

2018

Annual Report



మన ప్రాంతీయ అభివృద్ధి కోసం...

COASTAL LOCAL AREA BANK LIMITED

Our Local Bank

For Development Of Our Local Area



Mr. K. Venkataraman, Director
addressing all the Branch Managers



Dr. Jayaram Chigurupati, Director
at the inauguration of Akiveedu Branch



Mr. Biplab Das, Director
at the opening of Kankipadu Branch



Dr. Jayaram Chigurupati, Director at the opening of Tuni Branch



Mr. T. Eswara Chandra Rao, Managing Director
addressing Customers at opening of Duvvada Branch



Sri Gokaraju Gangaraju, Hon'ble M.P.
opening our Undavalli Branch



ATM opening at our Tenali Branch



Chalivendram organized by our Kommadi Branch



CONTENTS

Notice of Annual General Meeting	-	1
Board of Directors	-	6
Directors' Report	-	10
Corporate Governance	-	20
Auditors' Report	-	30
Financial Statements		
Balance Sheet	-	32
Profit and loss Account	-	33
Schedules to Balance Sheet and Profit and Loss Account	-	35
Cash flow Statement	-	55
Financial Trend	-	56
Area of Operations	-	57
Proxy Form	-	59



NOTICE

NOTICE is hereby given that 19th Annual General Meeting of the members of Bank will be held on Monday the 10th September 2018 at 11.00 a.m at the Registered Office of the Bank, situated at D.No. 59-14-2A, 3rd Floor, Shanthi Plaza, Ring Road, Gayathrinagar, Near Benz Circle, Vijayawada – 520008, Andhra Pradesh, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on March 31st, 2018 and the Profit and Loss Account for the year ended as on that date together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a director in the place of Dr Jayaram Chigurupati (DIN No: 00015592), who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint Statutory Auditors of the Bank and in that connection to consider and, if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, the applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Rules, Circulars and Guidelines issued by the Reserve Bank of India (“RBI”) from time to time, and subject to approval from the RBI, M/s Suresh & Babu, Chartered Accountants, Vijayawada (FRN **004254S**), be and are hereby appointed as Statutory Auditors of the Bank, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Bank, and that the Board of Directors of the Bank be and is hereby authorised to fix the remuneration of the Auditors, including out of pocket expenses for carrying out the audit, based on the recommendation of the Audit Committee of the Board.”

SPECIAL BUSINESS

4. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.**

“RESOLVED that Mr. K Venkataraman (DIN 02443410), who was appointed by the Board of Directors of the Bank as an additional director of the Bank, pursuant to provisions of the Companies Act, & Article 146 of the Articles of Association of the Bank and pursuant to the Banking Regulation Act, 1949, on 16.12.2017 and who holds office as such up to the conclusion of this Annual General Meeting and in respect of whom the company has received a notice in writing under section 160 of the Companies Act, 2013, be and is hereby appointed as a director of the Company, liable to retire by rotation.”

5. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions of the Section 203 and other applicable provisions (including any statutory modification or re-enactment thereof) and rules prescribed there under, if any, of the Companies Act, 2013, the consent of the members of the Bank be and is hereby accorded to re-appoint



COASTAL BANK - 2018

Mr Jagapathi Raju Datla (PAN: AFAPD9345N) as Chief Financial Officer of the Bank as defined under section 2 (19) of the Companies Act, 2013 for a further period of another 1 (one) year till 17th October 2019 at the mentioned fixed monthly remuneration and on such other terms and conditions along with other expenses actually involved towards conducting his duties to the company within the limits prescribed under the Companies Act, 2013. ”

(a) SALARY: Rs.1,20,000/- p.m.

(b) PERQUISITES AND AMENITIES:

Car and Telephone: Provision of Car and Telephone used for Company's business, However personal long distance calls and use of car for private purposes shall be billed by the Company.

(c) OTHER TERMS AND CONDITIONS:

➤ The Company will reimburse Mr Jagapathi Raju Datla expenses incurred by him for entertainment, travelling and other expense in connection with the business of the Company.

➤ Mr Jagapathi Raju Datla shall be free to resign his office by giving three calendar months' notice in writing to the Bank.

“RESOLVED FURTHER THAT Mr Jagapathi Raju Datla be and is hereby directed to follow all of his duties and functions as laid down under the Companies Act, 2013 including further duties and functions as prescribed by the Board of Directors of the Bank from time to time.”

“RESOLVED FURTHER THAT Mr T Eswara Chandra Rao, Managing Director of the Bank be and is hereby authorized to do all the acts, deeds and things which are necessary for the aforesaid appointment and to send the necessary intimation in prescribed forms to Registrar of Companies, Andhra Pradesh & Telangana and others as necessitated.”

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution

Ratification of re-imbusement of Medical Expenses paid by the Bank

“RESOLVED THAT in pursuance to the provisions of Section 197 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule V prescribed under the Companies Act, 2013 the Board of Directors of the Bank unanimously approved vide its meeting dated 16.12.2017 and re-imbursed, Medical expenses incurred towards heart valve replacement surgery (TAVR procedure) of Mr T Eswara Chandra Rao (Din 06598669) Managing Director of the Bank, amounting to Rs.18,53,500/- (Rupees eighteen lakhs fifty three thousand five hundred only) which is now be and is hereby ratified.”

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution

“RESOLVED THAT in pursuance to the provisions of Section 197 and other applicable provisions, if any of the Companies Act, 2013 read with Part II of Schedule V prescribed under the Companies Act, 2013 and in pursuance to the provisions of Articles of Association of the Company, and pursuant to provisions of Section 10B, Section 35B and other applicable provisions if any of the Banking Regulation Act, 1949 subject to the approval of the RBI, the members of the Bank be and is hereby approves the enhancement of remuneration of Mr T Eswara Chandra Rao (Din 06598669) Managing Director of the Company to Rs.1,45,000/- p.m with all other terms and conditions remaining unchanged effective from 1st June 2018.”



“RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of his tenure, the company has no profits or its profits are inadequate, remuneration by way of salary, perquisites and other allowances or any combination thereof shall not exceed the aggregate of the annual remuneration as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule V of the Companies Act, 2013, whichever is lower, unless otherwise determined by the Board of Directors.”

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member of the Bank.
2. In order to be valid, the proxy form duly filled and signed must be deposited at the registered office of the Bank at least 48 hours before the meeting.

[Pursuant to the provisions of the Companies Act, 2013 and the underlying rules viz. Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights.]

3. The Register of Members and Share Transfer Books will remain closed from 5th September, 2018 to 10th September, 2018 both days inclusive.
4. **EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013.**

ITEM No. 4

Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, provides that a company can appoint a firm of Auditors for maximum two terms of five consecutive years. In other words, the Auditors can be appointed for a period of five years at a time. However, banks are also governed by the provisions of Banking Regulation Act, 1949 and the guidelines issued by Reserve Bank of India (RBI). As per the extant provisions, RBI gives permission for appointment of Statutory Auditors on yearly basis. Further, for banks, it is mandatory to rotate the Auditors on completion of a term of four years. M/s Suresh & Babu, Chartered Accountants, Vijayawada were appointed as Statutory Auditors of the Bank vide RBI Letter Lr.No.DBS.ARS.No.6247 / 08.41.005 / 2017-18 dated 27.04.2018 for the financial year 2017-18. As M/s Suresh & Babu completed a term of 2 years, their appointment is being recommended for another one year i.e. 2018-19, subject to approval of RBI.

Your Directors, therefore, recommend the resolutions for your approval.

ITEM No. 5

The appointment of Mr Jagapathi Raju Datla as CFO of the bank, pursuant to the provisions of Section 203 of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, and other applicable provisions, if any, of the Companies Act, 2013 as amended or re-enacted from time to time, is going to be completed by 17th October 2018 and hence it is proposed to re-appoint him for further period of one more year till 17 October, 2019 and is now proposed to be placed before the members of the company for their ratification.

Your Directors, therefore, recommend the resolutions for your approval.

None of the Directors of the Bank is concerned or interested in passing the resolution.

ITEM No. 6

Mr T. Eswara Chandra Rao, (Din 06598669), the Managing Director of the Bank since 21.06.2013, was diagnosed with ‘calcification of Aortic valve’ of the heart and the doctors suggested immediate



COASTAL BANK - 2018

replacement of the Aortic Valve. Considering his previous medical history, doctors also suggested TAVR procedure for the replacement of the valve. The cost of the surgery was estimated at approximately Rs 30.00lakhs.

Shri Eswara Chandra Rao has been working as the Managing Director of the Bank since June 2013 and has made appreciable contribution to the progress & growth of the Bank. The achievements include:

- i. Branch network has increased from 23 to 50 branches.
- ii. A total of 11 B.C Centres were opened out of which one was converted into a regular branch
- iii. Total business has shown an increase of 114% when compared to March 2013 position and presently has crossed Rs. 800 crores
- iv. Profit has shown an increase of over 65%
- v. Net NPAs of the bank are maintained always below 0.80% during his tenure

Considering the above, the Board in its 114th meeting dated 27th October 2017, has sanctioned reimbursement of hospitalization expenses to the extent of 80% of the cost of the treatment after deducting the insurance claim settlements, if any, subject to a maximum of Rs 22.00 laks.

Shri Eswara Chandra Rao underwent surgery on 8th November, 2017 for which the hospitalization expenses as charged by the hospital were Rs. 32,17,546/-. One of the insurance companies, M/s HDFC ERGO has settled claim for Rs. 9,01,141/-. The Bank has paid Rs. 18,53,500/- towards 80% cost of the surgery after deducting the insurance amount settled.

In view of the above, the resolution No 6 is placed before the members for their ratification.

None of the Directors excepting the Managing Director, Shri Eswara Chandra Rao is interested in passing the resolution.

ITEM No. 7

Mr T. Eswara Chandra Rao, (Din 06598669), working as the Managing Director of the Bank since 21.06.2013 and is drawing remuneration of Rs.16.00 lakhs per annum as approved by members of the Bank in its 17th Annual General Meeting held on 30th September 2016, and subsequently by the members of the Bank in its 18th Annual General meeting held on 22nd September 2017.

In view of his support to the organisation since then your directors vide its meeting held on 11.05.2018 proposed to enhance remuneration to Rs 1,45,000/- per month i.e., Rs 17,40,000/- per annum subject to approval of members in the ensuing Annual General meeting and also subject to approval of RBI. Further the other terms and conditions of his appointment as approved are continued to be same.

In view of the above, the resolution No 7 is placed before the members for their ratification.

None of the Directors excepting the Managing Director, Shri T. Eswara Chandra Rao is interested in passing the resolution.

**By order of the Board
For COASTAL LOCAL AREA BANK LIMITED**

**Sd/-
(K Venkataraman)
Director**

Place : Vijayawada
Date : 11.05.2018



BOARD OF DIRECTORS

1. Mr. Biplab Kumar Das ... Director
2. Dr. Jayaram Chigurupati ... Director
3. Mr. B V V Rajeswara Rao ... Director
4. Mr. Sanjay Behuria ... Director (upto 22.09.2017)
5. Mr. Jambunathan Narayanan ... Director (upto 28.06.2017)
6. Mr. K. Venkataraman ... Director (w.e.f. 16.12.2017)
7. Mr. Eswara Chandra Rao Tatineni ... Managing Director

GENERAL MANAGERS

- Mr Jagapathi Raju Datla ... General Manager & Chief Financial Officer
- Mr Sambasiva Rao Neelam ... General Manager

REGISTRARS & TRANSFER AGENTS

M/s Big Share Services Private Limited, 306, Right Wing, 3rd Floor, Amrutha Ville,
Opp. Yashoda Hospital, Somajiguda, Rajbhavan Road, Hyderabad 500082, Telangana
Land : 040-40144967, Cell : 9177401070 Email : bsshyd@bigshareonline.com
Website : www.bigshareonline.com

REGD. AND CORPORATE OFFICE

D.No.59-14-2A, 3rd Floor
Shanti Plaza, Ring Road
Near Benz Circle, Gayatri Nagar
Vijayawada – 520 008.

AUDITORS

M/s. Suresh & Babu,
Chartered Accountants,
29-4-54K, Upstairs of IOB,
CSI Complex, Ramachandra Rao Road,
Governorpet, Vijayawada-520 002.



DIRECTORS' PROFILE

1. BIPLAB KUMAR DAS

Mr. Biplab K. Das, 67, has served in a multitude of strategic functions in Private, Corporate and Investment banking, in virtually all major financial centers of the world. In his last assignment as a Director at Credit Suisse, Mr. Das was instrumental in the structuring, and worldwide distribution of some of the worlds most successful Microfinance and Base of the Pyramid investment products.

An MBA from New York University (1978), Mr. Das has more than 40 years of experience in banking and finance, and has worked in all major financial centers of the world. He has also volunteered in Africa for a microfinance institution, and has served on the advisory board of several non-profit organizations in India and abroad.

He joined the Bank as Director in February 2011 and took charge as Non-executive Chairman of the Bank in December the same year. With RBI's approval Mr. Biplab Das, has been re-appointed as Non-executive chairman of the Bank for further period of 3 years up to 15.12.2017. Thereafter he has vacated his office as chairman and is continuing as director liable to retire by rotation.

During his tenure as Non-Executive Chairman that bank has opened 37 new offices, increased customer base by 88%, doubled its staff strength and deposits & advances have grown to above Rs. 760 Crores (210%) and operating profit has tripled.

Mr. Das divides his time between India, Switzerland and the United States of America.

2. Dr. JAYARAM CHIGURUPATI

Dr. Jayaram, 55, is an MBA from Cornell (1994) and a PhD in Biochemical Genetics (1988) from Iowa-USA. Dr. Jayaram had a distinguished career both in science and industry. He has published several articles in peer-reviewed journals. He had a stint as Associate Consultant with the Wilkerson Group, New York and as Technology Transfer Consultant at the Centre of Advance Technology, Cornell University, Ithaca, New York. He was also founder and Vice-President of Viral Therapeutics Inc., New York, where his responsibilities included development and marketing of recombinant proteins for therapeutic and diagnostic use.

