	for the year ended 31.03.2020
1.	Segment Revenue		
A	Treasury	13015.55	10207.34
B	Corporate / Wholesale Banking	-	-
C	Retail Banking	71625.73	61728.60
D	Other Banking Operations	-	-
	Total	84641.28	71935.94
	less Inter-segment Revenue	-	-
	Income from Operations	84641.28	71935.94
2.	Segment Results After Provisions & Before Tax		
A	Treasury	2042.40	1632.64
B	Corporate / Wholesale Banking	-	-
C	Retail Banking	11239.52	9873.34
D	Other Banking Operations	-	-
	Total	13281.92	11505.98
	Less other un-allocable expenditure	-	-
	Total Profit before Tax	13281.92	11505.98
3.	Capital Employed (Segment Assets – Liabilities)		
A	Treasury	168458.24	132219.59
B	Corporate / Wholesale Banking	-	-
C	Retail Banking	(-)261164.55	(-)215055.59
D	Other Banking Operations	-	-
E	Un-allocable Liabilities	153299.43	133320.47
	Total	60593.12	50484.47
	Capital & Reserves	60593.12	50484.47



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Part B: Geographic Segments

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

Accounting Standard 22- Accounting for Taxes on Income

During the year, a sum of Rs.53.00 crore was paid towards advance tax.

Accounting Standard 25 – Interim Financial Reporting

Quarterly Review by Statutory Central Auditors (SCA) is being undertaken from the Financial Year 2020-21 in accordance with NABARD circular dated 02.03.2020 which was issued based on SEBI guidelines.

12. Contingent liabilities not provided for in respect of bank guarantees : Rs.Nil
13. During the year, the Bank has appropriated an amount of Rs.2022.00 lakh (previous year Rs.1414.00 lakh) to Statutory Reserves, being 20% of its profits earned during the current year, as per the NABARD guidelines. The Bank further apportioned an amount of Rs.8086.65 lakh (Previous year Rs.4863.23 lakh) to General Reserves.
14. Loans & Advances extended to Bank Staff outstanding as on 31.03.2021 is Rs. 9178.97 lakh.

15. Additional Disclosures

Accounting Standard 29: Provisions and Contingencies

(Rs. lakh)

S.No.	Particulars	Current Year	Previous Year
A	Opening balance in the floating provisions account	1250.00	1250.00
B	The quantum of floating provisions made in the accounting year	Nil	Nil
C	Amount of draw down made during the accounting year	Nil	Nil
D	Closing balance in the floating provisions account	1250.00	1250.00

Pursuant to RBI guidelines, the Bank has made a provision of Rs.66,50,000/- (previous year Rs.86,89,020/-) in respect of interest on matured deposits as per savings bank interest rate.

The Bank has not drawn any amount from General Reserves.

Disclosure of Complaints (including ATM related complaints)

A. Customer Complaints

S.No.	Particulars	General	ATM related	Total
A	No. of complaints pending at the beginning of the year	0	12	12
B	No. of complaints received during the year	12	2647	2659
C	No. of complaints redressed during the year	12	2654	2666
D	No. of complaints pending at the end of the year	0	5	5



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B. Award passed by the Banking Ombudsman

S.No.	Particulars	Details
A	No.of unimplemented Awards at the beginning of the year	Nil
B	No.of Awards passed by the Banking Ombudsman during the year	Nil
C	No.of Awards implemented during the year	Nil
D	No.of unimplemented Awards at the end of the year	Nil

16. Advances: The Bank has made 100.00% (previous year 80.08%) provision on total Non-performing Assets as on 31-03-2021 amounting to Rs. 6869.24 lakh (previous year Rs.5650.40 lakh). The advances shown in the balance sheet are netted of NPA Provision of Rs.6870.00 lakh

17. Inter Bank Participation Certificate (IBPC) : The Bank has issued Inter Bank Participation Certificate of Rs.600.00 crore to HDFC Bank by selling Priority Sector Advances during the current year, in multiple tranches. Accordingly, the Advances shown in the balance sheet are netted of IBPC of Rs.600.00 crore.