He was also the Executive Vice President of Emerging Businesses (Biotechnology, Oncology and Diagnostics) and International Branded Formulations Marketing at Dr. Reddy's Laboratories Limited, Hyderabad, India. He has been instrumental in establishing Dr Reddy's presence in many emerging markets of the world. He was also the Managing Director of Zenovus Biotech (a wholly owned subsidiary of Dr. Reddy's). After leaving Dr. Reddy's Labs, he promoted Zenotech Laboratories Ltd in 2003, a listed company in Bombay Stock Exchange.

Dr. Jayaram joined the Bank as Additional Director (2nd time) on 1st November 2014 and is liable to retire by rotation in the ensuing Annual General Meeting of the Bank.

3. B V V RAJESWARA RAO

Mr. B V V Rajeswara Rao, M.A. C.A.I.I.B., 70, is a banker with more than 35 years of experience in State Bank of India. He has specialisation in lending to SME and Retail Banking. He joined the State Bank of India as Probationary Officer in 1972 and worked as Field Officer, Branch Manager, Lead Bank Officer, Manager and Chief Manager. He was special secretary to CGM, Hyderabad – Driving Image building process through community services and innovative banking practices. He worked as AGM, Vijayawada and Regional Manager, Vijayawada. He also worked as Deputy General Manager, Zonal Office, Mumbai and Corporate Centre Mumbai. He worked as DGM & Senior Faculty, State Bank Staff College, Hyderabad.

Mr. B V V Rajeswara Rao was appointed as an additional director of the Bank on 22.08.2013 and got re-appointed as director liable to retire by rotation on 22nd September 2017 in the 18th Annual General Meeting.



4. SANJAY BEHURIA

Mr. Sanjay Behuria is a B.A., B.L., M.B.A. He has his M.Sc. in Applied Psychology, Indian Institute of Bankers Diploma and Associate Cambiste International, Paris-Financial Dealers Diploma. He had his Professional Training in Treasury and Fund Management-Bahrain and Risk Management-Saudi Arabian Monetary Authority-Riyadh.

He is a senior banker with more than 30 years of experience in financial services. He was in State Bank of India- India and Bahrain engaged in Treasury and Credit Management. He was a Senior Dealer, Oman International Bank-Oman. He was V.P Treasury, Riyadh Bank, Riyadh-Saudi Arabia. He was Director, Krishna Bhima Samruddhi Local Area Bank Ltd. He is Executive Director, Livelihood BASIX Inc. USA. He has the country experience in more than 18 countries in the developing continents of the globe.

Mr. Sanjay Behuria was appointed as an additional director of the Bank on 16.11.2013 and retired (not sought re-appointment) in the 18th Annual General Meeting held on 22.09.2017.

5. NARAYANAN JAMBUNATHAN

Mr. Narayanan Jambunathan is a Post Graduate with M. Stat, CAIIB, Diploma in Management from AIMA. He comes with a very varied and rich experience in Banking and in Information Technology in particular. He joined State Bank of India as a Probationary Officer in 1978 and handled various executive positions there till 2015, finally retiring as Dy. Managing Director & CIO in March 2015. He was earlier General Manager from 2009 to 2011 and Chief General Manager from 2011 to 2013 looking after IT operations of SBI and was responsible for overall supervision of change management process, incident management, vendor management, software development and UAT.

He introduced mobile banking in the State Bank which as per RBI statistics was a market leader for nearly three years. He formulated the first policy for tie-up of e-commerce sites to the State Bank's payment gateway and internet banking in 2008. He also worked with Mckinsey & Co to come out with an organisational structure and business plan for the Payments initiative of the Bank. He was instrumental in formulating and implementing many policies pertaining to IT Risk and Compliance in SBI.

Mr Narayanan Jambunathan was appointed as an additional director of the Bank on 6th July 2015 and got re-appointed on 30th September 2016 in the 17th Annual General Meeting. He has resigned from the Board due to pre-occupation on 28.06.2017.

6. T ESWARA CHANDRA RAO

Mr. T Eswara Chandra Rao, 66, M.Sc., CAIIB (Part 1) worked from 1975 to 1999 in different branches/ Offices of Bank of Maharashtra in various capacities and in different locations of Maharashtra, Andhra Pradesh, Karnataka and West Bengal. Awarded merit certificate for financing to alternate energy sources during the year 1984. He worked from 2000 to 2004 as Assistant General Manager of Delhi Region, the second biggest Region of the Bank and worked from 2008 to 2010 as Deputy General Manager in charge of Agriculture and other priority sectors. During the period, planned and implemented the Rural credit policies conforming to various guidelines of RBI and Government of India. Planned and implemented a scheme for adopting 75 villages across the country for their overall economic and social development. Village wise developmental strategies were drawn and implemented. He worked from 2010 to 2012 as Deputy General Manager in charge of Inspection and Audit depts. of the Bank.

He joined the Bank as director effective from 21st June 2013 and got approval as Managing Director from Reserve Bank of India vide its letter DBOD.7928/29.51.001/2013-14 dated 25.10.2013 for a period of 3 years. Thereafter, he was reappointed for two consecutive terms of one year each with RBI approval and his tenure is going to complete by 24.10.2018.



COASTAL BANK - 2018

7. KRISHNAMOORTHY VENKATARAMAN

Mr. K Venkataraman, 65, M.Sc (Ag) worked from 1978 to 2011 in different branches/Offices of State Bank of India in various capacities and the highest capacity as General Manager (Marketing)/CGM International Banking Group, corporate Office centre, Mumbai from Feb 2008 to Feb 2011.

Responsibilities handled (ex-officio) other than those in the Bank

- a) Chairman, Foreign Exchange dealers Association of India Feb 2008 to Oct 2010
- b) Member, Commission on Banking Techniques and practice, International chamber of Commerce, Paris Feb 2008 to Feb -2011.
- c) Member, Executive Committee, Intl. chamber of Commerce, India Feb 2008 to Feb 2011
- d) Group head of India, Indo-Bangladesh Joint Commission-Banking sub-group Feb 2008 to Feb-2011
- e) Member, Indo-Russian Banking Sub-Group Feb 2008 to Feb-2011

Later in 2011 took up responsibilities as Managing Director of Karur Vysya Bank Ltd., and served from 2011 to 2017. As MD & CEO of Karur Vysya Bank Ltd., (2011-2017) brought about massive changes in organizational structure, risk management systems, business processes and procedures, compliance process and practices, Corporate governance practices, changing legacy systems to modern banking and global best practices. He built up strong image and franchise for the bank nation-wide taking the bank from being a regional player to pan India presence.

He joined the Coastal Bank as Additional director with effect from 16.12.2017 to hold office up to the date of ensuing Annual General Meeting and being eligible offers himself for re-appointment. Further he was appointed as Part Time non-executive Chairman of the Bank subject to approval of RBI.

* * *



DIRECTORS' REPORT

To
The Members,

The Management and Board of Directors take pleasure in presenting the 19th Annual Report of the Bank together with the Balance Sheet as on 31.03.2018 and Profit and Loss Account & other financial statements for the year ending 31st March 2018.

Continued impact of recent demonetization on bank's business

Consequent upon demonetization of Bank notes of Rs 1000 and Rs 500 denominations during November 2016, the banks were permitted to receive these notes into their accounts without any limit.

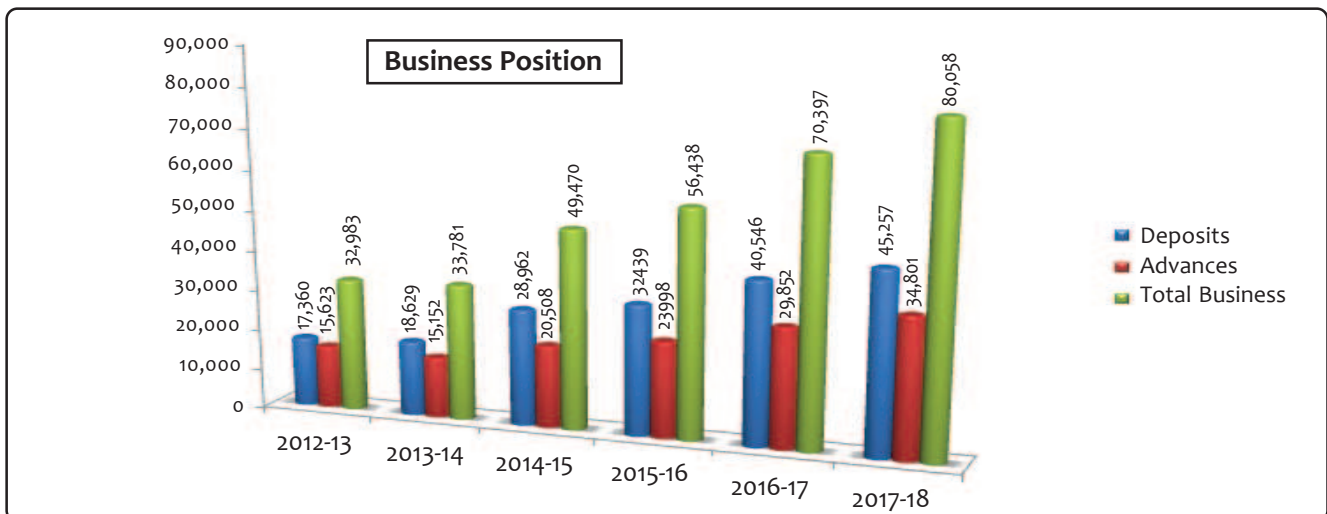
Though there was initial benefit to the bank in the form increased growth in deposits, especially CASA segment, driven by the surrender or deposit of high denomination notes, the same have been gradually withdrawn and there is no significant portion of deposit accruals owing to demonetization now.

1. Financial Highlights of the Coastal Local Bank during the year 2017-18

- The total business of the Bank as on 31.03.2018 was Rs 80,058 lakhs – recording 13.72% growth over the last year.
- The total deposits of the Bank as on 31.03.2018 was Rs 45,257 lakhs – recording 11.62% growth over the last year.
- The total advances of the Bank as on 31.03.2018 was Rs 34,801 lakhs – recording 16.57% growth over the last year.

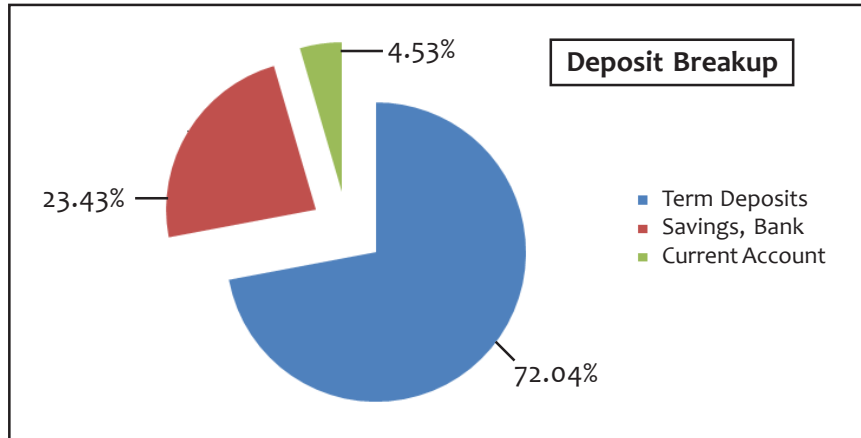
(Rs in lakhs)

S.No.	Particulars	31.03.2018	31.03.2017
1.	Deposits	45,257	40,546
2.	Advances	34,801	29,852
3.	Borrowings	-	-
4.	Total Business	80,058	70,397
5.	Non SLR investments	100	100
6.	Capital & Reserves	6,751	5,298





COASTAL BANK - 2018

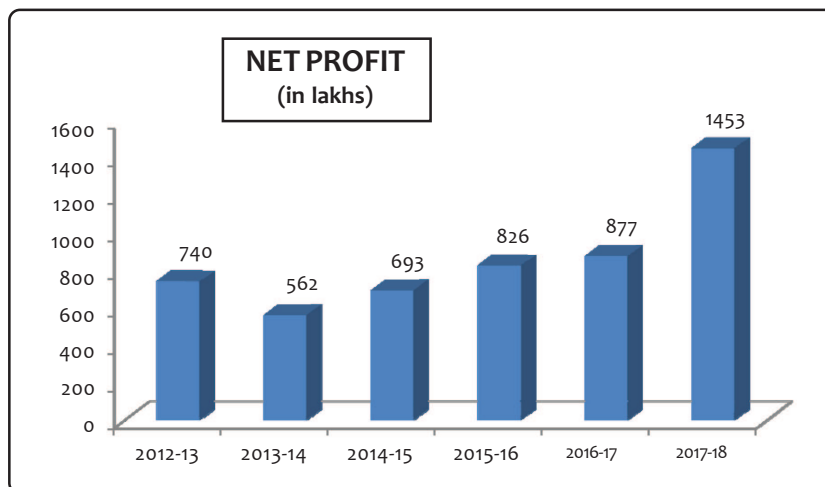


➤ The Bank earned a net profit of Rs 1453 lakhs during the year 2017-18 as against Rs 877 lakhs during the previous year-recording 65.68% growth.

1a Net Profit

(Rs in lakhs)

Parameter	As on 31.3.2018	As on 31.3.2017
Interest Earned	5,535	4,742
Other Income	1,339	976
Total Income	6,874	5,718
Interest Expended	2,717	2,707
Operating Expenses	1,994	1,598
Provisions & Contingencies	710	536
Total Expenditure	5,421	4,842
Operating Profit	2,163	1,413
Profit before Tax	2,073	1,368
Provision for Income Tax	620	491
Net Profit	1,453	877





1b. Dividends

The Board of Directors has not recommended any dividend during the year 2017-18. The board wishes to inform that this is in view of the pending amalgamation proposal between the Coastal Local Area Bank Limited and Krishna Bhima Samvrudhi Local Area Bank Limited.

1c. Appropriations / Reserves

The profit and loss account shows a profit of (PAT) Rs. 1453 lakhs after write offs and provisions.

The following are the appropriations : (Rs in lakhs)

Parameter	2017-18	2016-17
To Statutory Reserve	291	175
To Capital Reserve	0	0
To General Reserve	73	44
To Dividend and Dividend Tax	0	56
To Differed tax liability	0	48
Balance carried forward to balance sheet	2,468	1,379
Total	2,832	1,702

1d. Brief description of the Company’s working during the Year / State of Company’s affairs

(Rs in lakhs)

S.No.	Particulars	31.03.2018	31.03.2017
1.	Deposits	45,257	40,546
2.	Advances	34,801	29,852
3.	Borrowings	-	-
4.	Total Business	80,058	70,397
5.	Non SLR investments	100	100
6.	Capital & Reserves	6,751	5,298
7.	C R A R %	20	18
8.	Low cost and no cost Deposits to Total Deposits %	28	29
9.	Savings Deposits to Total Deposits %	23	23
10.	Current Deposits to Total Deposits %	5	6
11.	Priority Sector advances to Adjusted Net Bank Credit	76.14%	71.33%
12.	Gross N P A to Total Advances	1.25%	0.63%
13.	Net N P A to Total Advances	0.80%	0.41%
14.	Non-interest income to Total Income	19.49%	17.07%
15.	Operating cost to otal Income	29.01%	27.95%
16.	Staff cost to Total Income	10.37%	10.82%
17.	Cost of Deposits	6.58%	7.19%

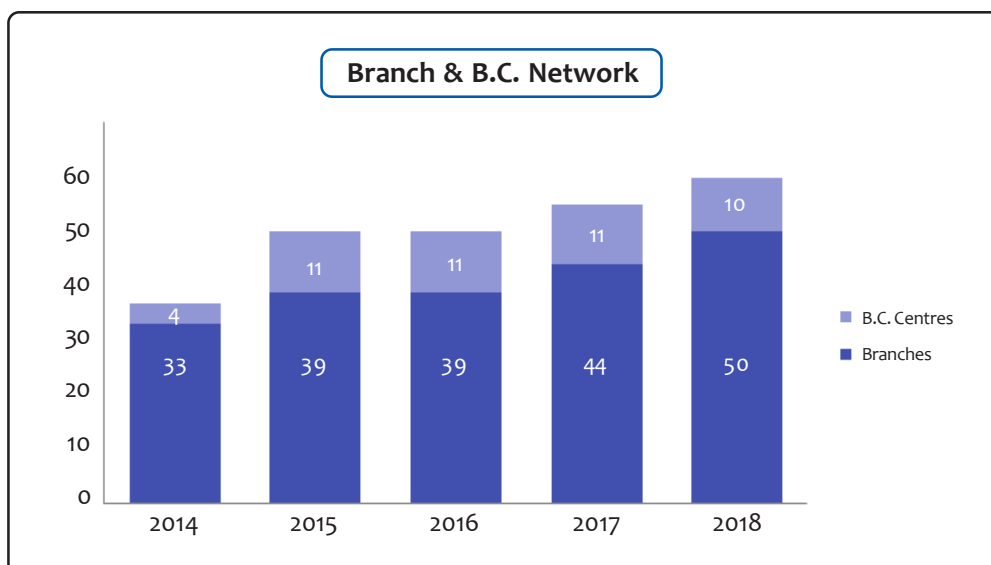


S.No.	Particulars	31.03.2018	31.03.2017
18.	Yield on Advances	14.62%	14.91%
19.	Spread	8.04%	7.72%
20.	C D Ratio	76.90%	74.00%
21.	Cost of funds	5.73%	6.31%
22.	Return on asset	2.96%	1.88%
23.	Return on equity	21.52%	15.63%
24.	Cost/income ratio	47.97%	53.05%
25.	Yield on investments	7.08%	7.29%
26.	Number of employees	254	228
27.	Average age of employee in years	36	37
28.	Per employee business (Rs.lakhs)	316	309
29.	Per employee deposits (Rs.lakhs)	178	178
30.	Per employee advances (Rs.lakhs)	138	131
31.	Per employee net profit (Rs.lakhs)	6	4
32.	Operating cost per employee (Rs.lakhs)	8	7
33.	Operating income per employee (Rs.lakhs)	9	6
34.	Net interest margin	6%	5%

The bank has been deploying the funds for the economic development of the same area from where the funds have been mobilized.

2. Branch Network

The bank operates with 50 fully functional branches and 10 Business correspondent centers located in the Coastal districts of Krishna, Guntur, West Godavari, East Godavari and Vishakhapatnam.





3. Technology upgrade and IT Initiatives :

CBS: The bank has been brought totally under Core Banking Solution (CBS) platform and all the 50 branches are networked and are offering single window services. Several IT based delivery channels, such as Any Branch Banking, NEFT Remittances, Transaction Alerts via mobile, alternative banking channels, digital banking facilities, etc. have been provided successfully to the customers.

Mobile Banking: Bank has successfully launched its Mobile Banking App in Dec 2016 and the customers are able to access their accounts, view the transactions, arrange transfer of funds to accounts within Bank and also with other Banks through NEFT.

IMPS: implemented in Mobile Banking and Branch Channels during February 2018.

UPI: Certification is in progress and will be implemented soon. Through UPI our customers get linked to BHIM and will be able to do transactions with most of the merchant establishments in the market.

ATMs: Bank has opened 17 more ATMs during the current fiscal bringing the total numbers of ATMs to 26 and 7 more will be installed during June 2018. Bank has plans to open at least 30 more ATMs during the ensuing year. Daily transaction volumes crossed Rs.1.00cr with number of hits around 2800 per day. Our ATMs have brought in good net revenues amounting to above Rs.70.00 lakhs during current fiscal and have earned us good name in the market for their 24x7 availability and service.

We have installed **ATM Kiosk** at APSRTC Complex, Vijayawada, and planning for many more such off-site ATMs in Railway Stations, APSRTC Bus Stations and large shops / malls during next financial year.

EMV RuPay Cards: We have issued a total of 25,000 RuPay ATM debit cards out of which 15,000 are EMV Chip based cards which are acceptable at all ATMs on par with other Bank cards.

POS-Enabled: Our bank's RuPay cards are now enabled for acceptance at all merchant POS terminals, and real time merchant transactions can be done on par with other banks.

E-COM: Our bank's RuPay cards are now enabled for E-COMmerce transactions, and real time online merchant transactions (web-based) can be done on par with other banks.

mPOS: Bank has also successfully launched mobile POS services for convenience of our merchant-customers and deployed 260 mobile and GPRS POS machines in various merchant establishments across the service area, to accommodate our merchant-customers. The total number of daily hits or transactions through our POS machines is expected to grow further the ensuing year.

Bank Mithras: The Bank has also ventured in to technology based Business Correspondent Centers and transactions are being done through on-line POS machines at field level. Customers are registered with Bio-metric authentication process, and several personalized services, (like deposits, withdrawal, and fund transfers) relating to the accounts are being offered at field level itself through the machines.

In order to facilitate faster digital transactions by our customers we have strengthened branch network through MPLS leased line connectivity.

To enable quick settlement and disposal of claims relating to digital transactions by our customers, we have installed Electronic Journal pulling software.



COASTAL BANK - 2018

4. Training:

The management firmly believes that for ensuring customer satisfaction and expansion in business, bank staff needs to be trained on continuous basis. To ensure that the skill sets of the staff is enhanced to meet these customer service needs, seven internal trainings were conducted during the year in the areas of Induction training, Credit and GST covering 185 officers of the bank including branch managers. In addition, three external training programmes were conducted covering various areas e.g., Credit, Business development and training programme for first time Managers. During the year, five officers and Branch Managers from branches were deputed to external training programmes at College of Agriculture Banking, NIRB, Bengaluru.

4a. Financial Inclusion

Even after long years of independence major portion of India remains unbanked. The lower income group of population still finds accessing financial services a difficult task. Government and Reserve Bank of India have been promoting the concept of Financial Inclusion with greater thrust and included it in their policy documents for inclusive growth. In tune with National priorities, our Bank has contributed its part in financial inclusion by taking the following measures:

Bank is actively opening 'No Frills' accounts. The number of No Frills accounts stands at 26,733. It constitutes 11.88% of total savings Bank Accounts.

Extended credit facilities up to Rs.50,000 exclusively to women entrepreneurs (small business) numbering 36,896. The amount outstanding is Rs. 4,772 lakhs. It constitutes 13.60% of total advances of the Bank.

Bank has extended credit facilities to retail, small and marginal borrowers for their business requirements. Branches have financed 32,646 borrowers of loan amounts up to Rs.25,000 each totaling Rs.3,665 lakhs which constitutes 10.45% of total advances.

Bank has introduced door step banking by offering cash collection facility at the door steps of business/ residence premises of clientele.

Bank has forayed into Business Correspondent Model of business three years back and has made good progress by opening a total of 10 BC centers and has plans for opening few Business Correspondent Centers in several unbanked and under banked areas to give further thrust to Financial Inclusion efforts.

4b. MSME Cell

The Micro, Small and Medium enterprises contribute significantly to employment generation, exports and overall development of the country's economy. The bank realizes that growth in economy is directly related to growth in MSME sector and accordingly formulated a scheme for hassle free finance to micro and small enterprises with name and style of CJLG (Coastal Joint Liability Group) loans. Under the scheme, Joint Liability Groups of micro/small enterprises are formed, trained and financed without insisting on any security. The bank is pleased to inform that during the year 2017-18 a total of 9,205 new borrowers are benefited under the scheme with total disbursals of Rs.74.41 cr.

The bank has a dedicated MSME Cell at the Corporate Office to advise MSME clientele and ensure timely flow of credit. The finance to MSME Sector during the year has gone up by 35.50% from Rs.85 cr to Rs.116 cr. The flow of credit to M S M E sector is steadily improving and is all set to further increase during the financial year 2018-19.



5. Change in the Nature of Business, if any : Nil

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

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

7. Details of Significant and Material Orders Passed by the Regulators, Courts and tribunals impacting the going concern status and company's operations in future:

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

8. Details in respect of adequacy of Internal Financial Controls with Reference to the Financial Statements :

Not Applicable being an unlisted company.

9. Details of Subsidiary/ Joint Ventures/ Associate Companies: Nil

10. Performance and Financial Position of each of the Subsidiaries, Associates and Joint Venture Companies included in the Consolidated Financial Statement : Not Applicable

11. Deposits (as per the provisions of Companies Act, 2013): Nil

12. Statutory Auditors

The Auditors M/s. Suresh & Babu, Chartered Accountants, Vijayawada will retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Members are requested to consider their re-appointment on remuneration decided by the Audit Committee of Board. The re-appointment of Auditors is subject to the approval of the Reserve Bank of India.

13. Auditors' Report

The Auditors Report is self explanatory, and there were no qualifications / reservations / adverse remarks / disclaimers made by the Statutory Auditor in his report dated 11th May 2018.

14. Share Capital

- a) Issue of Shares with differential rights : Nil
- b) Issue of sweat equity shares : Nil
- c) Issue of employee stock options : Nil
- d) Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees : Nil

15. Extract of Annual Return

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in **Annexure 1** and is attached to this Report.



COASTAL BANK - 2018

16. Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo:

- A) Conservation of energy : Not Applicable
- B) Technology absorption: Not Applicable
- C) Foreign exchange earnings and Outgo: Nil

17. Corporate Social Responsibility (CSR): Enclosed as Annexure

18. Directors:

A) Changes in Directors and Key Managerial Personnel

- Mr T. Eswara Chandra Rao, (Din 06598669), working as the Managing Director of the Bank since 21.06.2013 and is drawing remuneration of Rs.16.00 lakhs per annum as approved by members of the Bank in its 17th Annual General Meeting held on 30th September 2016, and subsequently by the members of the Bank in its 18th Annual General meeting held on 22nd September 2017. In view of his support to the organization since then your directors vide its meeting held on 11.05.2018 proposed to enhance remuneration to Rs 1,45,000/- per month i.e., Rs 17,40,000/- per annum subject to approval of members in the ensuing Annual General meeting and also subject to approval of RBI. Further the other terms and conditions of his appointment as approved are continued to be same.
- The term of Mr. Datla Jagapathi Raju as Chief Financial Officer of the Bank is going to complete by 17.10.2018 and hence the Board resolved vide its meeting held on 11.05.2018 to re-appoint / continue him as CFO for a further period of one more year upto 17.10.2019 subject to approval of the members at a remuneration of Rs 1,20,000/- per month effective from 01.06.2018 and such other terms and conditions as may be mutually agreed by the board of the Bank and the captioned CFO.
- Dr Jayaram Chigurupati (DIN No: 00015592), director of the Bank is liable to retire by rotation and being eligible offers himself for reappointment.
- Mr Biplab Das (DIN No: 03480910), completed his tenure as Chairman of the Bank effective from 15.12.2017. He continues as director of the Bank liable to retire by rotation. Further Board appreciated his services as chairman of the Bank.
- Mr K Venkataraman (DIN No: 02443410), was appointed as additional director of the Bank effective from 16.12.2017. Further the Board proposed him as Non-executive Chairman of the Bank and he will take charge as such upon receipt of approval from the RBI.

B) Declaration by an Independent Director(s) and re- appointment, if any

(Applicable to every listed companies and any class of public companies as may be prescribed)

The Board of the Bank has been constituted in accordance with Section 10 A of the Banking Regulation Act, 1949 and is represented by persons with diversified professional experience and expertise in respective areas of their specialization for the development of the Bank. The present strength of the Board of Directors of the Bank is five and hence the composition of Board pertaining to Independent directors as specified in Section 149 of the Companies Act, 2013 deemed not applicable.

C) Formal Annual Evaluation: Not Applicable

(Applicable to listed company and every other public company having a paid up share capital of twenty five crore rupees or more calculated at the end of the preceding financial year)



19. Board Meetings

During the year ended 31st March, 2018, Five meetings of the Board were held on 29.04.2017, 29.07.2017, 22.09.2017, 16.12.2017, & 24.02.2018.