18. Suit Filed Accounts: The suit filed advance accounts as on 31.03.2021 are as under:

No of accounts : 186

Amount :Rs. 6.86 lakh

19. Bank Guarantees : 37 Bank Guarantees of Rs. 77.85 lakh are expired ones as on 31.03.2021 as against the total outstanding under BGs of Rs.1695.17 lakh.

20. Employee Benefits :

- Bank made payment of Rs.491.84 lakh to LIC of India and Rs.100.00 lakh to India First Life Insurance Co. Ltd. (IFLIC) towards Group Gratuity, as per the actuarial valuation, during the current financial year.
- Bank made payment of Rs.44.75 lakh to LIC of India, Rs.150.00 lakh to IFLIC towards Group Leave Encashment Scheme (GLES), during the current financial year.
- Pension Fund for payment of pension to employees in terms of the CGGB (Employees') Pension Regulations, 2018 (as notified in the official gazette by Government of India on 12.12.2018) is created and Rs.14817.00 lakh was provided for in Schedule 11 of the balance sheet as on 31.03.2019. Bank charged Rs. 2963.40 lakh to P&L account during the current financial year.

This amortization of pension liability for a period of five years commencing from the year 2018-19 is in accordance with the guidelines issued by NABARD in this regard.



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- iv) Thus, the Pension Fund stood at Rs. 5926.80 lakh as on 31.03.2021.
- v) Bank appointed LIC of India as Fund Manager for the pension fund and made fund payment of Rs.180.00 lakh to it during the current financial year. This is in addition to the payment of entire balance amount of Rs. 11257.00 lakh during the previous financial year.
- vi) Bank also made contributions of Rs.401.42 lakh through Stock Holding Corporation of India Ltd., the Fund Manager for NPS, to NSDL in respect of the employees covered under NPS.
- vii) The bank had Group Gratuity Scheme with India First Life Insurance Company Ltd.(IFLIC) as a staff welfare measure in lieu of EDLI. The annual premium is being paid for coverage of Rs.6.00 lakh insurance to all staff members in case of death. The gratuity is paid to staff members on retirement or on death from the Fund regularly.

21. Related Party Disclosures : During the year, the Bank paid an amount of Rs. 17,40,990 to Chairman and Rs.7,07,669 to Chief Vigilance Officer, towards salary and allowances, who are on deputation from Sponsor Bank, i.e., Union Bank of India.

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

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

Particulars	(Rs. crore)	
	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	1.45	1.36
Add : Amounts transferred to DEAF during the year	15.11	0.09
Less : Amounts reimbursed by DEAF towards claims	0.00	0.00
Closing balance of amounts transferred to DEAF	16.56	1.45

23. Disclosure on COVID -19 Regulatory Package - Asset Classification and Provisioning :

- (i) Amount in overdue category:

Term Loans and Other Accounts:

No.of Accounts : 515– Amount :Rs.61518 ('000)

OD/CC accounts:

No.of Accounts:13–Amount : Rs.3498 ('000)

Total Eligible :No.of Accounts : 528–Amount : Rs.65016 ('000)

- (ii) Asset Classification Benefit Extended:

No.of Accounts:528–Amount:Rs.65016 ('000)



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(iii) Provision Made during Q4FY2020@ 5% of the outstanding amount : Rs.3260('000)

(iv) Provision Made during Q1FY2021 @5% of the outstanding amount:Rs.3260('000)

24. Impact of COVID-19 Pandemic:

The outbreak of COVID-19 Pandemic across the globe has contributed to a significant decline and volatility in the Global and Indian Financial Markets and slow down in the economic activities. The Bank's business is expected to be impacted by lower lending opportunities and revenues in the short to medium term. The Bank's capital and liquidity position has been found to be strong and would continue to be the focus area of the Bank during this period.

On March 31st, 2021, the Bank has made COVID-19 related provision of Rs. 6520 ('000s), in line with the requirement as per RBI guidelines dated April 17th, 2020.

The provisions held by the Bank are in excess of the RBI prescribed norms.

The extent to which the COVID-19 Pandemic will impact the Bank's provision of assets and future results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 Pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Bank will continue to closely monitor any material changes to future economic conditions.