Name of the Director	No. of meetings attended
1. Mr Biplab Das	5
2. Dr. Jayaram Chigurupati	5
3. Mr T Eswara Chandra Rao	4
4. Mr B V V Rajeswara Rao	5
5. Mr Sanjay Behuria (up to 22.09.2017)	1
6. Mr Jambunathan Narayanan (up to 28.06.2017)	1
7. Mr K Venkataraman (w.e.f 16.12.2017)	1

20. Committees of the Board

The Board has constituted **eight** committees of Directors to take decisions and monitor the activities falling within their terms of reference. All decisions and recommendations of the committees are placed before the Board either for information or for approval. The Board's Committees are as follows:

i. Audit & Risk Management Committee:

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

The Audit Committee met 5 times during the financial year 2017-18 on the following dates 29.04.2017, 29.07.2017, 22.09.2017, 16.12.2017, & 24.02.2018. Audit Committee also looks after the Risk Management of Bank.

ii. Management Committee:

The Management Committee was setup to review the operations of the Bank from time to time and also formulate and review corporate objectives and strategies. The committee formulates the annual budgets / business plans of the Bank. The Management Committee met 5 times during the financial year 2017-18 on the following dates 29.04.2017, 29.07.2017, 22.09.2017, 16.12.2017, & 24.02.2018.

iii. Share Transfer and Grievance Committee:

The functions and powers of the committee include approval and rejection of transfer and transmission of equity shares and other securities, issue of duplicate certificates, allotment of shares and securities issued from time to time including review and redressal of shareholders' grievances.

The committee has not met during the financial year 2017-2018 as there were no pending transfers which need to be approved by the Committee.

iv. Nomination Committee:

The Committee conducts due diligence as to the credentials of any director before the appointment of director and makes appropriate recommendations to the Board, in consonance with the requirements of Reserve Bank of India. The Committee met **three** times on 29.04.2017, 22.09.2017, & 16.12.2017 during the financial year 2017 – 2018.



v. Human Resources Committee

The committee was set up with the objective to evaluate compensation and other benefits to employees at different levels in the management. The Committee met **four** times on 29.04.2017, 29.07.2017, 16.12.2017, & 24.02.2018 during the financial year 2017-18.

vi. Customer Service Committee

The committee’s function is to monitor the Customer services extended by the Bank and to attend to the need of the customers. The committee met **three** times during the financial year 2017-18 on 29.04.2017, 16.12.2017, & 24.02.2018.

vii. Corporate Social Responsibility (CSR) Committee

The Committee was constituted as required under the provisions of section 135 of the Companies Act, 2013 in order to contribute to the items specified in Schedule VII of the Companies Act, 2013. The Committee met three times on 29.04.2017, 16.12.2017, & 24.02.2018.

viii. IT and IT Security Committee

The role of the committee is to coordinate corporate security strategy, for reducing duplication in security spending, for taking control of complex infrastructures and ultimately, for reducing security risk and also for developmental activities in Information technology. The Committee met **two** times on 16.12.2017, & 24.02.2018.

21. Details of establishment of Vigil Mechanism for directors and employees (Applicable to every listed company or such class or classes of companies, as may be prescribed)

The Board of the Bank in its meeting held on 9th May 2015, has adopted the ‘Whistle Blower Mechanism’ as required under Section 177 (9) of the Companies Act, 2013 and also under Banking Regulation Act, 1949. The Bank has not received any complaints under this policy as on the date of the report.

22. Nomination and Remuneration Committee (Applicable to listed companies and such other class or classes of companies, as may be prescribed) Covered in 20 (iv) above.

23. Particulars of loans, guarantees or investments under section 186: NIL

24. Particulars of contracts or arrangements with Related Parties: NIL and hence attaching Form No. AOC-2 (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) is not required.

25. Managerial Remuneration:

S No	Name	Designation	Annual Remuneration
1	Mr. T. Eswara Chandra Rao	Managing Director	Rs. 16.00 lakhs
2.	Mr. D. Jagapathi Raju	General Manager	Rs. 13.00 lakhs
3.	Mr. N. Sambasiva Rao	General Manager	Rs. 10.20 lakhs



26. Secretarial Audit Report (Applicable to Listed Company and every public company having a paid-up share capital of fifty crore rupees or more or every public company having a turnover of two hundred fifty crore rupees or more): **Not Applicable**

27. Corporate Governance

The Bank believes that the system of Corporate Governance protects interests of all stakeholders by inculcating transparent business operations and accountability. The Bank's philosophy on Corporate Governance ensures fullest commitment of the Board of Directors and Management. The Bank envisages attainment of the highest level of transparency, accountability and equity in all facets of its activities and operations.

Corporate Vision

- To provide high-tech banking experience to the rural and semi urban clientele with a human touch, at a reasonable cost.
- To mobilize savings through effective customer service and relationship banking.
- To provide institutional credit to rural and semi-urban segment by extending financial assistance to agriculture and priority sector and to eliminate heavy dependence on non institutional credit. To focus on financial inclusion at the bottom of the pyramid market in the operating area, apart from concentrating on credit expansion to MSME sector.
- To focus on quality credit expansion under Coastal Pragathi Loans to women groups.
- **Corporate Governance Certificate** (Applicable to Listed Companies) : **Not Applicable**

28. Awards and recognition

The Company has not received any awards during the financial year 2017-18.

29. Risk Management Policy

The Bank is already having Audit & Risk Management policy as per the requirements of the Banking Regulation Act, 1949.

30. Directors' Responsibility Statement

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

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis; and
- e. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



31. Staff Position & Industrial Relations

As on March 31st 2018 the total staff strength was 254. The industrial relations continued to be cordial which has provided credibility to the organization.

The particulars of cadre wise officers are given below:

S No	Cadre	Number of Officers
1	Top Management	03
2	Senior Management	05
3	Middle Management	37
4	Junior Management	21
5	Officer	188
Total		254

During the year 2017-18, 17 officers ceased to be in the services of the bank either on retirement/resignation and 43 officers joined the bank in different cadres during the same period. The bank initiated regular recruitment process by advertising in the newspaper and the selection was through interview.

32. Particulars of Employees

None of the employees of the company are drawing remuneration exceeding Rs.5.00 lakhs per month or Rs.60.00 Lakhs per annum or a proportionate amount for a part period thereof.

33. Internal Control:

The Bank is having sound internal control system as well as internal audit in order to safeguard the assets of the Bank against fraud or theft. The branches are being inspected by the Bank's internal inspectors once in a year. The inspection and audit system put in place by the Bank is adequate to assess the quality, risk as well as the quantum of business handled at branches/Offices.

34. Growth Projections 2018 -2019

The business plan for the bank has been finalized for the year 2018-19. The total deposits and advances are projected at Rs. 588.34 Cr and Rs.456.07 Cr respectively which reflects a growth of 30.00% in deposits and also in advances. The total business by March 2019 shall be Rs.1044.41cr with growth rate of 30.00%.

35. Customer Relations

The Bank has always strived to provide quality service to its customers with wide range of products and services. In its attempt to enhance the proximity, constant value addition was made to various products and services to ensure a balance between relationship and convenience banking. Each branch is conducting customer meets every year at the respective places apart from the quarterly customer committee meeting. The feedback from the operational units reveal that the customers continue to rate the customer services in the bank as very high during the financial year 2017-18.

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

The Company has in place a Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been



set up to redress complaints received regarding sexual harassment. All employees are covered under the policy. During the Financial Year, the Company has not received any complaint regarding sexual harassment.

37. Extract of Annual Return

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in Form- MGT 9 is attached to this Report.

38. Acknowledgements

Your Directors would like to place on record their gratitude and appreciation of the excellent support, cooperation and guidance which the Bank has received for its all round performance during the year 2017-18 from all the customers, shareholders, employees and other Banks. The Bank also acknowledges with gratitude the constant support and guidance received from Reserve Bank of India at its Regional Office, Hyderabad and their Central Office, Mumbai.

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

Sd/-
Biplab Kumar Das
Director

Sd/-
Dr Jayaram Chigurupati
Director

Sd/-
Mr B V V Rajeswara Rao
Director

Sd/-
Mr T Eswara Chandra Rao
Managing Director

Place : Vijayawada

Date : 11-05-2018



FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 201.

I REGISTRATION & OTHER DETAILS :

i	CIN	U65993AP1999PLC031684
ii	Registration Date	12/05/1999
iii	Name of the Company	COASTAL LOCAL AREA BANK LIMITED
iv	Category/Sub-category of the Company	Non-Government Indian Company
v	Address of the Registered office & contact details	D.No.59-14-2A, 3rd Floor, Santhi Plaza, Gayatri Nagar, Ring Road, Benz Circle, Vijayawada, A.P- 520 008 Ph: 0866-2494425, 2494426 Fax: 2494423 Email:Coastalho@coastalareabank.com
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Bigshare Services Pvt Ltd (RTA/STA), 306, 3rd Floor, Amrutha Ville, Opp. Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad-500082. Ph:040-23374967 Fax: 23370295 Mobile: 09177401070/ 040-40144967 Email: bsshyd@bigshareonline.com Web: www.bigshareonline.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10% or more of the total turnover of the company shall be stated

S.No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Commercial Banking	99711100	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES : NIL



IV (i) SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	497151	0	497151	2.16	497151	0	497151	2.16	0
a) Individual/HUF									
b) Central Govt.or State Govt.									
c) Bodies Corporates	1063770	0	1063770	4.62	1063770	0	1063770	4.62	0
d) Bank/FI									
e) Any other									
SUB TOTAL:(A) (1)	1560921	0	1560921	6.78	1560921	0	1560921	6.78	0
(2) Foreign									
a) NRI- Individuals	0	266858	266858	1.16	0	266858	266858	1.16	0
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other...									
SUB TOTAL (A) (2)	0	266858	266858	1.16	0	266858	266858	1.16	0
Total Shareholding of Promoter									
(A)= (A)(1)+(A)(2)	1560921	266858	1827779	7.94	1560921	266858	1827779	7.94	0
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central govt									
d) State Govt.									
e) Venture Capital Fund									
f) Insurance Companies									
g) FIIS									
h) Foreign Venture Capital Funds									
i) Others (specify)									
SUB TOTAL (B)(1):	0	0	0	0	0	0	0	0	0
(2) Non Institutions									
a) Bodies corporates									
i) Indian	1895339	6041823	7937162	34.48	1895339	6041823	7937162	34.48	0
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	7237	11324	18561	0.08	7237	11324	18561	0.08	0
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	1252811	11982860	13235671	57.50	1252811	11982860	13235671	57.50	0
c) Others (specify)									
SUB TOTAL (B)(2):	3155387	18036007	21191394	92.06	3155387	18036007	21191394	92.06	0
Total Public Share holding(B)= (B)(1)+(B)(2)									
	3155387	18036007	21191394	92.06	3155387	18036007	21191394	92.06	0
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	4716308	18302865	23019173	100.00	4716308	18302865	23019173	100.00	0



COASTAL BANK - 2018

(ii) SHARE HOLDING PROMOTERS

Sl. No.	Share Holders Name	Share Holding at the beginning of the Year			Share Holding at the end of the Year			% change in shareholding during the year
		No.of Shares	%of total shares of the company	% of shares pledged encumbered to total	No.of Shares	%of total shares of the company	%of shares pledged encumbered to total	
1.	Dr. Jayaram Chigurupati	497151	2.16	0	497151	2.16	0	
2.	Smt Padmasree Chigurupati	266858	1.16	0	266858	1.16	0	0
3.	Chigurupati Sai Sriram Enterprises Pvt. Ltd.	1063770	4.62	0	1063770	4.62	0	
	Total	1827779	7.94	0	1827779	7.94	0	0

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Share Holding at the beginning of the Year		Cumulative Share Holding during the Year	
		No.of Shares	%of total shares of the company	No.of Shares	%of total shares of the company
	At the beginning of the year	1827779	7.94	1827779	7.94
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	NIL	NIL	NIL	NIL
	At the end of the year	1827779	7.94	1827779	7.94

(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (other than Directors, Promoters & Holders of GDRs & ADRs)

As the company is a Banking company the holding of any member shall not exceed 5% of the total holdings.

(v) SHAREHOLDING OF DIRECTORS & KMP

Sl. No.		Share Holding at the end of the Year		Cumulative Shareholding during	
		No.of Shares	%of total shares of the company	No.of Shares	%of total shares of the company
	At the beginning of the year	497151	2.16	497151	2.16
	Datewise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year	497151	2.16	497151	2.16



V INDEBTEDNESS : NIL

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager :

S.No.	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
		Sri T Eswara Chandra Rao, Managing Director	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	1599996	1599996
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
2	Stock option	0	0
3	Sweat Equity	0	0
4	Commission as % of profit others (specify)	0 0 0	0 0 0
5	Others, please specify	0	0
	Total (A)	1599996	1599996
	Ceiling as per the Act	Within the limits of Section 197 of the Companies Act 2013	

B. Remuneration to other directors :

S. No.	Particulars of Remuneration	Name of the Directors						Total Amount
1.	Independent Directors							
	(a) Fee for attending board committed meetings							
	(b) Commission							
	(c) Others, Please specify							
	Total (1)							
2.	Other Non Executive Directors	Dr. Jayaram Chigurupati	Mr. Biplab Das	Mr BVV Rajeswara Rao	Mr Sanjay Behuria	Mr N Jambu Nathan	Mr Krishna Murthy Venkata Raman	
	(a) Fee for attending board & committee meetings	200000	200000	200000	40000	40000	40000	720000
	(b) Commission	0	0	0	0	0	0	0
	(c) Others, Please Specify	0	0	0	0	0	0	0
	Total (2)	200000	200000	200000	40000	40000	40000	720000
	Total (B)=(1+2)	200000	200000	200000	40000	40000	40000	720000
	Total Managerial Remuneration	200000	200000	200000	40000	40000	40000	720000
	Overall Ceiling as per the Act	Within the limits of Section 197 (5) of the Companies Act 2013 read with its rules.						



C. Remuneration to key managerial personnel other than MD/Manager/WTD

S.No.	Particulars of Remuneration	Name of the MD/WTD/Manager			
		CEO	Company Secretary	CFO (Mr D Jagapathi Raju)	Total Amount
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	0	0	1299996	1299996
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission as % of profit others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total			1299996	1299996

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL



Corporate Social Responsibility (CSR)

1. A brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
 - 1) Dr Jayaram Chigurupati
 - 2) Mr B V V Rajeswara Rao
 - 3) Mr T Eswara Chandra Rao
3. Average gross profit of the company for last three financial years: 1233.14 lakhs
4. Prescribed CSR Expenditure (2 per cent of the amount as in item 3 above): **Rs.24.66 lakhs**
5. Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year: Rs.24.66 lakhs
 - (b) Amount unspent, if any: Rs. 3.35 lakhs
 - (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs(1) Local area or other(2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency*
1.	Spreading of Financial Literacy in Villages near to our Branches		Local Area		6,45,000		
2.	Water Harvesting & Conservation activities in Krishna & Guntur Districts		Local Area		14,21,000		
3.	Financial Assistance to Charitable /Govt. Organizations		Local Area		65,000		
Total					21,31,000		

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

The Bank has spent an amount of Rs.21.31 lakhs and amount unspent is Rs.3.35 lakhs. The Bank is in the process of identifying the areas and for this reason, the Company’s spend on the CSR activities has been



less than the limits prescribed under Companies Act, 2013. The CSR activities are scalable which coupled with new initiatives that may be considered in future. Moving forward the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.

7. Responsibility Statement:

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR Projects and activities in compliance with our CSR objectives.

Managing Director

Chairman CSR Committee

S No	Financial Year	Gross Profit
1.	2014-15	1063.93
2.	2015-16	1267.96
3.	2016-17	1367.53
	Total	3699.42
	Average Gross Profit	1233.14
	2% of Avg. Gross Profit	24.66



INDEPENDENT AUDITORS' REPORT

To
The members of
Coastal Local Area Bank Limited.

Report on Financial Statements

We have audited the accompanying financial statements of **Coastal Local Area Bank Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order under Section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



COASTAL BANK - 2018

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law relating to preparation of financial statements have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of these financial statements.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable.
 - (e) On the basis of the written representations received from the Directors as on March 31, 2018, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - (g) With respect to the other matters to be included in the Independent Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii) The Company has made provision in its financial statements, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts including derivative contracts;
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. Since it is a banking company, the provisions of the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act are not applicable to the company. Hence, we have not annexed any statement on the matters specified in paragraphs 3 and 4 of the Order.

Place : Vijayawada

Date : 11-05-2018

For Suresh And Babu
Chartered Accountants
FRN : 004254S

(S. Muralikrishna Rao)
Partner
ICAI M.No: 208435



Balance Sheet as on 31st March, 2018

(in Rupees)

	Schedule No	As on 31-03-2018	As on 31-03-2017
CAPITAL & LIABILITIES			
Capital	1	23,01,91,730	23,01,91,730
Reserves & Surplus	2	44,49,03,448	29,96,21,138
Deposits	3	4,52,57,03,849	4,05,45,66,200
Borrowings	4		-
Other liabilities and provisions	5	13,11,75,363	12,86,53,366
TOTAL		5,33,19,74,390	4,71,30,32,435
ASSETS			
Cash and balances with Reserve Bank of India	6	16,05,00,680	8,81,27,919
Balance with banks and money at call and short notice	7	60,79,41,628	59,57,47,034
Investments	8	88,63,64,936	85,36,33,356
Advances	9	3,48,01,25,849	2,98,51,73,706
Fixed Assets	10	9,49,86,904	8,08,80,267
Other Assets	11	10,20,54,394	10,94,70,153
TOTAL		5,33,19,74,390	4,71,30,32,435
Contingent Liabilities	12	1,23,68,120	63,01,041
Bills for Collection			

Significant Accounting Policies and Notes to the Financial Statements. The schedules referred to above form an integral part of this Profit and Loss Account. As per our Report of even date.

For **SURESH AND BABU**

Chartered Accountants

FRN : 004254S

(S. Muralikrishna Rao)

Partner, M.No. 208435)

Sd/-

Biplab Kumar Das
Director

Sd/-

T. Eswara Chandra Rao
Managing Director

Place : Vijayawada

Date : 11-05-2018

For and on behalf of the board

Sd/-

Dr. Jayaram Chigurupati
Director

Sd/-

K. Venkataraman
Director

Sd/-

N. Sambasiva Rao
General Manager

Sd/-

B. V. V. Rajeswara Rao
Director

Sd/-

D. Jagapathi Raju
General Manager



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2018

(in Rupees)

	Schedule No	Year ended 31-03-2018	Year ended 31-03-2017
I. INCOME			
Interest earned	13	55,34,56,367	47,42,20,506
Other Income	14	13,39,09,164	9,76,24,783
TOTAL		68,73,65,531	57,18,45,289
II. EXPENDITURE			
Interest Paid	15	27,16,49,201	27,07,53,730
Operating expenses	16	19,94,14,715	15,98,39,562
Provisions and contingencies		7,10,19,304	5,35,99,164
TOTAL		54,20,83,220	48,41,92,456
III. PROFIT			
Net profit/loss(-) for the year		14,52,82,310	8,76,52,833
Profit/Loss(-) brought forward		13,78,86,144	8,25,57,476
TOTAL		28,31,68,454	17,02,10,309
IV. APPROPRIATIONS			
Interim Dividend paid		-	46,03,835
Tax on Interim Dividend paid		-	9,62,340
Transfer to Statutory Reserve		2,90,56,462	1,75,30,567
Provision for Deferred Tax Liability			
(See point 4.7 of Schedule 18)		-	48,44,781
Transfer to General Reserve		72,64,116	43,82,642
Proposed Dividend		-	-
Tax on Proposed Dividend		-	-
Balance carried over to balance sheet		24,68,47,877	13,78,86,144
TOTAL		28,31,68,454	17,02,10,309

**V. EARNINGS PER SHARE**

(in Rupees)

	Schedule No	Year ended 31-03-2018	Year ended 31-03-2017
Weighted Average No.of Equity Shares		2,30,19,173	2,30,19,173
Basic (Rs)		6.31	3.60
Diluted (Rs)		6.31	3.60
Face value per share (Rs)		10.00	10.00

Significant Accounting Policies and Notes to the Financial Statements

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

For **SURESH AND BABU**

Chartered Accountants

FRN : 004254S

(S. Muralikrishna Rao)

Partner, M.No. 208435)

For and on behalf of the board

Sd/-

Dr. Jayaram Chigurupati
Director

Sd/-

Biplab Kumar Das
Director

Sd/-

B. V. V. Rajeswara Rao
Director

Sd/-

K. Venkataraman
Director

Sd/-

T. Eswara Chandra Rao
Managing Director

Sd/-

D. Jagapathi Raju
General Manager

Sd/-

N. Sambasiva Rao
General Manager



Schedules to Balance Sheet

Schedule 1 – Capital

(in Rupees)

Particulars	As on 31-03-2018	As on 31-03-2017
Authorized Capital 30,000,000 shares of Rs.10/- each	30,00,00,000	30,00,00,000
Issued Capital 23,451,057 shares of Rs.10/- each	23,45,10,570	23,45,10,570
Subscribed Capital 23,019,173 shares of Rs 10/- each	23,01,91,730	23,01,91,730
Paid up capital 23,019,173 shares of Rs 10/- each	23,01,91,730	23,01,91,730
Total	23,01,91,730	23,01,91,730

Schedule 2 – Reserves and Surplus

Particulars	As on 31-03-2018	As on 31-03-2017
I. Statutory Reserves		
Opening Balance	12,03,74,818	10,28,44,251
Additions during the year	2,90,56,462	1,75,30,567
Total	14,94,31,280	12,03,74,818
II. Capital Reserves		
Opening Balance	1,94,67,098	1,94,67,098
Additions during the year	-	-
Total	1,94,67,098	1,94,67,098
III. Share Premium		
Opening Balance	-	-
Additions during the year	-	-
Deduction during the year (issued Bonus shares)	-	-
Total	-	-
IV. General and other Revenue Reserves		
Opening Balance	2,18,93,078	1,75,10,437
Additions during the year	72,64,116	43,82,642
Less capitalized (issue of Bonus shares)	-	-
Total	2,91,57,194	2,18,93,078
V. Balance in Profit & Loss Account	24,68,47,877	13,78,86,144
Total	24,68,47,877	13,78,86,144
Total (I,II,III,IV, and V)	44,49,03,448	29,96,21,138



Schedule 3 - Deposits

Particulars	As on 31-03-2018	As on 31-03-2017
A. 1. Demand Deposits		
(i) From Banks	-	-
(ii) From Others	20,50,55,563	24,88,53,302
II. Savings Bank Deposits	1,06,02,26,885	93,08,58,064
III. Term Deposits		
(i) From Banks	-	-
(ii) From Others	3,26,04,21,401	2,87,48,54,834
Total (I,II and III)	4,52,57,03,849	4,05,45,66,200
B.(i) Deposits of branches in India	4,52,57,03,849	4,05,45,66,200
(ii) Deposits of branches outside India	-	-
Total	4,52,57,03,849	4,05,45,66,200

Schedule 4 – Borrowings : NIL

Schedule 5 – Other Liabilities and Provisions

Particulars	As on 31-03-2018	As on 31-03-2017
Bills Payable	2,40,98,799	3,88,84,838
Inter office adjustments (net)	51,80,213	34,25,400
Sundry creditors	1,52,56,127	1,29,26,182
Depreciation on investments	75,65,667	75,65,667
Provision for investments in HTM	-	-
Interest suspense	15,12,320	12,83,156
Provision for taxation	6,20,22,880	4,91,25,800
Locker rent deposit	13,08,151	12,33,688
Provision for deferred tax liability	71,02,804	70,79,847
Provisions for Expenses	21,48,983	22,58,983
Interest payable on deposits	29,77,234	31,31,536
CSD security deposit a/c	13,03,217	11,38,053
Security deposit for CSD machine	2,15,905	1,66,482
Clearing adjustments	-	-
Unpaid Dividend Account	4,83,062	-
Provision for tax on dividend	-	-
POS payable	-	4,33,734
Total	13,11,75,363	12,86,53,366



Schedule 6 – Cash and Balances with Reserve Bank of India

Particulars	As on 31-03-2018	As on 31-03-2017
I. Cash in hand (including foreign currency notes)	15,70,45,740	8,46,72,979
II. Balances with Reserve Bank of India		
(a) In Current Account	34,54,940	34,54,940
(b) In other Accounts	-	-
Total (I and II)	16,05,00,680	8,81,27,919

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

Particulars	As on 31-03-2018	As on 31-03-2017
I. In India		
(i) Balances with Banks		
(a) in Current Accounts	32,65,41,628	42,08,47,034
(b) In other Accounts	28,14,00,000	17,49,00,000
(ii) Money at call and short notice		
(a) with Banks		
(b) with other institutions		
Total (i+ii)	60,79,41,628	59,57,47,034
II. Outside India		
(i) Government securities		
(ii) Other approved securities		
(iii) Shares		
(iv) Debentures and Bonds		
(v) Subsidiaries and/or Joint Ventures		
(vi) Others(to be specified)		
Total		
Grand Total (I & II)	60,79,41,628	59,57,47,034

Schedule 8 – Investments

Particulars	As on 31-03-2018	As on 31-03-2017
I. Investments in India in		
(i) Government securities	55,25,93,106	42,62,89,328
(ii) Other approved securities (Treasury Bills)	32,37,71,831	41,73,44,028
(iii) Shares		
(iv) Debentures and Bonds		
(v) Subsidiaries and/or Joint Ventures		
(vi) Others - Non SLR Mutual Funds	1,00,00,000	1,00,00,000
Total	88,63,64,936	85,36,33,356
II. Investments Outside India in		
(i) Government securities (including Local Authorities)		
(ii) Subsidiaries and/or Joint Ventures abroad		
(iii) Others investments(to be specified)		
Total		
Grand Total (I & II)	88,63,64,936	85,36,33,356



Schedule 9 – Advances

Particulars	As on 31-03-2018	As on 31-03-2017
A. (i) Bills purchased and discounted	3,98,400	7,22,100
(ii) Cash Credits, Overdrafts and loans repayable on demand	1,46,22,29,145	1,30,16,72,644
(iii) Term loans	2,01,76,98,303	1,68,27,78,962
(iv) Additional Provision on Standard Advances	(2,00,000)	-
Total	3,48,01,25,849	2,98,51,73,706
B. (i) Secured by tangible assets	2,99,66,27,400	2,59,16,18,568
(ii) Covered by Bank/Govt. Guarantees	-	-
(iii) Unsecured	48,36,98,449	39,35,55,138
(iv) Additional Provision on Standard Advances	(2,00,000)	-
Total	3,48,01,25,849	2,98,51,73,706
C.I. Advances in India		
(i) Priority sectors	2,27,34,66,372	1,70,25,55,681
(ii) Public sector		
(iii) Banks		
(iv) Others	1,20,66,59,476	1,28,26,18,025
Total	3,48,01,25,849	2,98,51,73,706
C. II. Advances Outside India		
(i) Due from banks		
(ii) Due from others		
(a) Bills purchased and discounted		
(b) Syndicated loans		
(c) Others		
Total		
Grand Total (C.I & C.II)	3,48,01,25,849	2,98,51,73,706

Schedule 10 – Fixed Assets

Particulars	As on 31-03-2018	As on 31-03-2017
I. Premises		
At cost as on 31st March of the preceding year		
Additions during the year		
Deductions during the year		
Depreciation to date		
II. Other Fixed Assets(including furniture and fixtures)		
At cost as on 31st March of the preceding year	13,10,20,949	10,76,40,398
Additions during the year	2,73,88,396	2,38,01,117
Deductions during the year	37,25,848	4,20,566
less : Depreciation to date	6,44,21,328	5,45,39,546
Intangible Assets -Software	47,24,735	43,98,864
Total (I and II)	9,49,86,904	8,08,80,267



Schedule 11 – Other Assets

Particulars	As on 31-03-2018	As on 31-03-2017
Interest accrued on investments	2,06,05,616	1,61,02,039
Tax paid in advance/tax deducted at source	5,47,96,000	4,62,02,000
Stationery and stamps	29,39,506	21,46,453
Library	10,755	10,755
Sundry debtors	1,83,44,733	1,60,09,659
Deferred Revenue Expenditure (New branches)	4,47,761	4,47,761
Receivable from GOI under DW scheme	2,414	2,414
Clearing adjustments (9099713.5-5026512.25)	40,73,201	2,70,99,074
NEFT Suspense	8,34,408	14,49,998
Total	10,20,54,394	10,94,70,153
* In case there is any unadjusted balance of loss the same may be shown under this item with appropriate foot-note.		