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

(Amt in Rs. crore)

Concentration of Deposits	
Total deposits of twenty largest depositors	907.48
Percentage of deposits of twenty largest depositors to total deposits of the bank	13.88
Concentration of Advances	
Total advances of twenty largest borrowers	52.89
Percentage of advances to twenty largest borrowers to total advances of the bank	0.84
Concentration of Exposures	
Total exposures of twenty largest borrowers/customers	197.49
Percentage of exposures to twenty largest borrowers/customers to total exposure of the bank on borrowers / customers	2.81
Concentration of NPAs	
Total exposure to top four NPA accounts	1.40



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26. Sector-wise NPAs:

(Amt in Rs. crore)

Sector Wise NPAs:					(Unit in Rs. Crore)		
S. No.	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	3819.20	41.91	1.10	2812.69	29.84	1.06
2	Advances to industries sector eligible as priority sector lending	5.38	0.09	1.66	6.43	0.02	0.26
3	Services	182.18	14.55	7.99	215.51	17.78	8.25
4	Personal loans	1911.96	6.29	0.33	1701.66	4.30	0.25
5	Sub-total (A)	5918.72	62.84	1.06	4736.29	51.94	1.10
B	Non-Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	-	-	-	-	-	-
3	Services	-	-	-	-	-	-
4	Personal loans	358.61	5.85	1.63	300.39	4.57	1.52
5	Sub-total (B)	358.61	5.85	1.63	300.39	4.57	1.52
	Total (A+B)	6277.33	68.69	1.09	5036.68	56.50	1.12

Sub sectors where the outstanding advance exceeds 10% of the outstanding total advances to that sector for the FY 2020-21 are : **NIL**

27. Movement of NPAs:

Particulars	(Amount Rs. crore)
Gross NPAs as on 01.04.2020 (Opening balance)	56.50
Additions (Fresh NPAs) during the year	33.70
Sub-total (A)	90.20
Less:	
(i) Up gradations	5.91
(ii) Recoveries (excluding recoveries made from up graded accounts)	15.60
(iii) Write-offs	0.00
Sub-total (B)	21.51
Gross NPAs as on 31.03.2021 (Closing balance) (A-B)	68.69



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CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

Rs.'000

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
Opening balance of Cash and Cash Equivalents	11055304	7520044
Closing balance of Cash and Cash Equivalents	13056138	11055304
Net Increase (+) / Decrease (-) of Cash and Cash equivalents during the period	2000834	3535260
Cash Flow from Operating Activities:		
Net Profit before Tax	1328192	1150598
Add : Depreciation on Assets	41020	36353
Less : Profit on Sale of Assets	416	80
Operating Profit before changes in Operating Assets and Liabilities	1368796	1186871
Adjustment for Changes in Operating Assets and Liabilities:		
Increase/(Decrease) in Deposits	11599552	9219446
Increase/(Decrease) in Borrowings	5183287	-958041
(Increase)/Decrease in Investments	-3623865	104818
(Increase)/Decrease in Advances	-12171943	-4091720
(Increase)/Decrease in Other Assets	106252	260706
Increase/(Decrease) in Other Liabilities and Provisions	60154	-1711815
Cash Generated from Operations	1153437	2823394
Taxes Paid	-317327	-444175
Cash Flow from Operating Activities(A)	2204906	3566090
Cash Flow from Investing Activities:		
(Purchase)/Sale of Fixed assets	-204072	-30830
Cash Flow from Investing Activities (B)	-204072	-30830
Net Increase (+) / Decrease (-) in Cash flow during the period (A)+(B)	2000834	3535260



CHAITANYA GODAVARI GRAMEENA BANK

16th ANNUAL REPORT 2020-21



As per our report of even date
For BASHA & NARASIMHAN
CHARTERED ACCOUNTANTS
Firm's Registration No: 006031S

(Rameez Raja Shaik)
Membership No: 246786
Partner
UDIN : 21246786AAAAAG3771

BOARD OF DIRECTORS

G Chandrakanth
Nominee Director,
RBI

T Kameswara Rao
Chairman

R Inigo Arul Selvan
Nominee Director,
NABARD

I Satyanarayana Murthy
Nominee Director,
Union Bank of India

Place : Guntur
Date : 5th June, 2021