Schedule 12 – Contingent Liabilities

Particulars	As on 31-03-2018	As on 31-03-2017
I. Claims against the bank not acknowledged as debts	-	-
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts.	-	-
IV. Guarantees given on behalf of constituents	-	-
(a) In India	1,23,68,120	63,01,041
(b) Outside India	-	-
V. Acceptances, endorsements and other obligations	-	-
VI. Other items for which the bank is contingently liable	-	-
Total	1,23,68,120	63,01,041

SCHEDULES TO PROFIT & LOSS ACCOUNT

Schedule 13 – Interest Earned

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
I. Interest/discount on advances/bills	47,52,65,798	37,48,23,092
II. Income on investments	6,02,80,243	5,89,12,090
III. Interest on balances with Reserve Bank of India and other inter-bank funds	1,79,10,326	4,04,85,324
Total	55,34,56,367	47,42,20,506



Schedule 14 – Other Income

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
I. Commission, exchange and brokerage	1,00,31,465	58,89,569
II. Profit on sale of investments	-	-
III. Processing charges	2,37,69,983	2,05,18,767
IV. Deferred tax asset	-	-
V. Minimum balance charges	50,16,695	41,63,147
VI. Consolidation operating charges	2,90,18,795	1,99,25,923
VII. Group formation training charges	2,85,30,330	2,04,49,477
VII. Rent on lockers	72,53,098	59,70,228
VII. Miscellaneous income	3,02,88,798	2,07,07,672
Total	13,39,09,164	9,76,24,783

Schedule 15 – Interest Expended

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
I. Interest on Deposits	27,16,49,201	27,07,53,730
II. Interest on RBI/ inter-bank borrowings	-	-
III. Interest paid On H.O A/C	-	-
Total	27,16,49,201	27,07,53,730

Schedule 16 – Operating Expenses

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Payments to and provisions for employees	7,13,02,671	6,18,93,211
Rent, taxes and lighting	3,28,45,379	2,75,73,635
Printing and stationery	23,89,157	23,44,560
Advertisement and publicity	21,55,149	31,28,411
Depreciation on bank's property	1,29,94,216	1,04,35,679
Director's fees, allowances and expenses	25,68,785	28,25,068
Auditors' fees and expenses (including branch auditors)	12,57,750	11,88,503
Law charges	2,41,750	3,89,000
Postage, telegrams, telephones, etc	26,06,709	25,29,588
Repairs and maintenance	1,80,22,184	1,33,74,069
Insurance	44,48,638	40,83,243
ATM card, maintenance, comm, service tax	30,63,827	35,05,904
Cost of remittance of funds	96,276	2,87,723
TA & DA General	19,50,499	26,93,411
Refreshment of customers	9,75,017	8,40,012
Miscellaneous expenses	23,45,756	36,03,784
News paper & periodicals	1,04,052	88,005
Rent paid clearing house	-	3,85,395
Training expenses	59,633	1,01,201
Assets written off furniture	5,39,540	1,42,259



Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Subscriptions	1,76,005	1,26,590
Def. revenue expenditure written off for intangible assets	9,13,929	10,18,086
Def. revenue expenditure written off for new branches	-	-
Consultancy fee	27,22,295	30,48,107
Corporate Social Responsibility	21,31,600	14,41,090
Bad debts written off	22,10,071	14,00,937
Branch inauguration expenses	4,83,603	3,18,473
Conveyance to CSD agents	2,03,500	1,88,872
Commission paid to CSD agents	1,19,99,285	84,02,939
Sundry Expenditure	10,630	15,200
Commission Paid On IMPS Transactions	420	-
GST Paid On IMPS Transactions	76	-
GST Output paid	1,67,39,479	-
Reimbursement of medical Expenses	18,53,500	-
TA & DA -Inspectors	3,336	-
Total	19,94,14,716	15,98,39,562

Provisions and contingencies

Particulars	Year ended 31-03-2018	Year ended 31-03-2017
Contingent Provision against Standard Assets	21,591	35,63,170
Provision for NPA	89,74,368	9,35,994
Provision for Income Tax	6,20,00,000	4,91,00,000
Provision for Deferred Tax	22,945	-
Provision for others	400	-
Total	7,10,19,304	5,35,99,164

For **SURESH AND BABU**

Chartered Accountants

FRN : 004254S

(S. Muralikrishna Rao)
Partner, M.No. 208435)

Sd/-

Biplab Kumar Das
Director

Sd/-

T. Eswara Chandra Rao
Managing Director

Sd/-

B. V. V. Rajeswara Rao
Director

Sd/-

D. Jagapathi Raju
General Manager

For and on behalf of the board

Sd/-

Dr. Jayaram Chigurupati
Director

Sd/-

K. Venkataraman
Director

Sd/-

N. Sambasiva Rao
General Manager

Place : Vijayawada

Date : 11-05-2018



SCHEDULE: 17 : SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Conventions :

The financial statements have been prepared in accordance with statutory requirements prescribed under the Banking Regulation Act, 1949. The accounting and reporting policies of Coastal Local Area Bank used in the preparation of these financial statements is the accrual method of accounting and historical cost convention and it conforms with Generally Accepted Accounting Principles in India (“Indian GAAP”), the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 in so far as they apply to banks and the guidelines issued by the Reserve Bank of India.

Use of estimates :

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

2. Investments :

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

a. Basis of classification

- i. Securities that are held principally for resale within 90 days from the date of purchase are classified as “Held for Trading”.
- ii. Investments that the Bank intends to hold up to maturity are classified as “Held to Maturity”. These are carried at acquisition cost, unless acquired at a premium, which is amortized over the remaining maturity period.
- iii. Securities that cannot be classified in the above two categories are classified as “Available for Sale”.
- iv. An investment is classified as Held for Trading, Available for Sale and Held to Maturity at the time of its purchase.

b. Valuation

The valuation of investments is done in accordance with the Reserve Bank of India guidelines.

i. Held for Trading :

There were no securities in “Held for Trading”.

ii. Held to Maturity:

These are carried at their acquisition cost and not marked to market. Any premium paid on acquisition is amortized over the remaining maturity period.

iii. Available for Sale:

Individual scrips in this category are marked to market at quarterly intervals. While the net depreciation under each classification is fully provided for in Profit & Loss Account as per RBI guidelines, the net appreciation, if any, for each classification is ignored.



COASTAL BANK - 2018

c. Investment fluctuation reserve

As per Reserve Bank of India guidelines, Investment Fluctuation Reserve (IFR) of a minimum 5% of the investment portfolio comprising of investments held in “Available for Sale” categories should be created. The total amount held in the IFR as on March 31st, 2018 is Rs. 194.67 Lakhs

d. Broken period interest

Broken period interest on debt instruments is treated as a revenue item.

e. Transfer of security between categories

Transfer of security between categories of investments is accounted for at the acquisition cost or book value or market value as on the date of transfer, whichever is less and the depreciation, if any, on such transfer is fully provided for.

3. Advances

In accordance with the Reserve Bank of India guidelines, advances are classified as performing or Non-Performing based on recovery of principal/interest. Provisions on advances have been made in accordance with the Reserve Bank of India’s guidelines / directives, as under:

1. All advances have been classified under Four categories i.e., (a) Standard Assets, (b) Sub-Standard Assets, (c) Doubtful Assets and (d) Loss Assets.
2. Provisions on Non-Performing Assets (NPAs) amounting to Rs.157.60 lakhs as on the date of the balance sheet have been arrived on all outstanding net of interest not realized.
3. Provision on standard assets is made amounting to Rs.122.67 lakhs of the outstanding as per the guidelines of RBI and is adjusted under the head “Advances”.
4. Unrealized interest of the previous year on advances, which became non-performing during the year, has been provided for

4. Fixed Assets :

Fixed Assets are stated at historical cost less accumulated depreciation. Historical cost is inclusive of freight, duties and installation expenses and expenditure during construction where applicable.

5. Depreciation :

Bank continues to provide Depreciation under straight line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 for Assets existed as on 1st April 2015. However Depreciation is provided on newly purchased Assets on/after 1st April 2015 on Straight Line method so as to write off the depreciable amount of the asset over the useful lives specified in Schedule II of the Companies Act, 2013.

6. Revenue recognition

Revenue and expenditure have been generally accounted for on accrual basis except the following items, which are accounted for on cash basis.

Income:

- a. Interest and other charges on non-performing assets as per the norms laid down by Reserve Bank of India on realization basis.
- b. Commission, exchange, brokerage and rent on lockers and interest on overdue bills have been recognized on cash basis.



Expenditure :

Insurance charges accounted for on cash basis.

7. Provision for Taxation :

- a) Provision for current tax has been made as per the applicable provision under Income tax act, 1961 as amended from time to time.
- b) Provision for deferred tax has made on the basis of future tax liability in terms of Accounting Standard 22 issued by the Institute of Chartered Accountants of India.(Also see Point 4.8 of Schedule 18).

8. Net Profit

The net profit has been arrived at after:

- a) Provision for Current tax/Deferred tax
- b) Provision for standard assets.
- c) Provision for NPA
- d) Adjustment to the value of investments as per RBI guidelines.
- e) Other usual and necessary provisions.

For **SURESH AND BABU**

Chartered Accountants
FRN : 004254S

(S. Muralikrishna Rao)
Partner, M.No. 208435)

For and on behalf of the board

Sd/-
Dr. Jayaram Chigurupati
Director

Sd/-
Biplab Kumar Das
Director

Sd/-
B. V. V. Rajeswara Rao
Director

Sd/-
K. Venkataraman
Director

Sd/-
T. Eswara Chandra Rao
Managing Director

Sd/-
D. Jagapathi Raju
General Manager

Sd/-
N. Sambasiva Rao
General Manager

Place : Vijayawada

Date : 11-05-2018



SCHEDULE 18: NOTES FORMING PART OF ACCOUNTS

3.1 Capital

(Rs. In Lakhs)

Particulars	Current Year	Previous Year
i) CRAR (%)	19.86%	18.00%
ii) CRAR – Tier I Capital (%)	19.47%	17.56%
iii) CRAR – Tier II Capital (%)	0.39%	0.44%
iv) Percentage of the shareholding of the Government of India Nationalized Banks	NIL	NIL
v) Amount raised by issue of Upper Tier II Instruments	NIL	NIL

3.2 Investments

(Rs. In Lakhs)

Particulars	Current Year	Previous Year
(1) Value of Investments		
(i) Gross Value of Investment		
(a) In India	8863.65	8536.33
(b) Outside India,	NIL	NIL
(ii) Provisions for Depreciation	NIL	NIL
(a) In India		
(b) Outside India	NIL	NIL
(iii) Net Value of Investments	8863.65	8536.33
(a) In India		
(b) Outside India	NIL	NIL
(2) Movement of Provisions held towards depreciation on investments.		
(i) Opening Balance	75.66	75.66
(ii) Add: Provisions made during the year	NIL	NIL
(iii) Less: Write-off/write-back of excess provisions during the year	NIL	NIL
(iv) Closing Balance	75.66	75.66

3.2.1 Repo Transactions : NIL

3.2.2 Non-SLR Investment Portfolio

i) Issuer Composition of Non SLR Investments

(Rs. In Lakhs)

No.	Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of 'Unrated Securities'	Extent of 'Unlisted Securities'
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs					
(ii)	FIs					
(iii)	Banks					
(iv)	Private Corporates					
(v)	Subsidiaries /Joint Ventures					
(vi)	Others(Mutual Funds)	100.00				
(vii)	Provision held towards depreciation					
	Total	100.00				



- 3.3 Derivatives : Nil
- 3.3.1 Forward Rate Agreement/Interest Rate Swap : Nil
- 3.3.2 Exchange Traded Interest Rate Derivatives : Nil
- 3.3.3 Disclosures on risk exposure in derivatives : Nil

3.4 Asset Quality

3.4.1 Non-Performing Assets

(Rs. In Lakhs)

Particulars	Current Year	Previous Year
(i) Net NPAs to Net Advances (%)	0.80%	0.41%
(ii) Movement of NPAs (Gross)		
(a) Opening Balance	189.66	115.81
(b) Additions during the year	3352.07	2682.52
(c) Reductions during the year	3103.98	2608.67
(d) Closing Balance	437.75	189.66
(iii) Movement of Net NPAs		
(a) Opening Balance	121.80	57.31
(b) Additions during the year	3262.33	2651.54
(c) Reductions during the year	3103.98	2587.05
(d) Closing Balance	280.15	121.80
(iv) Movement of Provisions for NPAs		
(a) Opening Balance	67.86	58.50
(b) Provisions made during the year	89.74	30.98
(c) Write-off/ Write-back of excess provisions	0	21.62
(d) Closing Balance	157.60	67.86

Provision coverage ratio is 36.00% against 35.78% previous year.

3.4.2 Particulars of Accounts Restructured : Nil

3.4.3 Details of financial assets sold to securitization/Reconstruction Company for Asset Reconstruction : Nil

3.4.4 Provisions on Standard Assets

(Rs. In Lakhs)

Particulars	Current Year	Previous Year
Contingent Provision against Standard Assets	122.67	122.46



COASTAL BANK - 2018

3.5 Business Ratios

Particulars	Current Year	Previous Year
(i) Interest income as a percentage to working Funds	11.69%	11.05%
(ii) Non-interest income as a percentage to working Funds	2.83%	2.28%
(iii) Operating Profit as a percentage to Working Funds	4.38%	3.19%
(iv) Return on Assets @	2.96%	1.88%
(v) Business (Deposits plus advances) per employee (Rs. In Lakhs)	316.30	308.76
(vi) Profit per employee (Rs.in Lakhs)	5.72	3.63

3.6 Asset Liability Management

Maturity Pattern of certain items of assets and liabilities

(Rs. In Crores)

	Day1	2 To 7 Days	8 to 14 Days	15 to 28 days	29 days to 3 months	Over 3 month & Upto 6 months	Over 6 month & Upto 1 year	Over 1 Year & Upto 3 years	Over 3 Years & Upto 5 years	Over 5 years	Total
Deposits	5.17	7.23	6.53	5.53	24.74	36.75	68.83	192.17	75.67	29.96	452.57
Advances	4.56	7.62	4.37	51.93	29.90	32.25	45.12	163.33	11.35	0.39	350.82
Investments	0.00	3.95	0.00	0.00	21.71	6.72	3.00	8.81	2.43	41.02	87.64
Borrowings	Nil										
Foreign Currency Assets	Nil										
Foreign Currency Liabilities	Nil										

3.7 Exposures

3.7.1 Exposure to Real Estate Sector

(Rs. In Lakhs)

Category	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 loans eligible for inclusion in priority sector advances may be shown separately)	894.67	191.88
(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;	4410.31	4808.34
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential	Nil	Nil
b. Commercial Real Estate		
b. Indirect Exposure – Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil
Total Exposure to Real Estate Sector	5304.98	5000.22



3.7.2 Exposure to Capital Market : Nil

3.7.3 Risk Category Wise Country Exposure : Nil

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

Bank does not exceed the limits fixed for Single borrower and Group borrower.

3.8 Miscellaneous

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

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
Provision for Income Tax	620.00	491.00

3.8.2 Disclosure of Penalties imposed by RBI

RBI has not imposed any penalty on the Bank during the year under review.

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

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

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

4.2 Accounting Standard 9 – Revenue Recognition

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

Income :

- a) Interest and other charges on Non Performing Assets as per the norms being laid down by Reserve Bank of India.
- b) Commission, Exchange, Brokerage and locker rents and interest on overdue bills.

Expenditure:

- a) Insurance charges.

4.3 Accounting Standard 15 – Employee Benefits

Defined Contribution Plan – Provident Fund :

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

Defined Benefit Plan – Gratuity :

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

Defined Benefit Plan – Leave Encashment :

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



4.4 Accounting Standard 17 – Segment Reporting

(Rs. in Lakhs)

Business Segments	Treasury		Corporate/Whole sale Banking		Retail Banking		Other Banking Operations		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	706.89	993.97	-	-	4752.66	3748.23	1340.50	976.25	6873.65	5718.45
Result										
Unallocated expenses									4800.83	4350.93
Operating profit									2072.82	1367.53
Income taxes									620.00	491.00
Extra-ordinary Profit/Loss										
Net Profit									1452.82	876.53
Other information										
Segment Assets	8863.65	15375.08	-	-	34801.26	29851.74			43664.91	45226.82
Unallocated Assets									9654.84	1903.50
Total Assets									53319.74	47130.32
Segment Liabilities			-	-	45257.04	40545.66			45257.04	40545.66
Unallocated Liabilities									8062.71	6584.66
Total Liabilities									53319.74	47130.32

Part B: Geographic segments (Rs. in Lakhs)

	Domestic		International		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	6873.65	5718.45	-	-	6873.65	5718.45
Assets	53319.74	47130.32	-	-	53319.74	47130.32

4.5 Accounting Standard 18 – Related party Disclosures

Items / Related Party	Parent (as per ownership or control)	Subsidiaries	Associates/ Joint Ventures	Key Management Personnel @	Relatives of Key Management Personnel	Total
Receiving of services	-	-	-	39.20	-	-



Key managerial personnel :

1. Mr. T. Eswara Chandra Rao, Managing Director (from 24th Oct, 2013)
2. Mr. D. Jagapathi Raju, General Manager & CFO (from 7th May, 2012)
3. Mr. N. Sambasiva Rao, General Manager (from 10th June, 2013)

4.6 Remuneration and other emoluments to Directors:

Particulars	Current Year (Rs.in Lakhs)	Previous Year (Rs.in Lakhs)
Remuneration to Managing Director	16.00	15.25
Sitting Fee to Directors	7.20	12.40

4.7 Accounting Standard 21 – Consolidated Financial Statements (CFS)

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

4.8 Accounting Standard 22 – Accounting for Taxes on Income

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

The movement of Deferred Taxes for the Year Ending 31st March 2018 is detailed below: -

Particulars	(Liabilities)/Assets as on 01/04/2017	(Charges)/Credit during the Year	Balance as on 31/03/2018
Timing difference on account of (a) Depreciation on Assests	(70,79,859)	(22,945)	(71,02,804)

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

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

4.8 Accounting Standard 24 – Discontinuing Operations

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

4.9 Accounting Standard 25 – Interim Financial Reporting

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



COASTAL BANK - 2018

4.11 Additional Disclosures

4.11.1 Provisions and Contingencies

(Rs. in Lakhs)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
Provisions for depreciation on investment	-	-
Provision towards NPA	89.74	9.36
Provision towards Standard Asset	0.22	35.63
Provision made towards Income Tax	620.00	491.00
Other Provision and Contingencies (with details)	-	-

4.11.2 Floating Provisions : Nil

4.11.3 Draw Down from Reserves

No Draw Down from Reserves.

4.11.4 Disclosure of Complaints

A. Customer Complaints : Bank has received 174 complaints during the year under review and all the complaints were addressed.

B. Awards passed by the Banking Ombudsman : Nil

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

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

4.11.6 Sector wise Advances

(Rs. in Lakhs)

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	5617.61	12.29	0.22	4720.07	12.94	0.27
2	Advances to industries sector eligible as priority sector lending	0.00	0.00	0.00	0.00	0.00	0.00
3	Services	17257.03	218.70	1.27	12398.67	67.92	0.55
4	Personal loans	0.00	0.00	0.00	0.00	0.00	0.00
	Sub total (A)	22874.64	230.99	1.01	17118.74	80.86	0.47
B	Non Priority Sector						
1	Agriculture and allied activities	0.00	0.00	0.00	0.00	0.00	
2	Industry	0.00	0.00	0.00	0.00	0.00	
3	Services	11170.72	206.45	1.85	11966.25	108.44	0.91
4	Personal loans	1036.17	0.31	0.03	957.06	0.36	0.04
	Sub-total (B)	12206.89	206.76	1.69	12923.31	108.80	0.8
	Total (A+B)	35081.53	437.75	1.25	30042.05	189.66	0.63



4.11.7 Transfers to Depositor Education and Awareness Fund (DEAF)

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	8.29	3.23
Add : Amounts transferred to DEAF during the year	22.19	5.06
Less : Amounts reimbursed by DEAF towards claims	-----	-----
Closing balance of amounts transferred to DEAF	30.48	8.29

4.12. Previous year’s figures have been regrouped, reclassified and rearranged wherever necessary.

For **SURESH AND BABU**
Chartered Accountants
FRN : 004254S

(S. Muralikrishna Rao)
Partner, M.No. 208435)

Sd/-
Biplab Kumar Das
Director

Sd/-
T. Eswara Chandra Rao
Managing Director

Sd/-
B. V. V. Rajeswara Rao
Director

Sd/-
D. Jagapathi Raju
General Manager

For and on behalf of the board

Sd/-
Dr. Jayaram Chigurupati
Director

Sd/-
K. Venkataraman
Director

Sd/-
N. Sambasiva Rao
General Manager


ADDITIONAL DISCLOSURE BY BANKS IN NOTES TO ACCOUNTS AS PER RBI CIRCULAR NO.
RBI/2009-10/347 DBOD.BC.No.79/21.04.018/2009-10 dated 15.03.2010
I. Concentration of Deposits, Advances, Exposures and NPAs
Concentration of Deposits

(Rs. in lakhs)

	31-03-2018
Total Deposits of twenty largest depositors	3133.18
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	6.92%

Concentration of Advances

(Rs. in lakhs)

	31-03-2018
Total Advances of twenty largest borrowers	5110.00
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	11.22%

Concentration of Exposures

(Rs. in lakhs)

	31-03-2018
Total Exposures to twenty largest borrowers/customers	3572.71
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	10.18%

Concentration of NPAs
Total Exposure to top four NPA Accounts Rs.308.71 lakhs (As on 31.03.2018)
II. Sector-wise NPAs

S.No.	Sector	Percentage of NPAs to Total Advances in that Sector
1	Agriculture & allied activities	0.22%
2	Industry (Micro & small , Medium and Large)	0.00%
3	Services	1.27%
4	Personal loans	0.00%



III. Movement of NPAs

(Rs. in lakhs)

Particulars	Amount
Gross NPAs as on 1 st April of particular year (Opening Balance)	189.66
Additions (Fresh NPAs) during the year	3352.07
Sub-Total (A)	3541.73
Less :	
(i) Up gradations	NIL
(ii) Recoveries (excluding recoveries made from upgraded accounts)	3081.88
(iii) Write-offs	22.10
Sub-Total (B)	3103.98
Gross NPAs as on 31 st March of following year (closing balance) (A-B)	437.75

IV. Overseas Assets, NPAs and Revenue

(Rs. in lakhs)

Particulars	Amount
Total Assets	NIL
Total NPAs	NIL
Total Revenue	NIL

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

Name of the SPV sponsored	
Domestic	Overseas
Nil	Nil

VI. Bank Assurance Business

Nature of Income	March, 2018
Nil	Nil

For **SURESH AND BABU**

Chartered Accountants

FRN : 004254S

(S. Muralikrishna Rao)

Partner, M.No. 208435)

Sd/-

Biplab Kumar Das
Director

Sd/-

T. Eswara Chandra Rao
Managing Director

Sd/-

B. V. V. Rajeswara Rao
Director

Sd/-

D. Jagapathi Raju
General Manager

For and on behalf of the board

Sd/-

Dr. Jayaram Chigurupati
Director

Sd/-

K. Venkataraman
Director

Sd/-

N. Sambasiva Rao
General Manager



CASH FLOW STATEMENTS FOR THE YEAR ENDED 31-03-2018

(in Rupees)

PARTICULARS	As on 31-03-2018		As on 31-03-2017	
CASH FLOW FROM OPERATING ACTIVITIES				
Profit After Tax	14,52,82,310		8,76,52,833	
Add: Provisions Made In P&L Account	7,10,19,304		5,35,99,164	
Premium Write Off On Investments	-		1,59,452	
Assets Written Off Furniture	5,39,540		1,42,259	
Interest On Income Tax	-		3,31,100	
Deferred Revenue Expenditure Written Off	9,13,929		10,18,086	
Bad Debts Written Off	22,10,071		14,00,937	
Depreciation On Bank's Property	1,29,94,216		1,04,35,679	
Less: Income From Investments	(6,02,80,243)		(5,89,12,090)	
Deferred Tax Asset	-		-	
	17,26,79,127		9,58,27,420	
Less: Direct Taxes Paid	(5,76,87,333)		(5,34,33,013)	
Cash Flow Before Working Capital Changes	11,49,91,794		4,23,94,407	
Change In Advances	(50,39,48,102)		(60,44,05,112)	
Change In Deposits	47,11,37,649		81,06,10,530	
Changes In Other Liabilities & Provisions	(1,03,98,041)		2,16,83,473	
Changes In Other Assets	1,83,03,265		(3,24,77,594)	
Cash Flow From Operating Activities		9,00,86,565		23,78,05,704
CASH FLOW FROM INVESTING ACTIVITIES				
Changes In Investments	(3,27,31,580)		(14,14,90,804)	
Income From Investments	5,57,76,666		5,89,12,090	
Receipts From Sale Of Fixed Assets	63,900		11,400	
Purchase Of Fixed Assets	(2,86,28,196)		(2,51,09,296)	
Cash Flow From Investing Activities		(55,19,210)		(10,76,76,610)
Cash Flow From Financing Activities				
Dividends Paid			(1,38,11,505)	
Dividend Tax Paid			(28,37,022)	
Increase/(Decrease) In Borrowings				
Cash Flow From Financing Activities				(1,66,48,527)
Cash Flow During The Year		8,45,67,355		11,34,80,567
Cash & Cash Equivalents At The Beginning Of The Year		68,38,74,953		57,03,94,386
Cash & Cash Equivalents At The End Of The Year		76,84,42,308		68,38,74,953

For **SURESH AND BABU**

Chartered Accountants

FRN : 004254S

(S. Muralikrishna Rao)
Partner, M.No. 208435)

Sd/-

Biplab Kumar Das
Director

Sd/-

T. Eswara Chandra Rao
Managing Director

Sd/-

B. V. V. Rajeswara Rao
Director

Sd/-

D. Jagapathi Raju
General Manager

For and on behalf of the board

Sd/-

Dr. Jayaram Chigurupati
Director

Sd/-

K. Venkataraman
Director

Sd/-

N. Sambasiva Rao
General Manager



FINANCIAL TREND 2012-18

(Rs in lakhs)

Particulars	31.03.2012	31.03.2013	31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018
	Audited	Audited	Audited	Audited	Audited	Audited	Audited
Share Capital	1559.36	2301.92	2301.92	2301.92	2301.92	2301.92	2301.92
Reserves & Surplus	1435.37	1029.16	1321.87	1739.04	2223.79	2996.21	4449.03
Deposits	15113.61	17360.21	18629.36	28962.06	32439.56	40545.66	45257.04
Advances	12619.39	15623.62	15152.16	20508.01	23998.00	30042.05	34801.26
Total Business	27733.00	32983.83	33781.52	49470.07	56437.56	70587.71	80058.30
Net Profit(Loss)	536.71	740.32	562.02	693.40	825.88	876.53	1452.82
Net NPAs(%)	11.70 (0.09)	5.80 (0.04)	35.27 (0.23)	104.18 (0.51)	57.31 (0.24)	121.79 (0.41)	280.15 (0.80)
Prioritysector advances (%)	4523.46 (45.18)	5188.16 (41.11)	7418.51 (47.48)	7731.21 (51.02)	10410.71 (50.76)	13471.97 (56.14)	22734.66 (65.33)
Advances to agriculture (%)	2856.73 (22.64)	4580.50 (29.32)	4149.02 (27.38)	4591.20 (22.39)	4470.56 (18.63)	4720.07 (15.71)	5617.61 (16.14)
Advances to Weaker sections (%)	4412.37 (34.97)	985.00 (6.30)	2063.17 (13.62)	3667.07 (17.88)	4657.23 (19.41)	5365.39 (17.86)	6747.33 (19.39)
Return on Equity (%)	16.73	22.21	16.87	16.58	18.25	19.25	21.52
Return on Assets	3.19	4.09	2.97	2.78	2.37	1.99	2.9
Net Interest Margin (%)	6.56	6.93	6.79	6.15	5.91	5.28	6.4
CD ratio in %	83.50	90.00	81.34	70.81	73.98	74.00	76.90
CRAR in %	28.22	25.65	24.55	19.79	19.81	18.00	19.86
Cost of deposits in %	7.34	7.64	7.67	7.38	7.57	7.19	6.58
Yield on adv-ances in%	14.82	15.23	15.26	15.09	15.06	14.91	14.62
No.of employees	133	133	166	201	211	228	254
Per employee business	208.52	248.00	203.50	246.12	267.48	309.59	315.90
No. of branches	23	28	33	39	39	44	50



AREA OF OPERATIONS

KRISHNA DISTRICT

- VIJAYAWADA** : Opp. Swaraj Maidan, MG Road, Vijayawada - 520002, Krishna District, Phone No. 0866-2579141, Mobile No. 9866625031
- NUZVID** : 7/64, Near Municipal Office, Bus Stand Road, Nuzvid -521201, Phone No.: 08656-234933, Mobile No. : 9866625034
- KANURU** : D.No.5-527/2, Opp: Ashok Nagar Bus Stop, M.G. Road, Kanuru - 520007, Phone No.:0866-2550200, Mobile No. : 9866625041
- GUDIVADA** : 9/10, Main Road, Opp. Vinayaka Temple, Gudivada-521301, Phone No.: 08674-241124, Mobile No. : 9177091091
- GANNAVARAM** : D.No.2-109, SBI Road, Srinagar Colony, Gannavaram-521101, Phone No. : 08676-254866, Mobile No. : 9701465970
- GOLLAPUDI** : D.No.6-41, Ravuri Satyanarayana Street, Gollapudi- 521225, Phone No.: 0866-2410279, Mobile No. : 9701465972
- JAGGAIAHPET** : D.No.6-1192, Hyderabad Road, Jaggaiahpet-521175, Phone No. : 08654-226111, Mobile No.: 9701465966
- GAMPALAGUDEM** : D.No.3-62-2, Main Road, Gampalagudem-521403, Phone No. : 08673-274733, Mobile No.: 8008779922
- MOPIDEVI** : D.No.1-81-1, Opp. Panchayat Office, Peda Kallepalli Road, Mopidevi-521125, Phone No.08671-257117, Mobile No.: 7893632100
- VUYURU** : D.No.1-393/1 & 1-394/1, Main Road, Vuyuru-521165, Phone No.08676-236624, Mobile No. : 7680993071
- ENIKEPADU** : Flat No.102, K V C Towers, K Venkaiah Nagar Street, Enikepadu, Phone No.08676-236624, Mobile No. : 7093099305
- PRAJASAKTHI NAGAR** : D.No.32-6-10, Prajasakthi Nagar, Visalandhra Road, Vijayawada-520010, Phone No. 0866-2438499, Mob No.7331143302
- KANKIPADU** : D.No.9-172, RS No. 45/3B, opp. Chinnaramalayam, Kankipadu-521151, Phone No. 0866-2821333, Mob. : 7093906186
- SEETHARAMPURAM** : D.No.33-1-1, Nr Traffic Signal, Eluru Road, Seetharamapuram, Vijayawada, Phone No. 0866-2434372, Mob : 7995574833

GUNTUR DISTRICT

- GUNTUR** : Saibaba Towers, Opp. Oxford School, Brundavan Gardens, Guntur-522 007, Ph. No.: 0863-2237785, Mob.: 9866625032
- NARASARAOPET** : 6-1-211, Main Rd, Mallamma Centre, Narasaraopet-522 601, Ph. No.: 08647-227415, Mobile No.: 9866625036
- REPALLE** : D.No.10/14, R.N. Road, Near Bus Depot, Repalle-522265, Phone No. : 08648-224404, Mobile No.: 9866625037
- THULLURU** : D.No.4/51, Kakumani Rajeswari Building, Thulluru - 522 237, Phone No.: 08645-244990, Mobile No.: 9866625039
- TAKKELLAPADU** : D.No.6-11, Takkellapadu, Guntur-522509, Phone No.: 0863-2292965, Mobile No.: 9866625040
- TENALI** : D.No.16-2-49 to 52, Besides Kanyaka Parameswari Temple, Bose Rd, Tenali-522201, Ph.No.08644-234181, Mob. 9866625043
- CHILAKALURIPET** : D.No.32-638, Block No.32, Besides Viswanath Theatre, K B Road, Chilakaluripet- 522 616, Ph.No.:08647-257388, Mobile No.: 8008779933
- KOTHAPET** : D. No.12-25-131, Kothapet Main Road, Bhagath Singh Centre, Guntur- 522 001, Phone No.: 0863-2235032, Mobile No.: 9701465965
- NIZAMPATNAM** : D.No.8/116, Bus Stand Road, Nizampatnam-522 314, Phone No.: 08648-257085, Mobile No.: 8008779911,
- GORANTLA** : Plot No.94, 3rd Lane, Annapurna Nagar, Gorantla Village, Guntur-522 034, Phone No.:0863-2333323, Mobile No.: 7893632103
- VINUKONDA** : D.No.27/170,171, Lawyer street, Kothapeta, Vinukonda - 522 647, Phone No.08646-272019, Mobile No.: 7893632102
- KOLLURU** : D.No.7-85, Andhra Bank Road, Kolluru Mandal, Kolluru - 522324, Ph,one No.08644-242924, Mobile No.: 7893632104
- MANDADAM** : D.No.2-7, Nutakki Vari St, Mandadam - 522503, Thulluru Mdl, Guntur Dt, Phone No. 08645-243114, Mobile No.7093906187
- MANGALAGIRI** : D.No.5-432, Ground Floor, Rajeev Center, Tenali Road, 12th Ward, Mangalagiri- 522503, Phone No. 08645-233177, Mob No.7331143305
- UNDAVALLI** : D.No.2-1, Main Rd, Near Panchayat Office, Undavalli Village, Tadepalli Mandal, Phone No. 08645-273200, Cell : 7995574830

WEST GODAVARI DISTRICT

- ELURU** : 23A/5/3/1, MRC Residency, Behind Park, R.R. Pet, Eluru - 534 002, Phone No.: 08812-222519, Mobile No.: 9866625033,
- JANGAREDDYGUDEM** : 14-144, First Floor, Aswaraopet Road, Jangareddygudem - 534 447, Phone No.: 08821-226100, Mobile No.: 9866625035
- TANUKU** : D.No.26/2, First Floor, Adarsh Complex, Velpur Road, Tanuku - 534 211, Phone No.: 08819-229601, Mobile No.: 9866625038
- TADEPALLIGUDEM** : 2-1-37, Ground Floor, Opp. Z.P.High School, Main Road, Tadepalligudem, Phone No.: 08818-220592, Mobile No.: 9866625030
- BHIMAVARAM** : D.No. 23-3-19, Taluka Office Center, Bhimavaram - 534 201, Phone No.: 08816-238889, Mobile No.: 9866625027,
- PALAKOL** : D.No.16-4-44 to 46, LVR Complex, Main Road, Palakol - 534260, Phone No.: 08814-225222, Mobile No.: 9000720720
- DEVARAPALLI** : D.NO.9-112, Main Road, Devarapalli - 534 313, Phone No.: 08813-273411, Mobile No.: 9701465975
- CHINTHALAPUDI** : D.NO.15, Main Road, Chinthalapudi - 533 460, Phone No.:08823-223565, Mobile No.: 7893632101,
- AKIVIDU** : D.No. 15-1/B, Main Road, Akividu-534235, Akividu Madal, Phone No. 08816-253889, Mobile No. : 7995574831



EAST GODAVARI DISTRICT

1. **RAJAHMUNDRY** : # 80-1-16, A.V. Apparao Road, Opp. Kodandaramalayam, Rajahmundry-533101, Ph No. 0883-2474425, Cell : 9963478203
2. **RAVULAPALEM** : D.No.8-390/1, 1st Floor, City Plaza, Main Road, Ravulapalem-533238, Phone No.08855-257755, Cell No.9963478204
3. **SARPAVARAM**:D.No.9-186, Ground Floor, Opp. MRO Office, Sarpavaram Junction, Kakinada-533 005, Ph. 0884-2356363, Cell : 9963478205
4. **AMALAPURAM** : D No:4-2-32, College Road, Amalapuram - 533 201, Phone No.0884-2356363, Cell No.7093906176
5. **RAMACHANDRAPURAM**:D.No.19-1-51, Sumathi Plaza, Main Road, Ramachandrapuram -566255, Phone No. 08857-244699, Mob No.7331143304
6. **TUNI** : D.No.8-9-19, Pedda Veedhi, Tuni Town - 533401, Phone No. 08854-251455, Mob. No. 7995574832

VISAKHAPATNAM DISTRICT

1. **VISAKHAPATNAM**:D.No:45-40-43/1, Main Road, Akkayyapalem, Vishakapatnam -530016, Phone No.: 0891-2544660, Mobile No.: 9963478201
2. **GOPALAPATNAM** :DNo.58-1-303, V.S.R.TOWERS, 1st Floor, BRTS Road, Gopalapatnam - 530027, Ph. 0891-2597888, Cell : 9963478202
3. **GAJUWAKA** : D.No.7-16-36-1/3, R.K.Square, Old Gajuwaka Junction, Gajuwaka, Visakhapatnam - 530026, Mobile No.: 7093906178
4. **KOMMADI** : D No.9-49/3, 120 Feet Road, Kommadi, Visakhapatnam - 530048, Mobile No.: 7093906180,
5. **ANAKAPALLI**:D No:14-8-15, Main Rd, Opp. Satyanarayana Theater, Anakapalli-531001, Visakha Dt, Phone No. 08924-223498, Mob. No.7331143301
6. **DUVVADA**:D.No.: 31-29-26/2, Santha Mamidi Thota St, Duvvada-530046, Kurmannapalem Post, Phone No. 0891-2701811, Mob. No. 7995574834

BUSINESS CORRESPONDENT CENTERS

1. **VISSANNAPET** : D.No.5-94, Main Road, Vissannapet, Krishna District, Cell No.7680993072
2. **MYLAVARAM** : Plot No.102, SVS Manor, Union Bank Back Side, Mylavaram, Krishna District, Cell No.7680993074
3. **DENDULURU** : D.No.2-68/2, MDO Office Road, Library Centre, Denduluru, W.G.Dist, Cell No.7680993073
4. **MUDINEPALLI** : D.No.4-102-1, Main Road, Mudinepalli - 521 325, Krishna District, Cell No.7680993075
5. **JAGANAICKPUR**:D.No.45-1-25, Main Road jaganaickpur, Opp. Andhra Bank ATM, Jaganickpur, Kakinada - 533005, Cell No.7093099306
6. **AJITH SINGH NAGAR** : D.No.43-142-5, Pipula Road, Ajith Singh Nagar, Vijayawada - 520 515, Cell No.7093099307
7. **DANVAIPET** : D.No.20-29-6, Near Kambala Cheruvu, Danvaipet, Rajahmundry, Cell No.7093906183
8. **ELURU - BC** : D.No.5-2-16, PRR complex, Old Venkateswara Takies, Eluru, Cell No.7093906182
9. **CHUTTUGUNTA** : D.No.25-16-14/C, Raja complex, GT Road, Beside canara bank ATM, Chuttugunta, Guntur, Cell No.7093906184
10. **TADIKONDA** : D.No.:10/21, Patamata Bazar, Tadikonda, Guntur, Cell No.7093906185



Coastal Local Area Bank Limited

CIN: U65993AP1999PLCo31684

Regd. & Corporate Office: D. No. 59-14-2A, 3rd floor,
Santhi Plaza, Ring Road, Near Benz Circle, Vijayawada -520 008.

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) :		
Registered address :		
E-mail Id :	Folio No/ Clint Id :	DP ID :
I/ We being the member of, holding....shares, hereby appoint		

1. Name:
 Address:
 E-mail Id: Signature:

or failing him

2. Name:
 Address:
 E-mail Id: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at 19th Annual General Meeting of members of the Company, to be held Monday, 10th day of September, 2018 at 11.00 a.m. at Regd. Office, Gayathri Nagar, Vijayawada 520 008, and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

- | | |
|---------|---------|
| 1 | 4 |
| 2 | 5 |
| 3 | 6 |

Signed this day of..... 2018

Affix
Revenue
Stamp

Signature of Shareholder

Signature of Proxy holder(s)

Notes:

1. This form in order to be effective should be duly completed and deposited at the Registered Office of the company, not less than 48 hours before the commencement of the meeting.
2. It is optional to indicate your preference. If you leave the for or against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.



Coastal Local Area Bank Limited

CIN: U65993AP1999PLC031684

Regd. & Corporate Office: D. No. 59-14-2A, 3rd floor,
Santhi Plaza, Ring Road, Near Benz Circle, Vijayawada -520 008.

ATTENDANCE SLIP

Name of the member/Proxy in Block Letters:

Registered Folio No/ Client ID:

No. of Shares Held:

I certify that I am a member/proxy for the member of the company. I hereby record my presence at the 19th Annual General Meeting of the Bank to be held on Monday, 10th day of September, 2018 at 11.00 a.m. at Regd. Office, Gayathri Nagar, Vijayawada 520 008.

Signature of the Shareholder/Proxy : _____

Notes:

1. Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over to the Bank Officials at the entrance of the meeting hall.



SME Unit financed by Vijayawada Branch



Rice Mill machinery unit financed by Enikepadu Branch



Opening of Check Dam at Ravicherla Village (Nuzvid) under CSR activity



Fishing Boat financed by our Nizampatnam Branch



Financial Literacy Camp organized by Narasaraopet Branch



SB Pass Books being handed over to New Customers at Undavalli Branch



Sugarcane crop financed by our Nuzvid Branch



Papaya garden financed by Eluru Branch



COASTAL LOCAL AREA BANK LTD

D.No.59-14-2A, 3rd Floor, Santhi Plaza, Ring Road, Gayathri Nagar,
Vijayawada - 520008, A.P.,

Ph. : 0866-2494425, 2494426, Fax : 2494423, Cell : 9959 588 688

e-mail : coastalho@coastalareabank.com

website : www.coastalareabank.com

మన కోసం..

మన ప్రాంతీయ అభివృద్ధి కోసం...

మన ప్రాంతీయ బ్యాంక్....