



**Elated
Workforce
Delighted
Customers**

**Ranked amongst
INDIA's
100 Best Companies
To Work
for the 4th Consecutive Year**



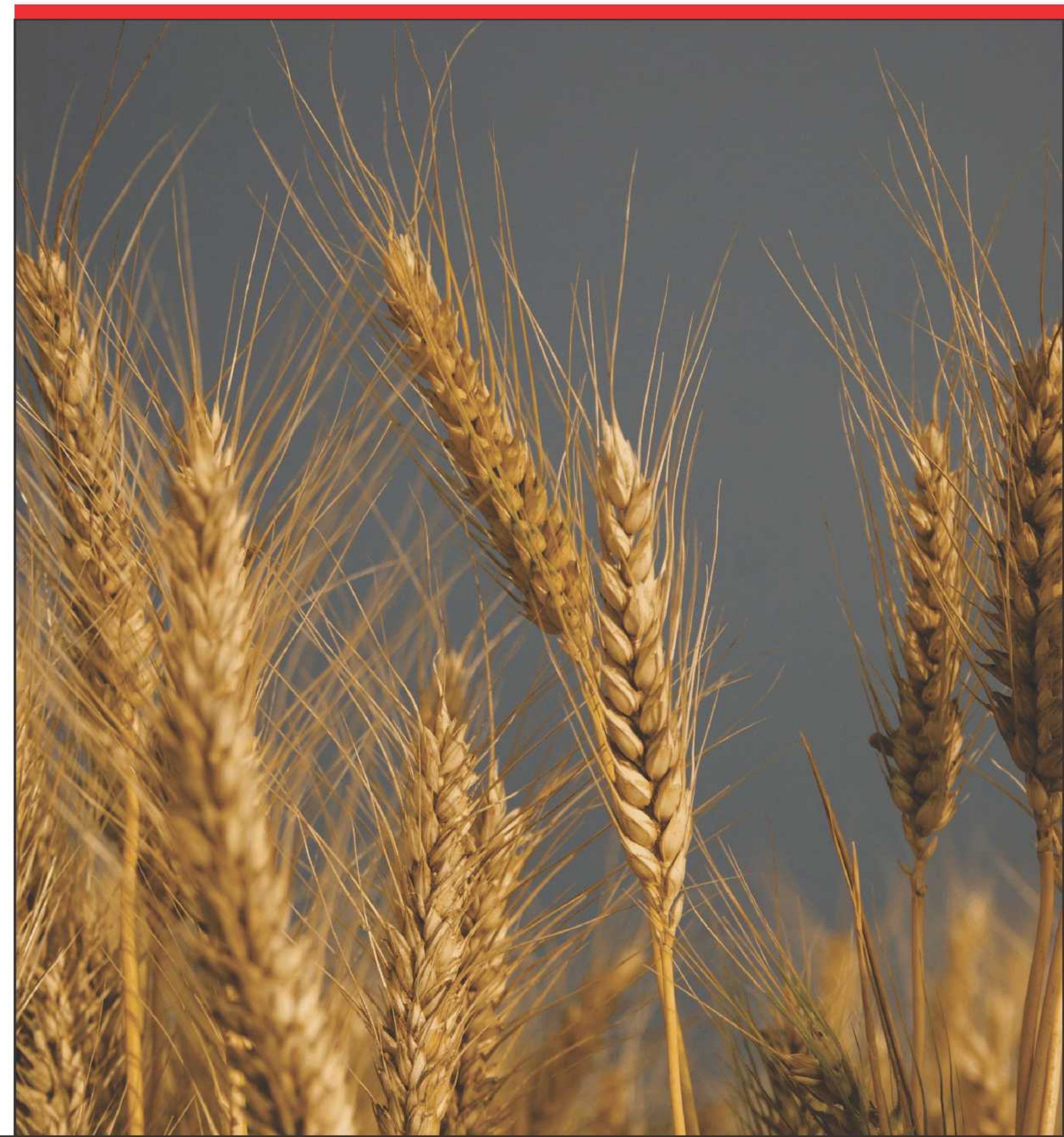
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17 years of
Trust & Performance

Capital Small Finance Bank 

Vishwas Se Vikas Tak

Annual Report 2017



Our Vision

*To provide superior banking service,
focused on customers' needs.*

*To contribute to the economic
development of the area by innovative
ideas, technology and new products.*

*To maintain a long lasting and
trustworthy relationship with the local
community.*

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Board Members

Chairman (Part time)
Inder Krishan Sardana

Managing Director
Sarvjit Singh Samra

Directors
Bhagwant Singh Sangha
Santokh Singh Chhokar
Sukhpal Singh Gill
Ranbir Singh
Madan Gopal Sharma
Harmesh Khanna
Rakesh Soni

*Chief Operating Officer
& Chief Financial Officer*
Munish Jain

Company Secretary
Sahil Vijay

Auditors
M/s V.P. Vijh & Co.
Chartered Accountants
Jalandhar

Board Committees

Management Committee
Inder Krishan Sardana
Sarvjit Singh Samra
Bhagwant Singh Sangha

Credit Sanctioning Committee
Sarvjit Singh Samra
Bhagwant Singh Sangha
Ranbir Singh

Audit Committee
Madan Gopal Sharma
Bhagwant Singh Sangha
Sukhpal Singh Gill
Ranbir Singh

Risk Management Committee
Sarvjit Singh Samra
Bhagwant Singh Sangha
Sukhpal Singh Gill

Nomination And Remuneration Committee
Bhagwant Singh Sangha
Madan Gopal Sharma
Sukhpal Singh Gill

Securities Transfer Committee
Sarvjit Singh Samra
Bhagwant Singh Sangha
Sukhpal Singh Gill

Special Committee On Frauds
Inder Krishan Sardana
Sarvjit Singh Samra
Bhagwant Singh Sangha
Sukhpal Singh Gill

Stakeholders Relationship Committee
Inder Krishan Sardana
Sarvjit Singh Samra
Ranbir Singh

Corporate Social Responsibility Committee
Sarvjit Singh Samra
Bhagwant Singh Sangha
Ranbir Singh

Investor Grievance Redressal Committee
Sarvjit Singh Samra
Bhagwant Singh Sangha
Ranbir Singh

Securities Allotment Committee
Inder Krishan Sardana
Sarvjit Singh Samra
Bhagwant Singh Sangha
Rakesh Soni

Financial Highlights

₹ in Crores

Business Analysis	2016-17	2015-16	2014-15	CAGR
Deposits	2378.21	1814.13	1506.78	25.63%
Advances	1369.60	1149.40	929.30	21.40%
Total Business	3747.81	2962.53	2436.08	24.03%
Net Worth	190.22	114.84	89.51	45.78%

Profitability Analysis	2016-17	2015-16	2014-15	CAGR
Gross Revenue	243.58	202.33	171.99	19.01%
Net Interest Income	74.03	62.68	54.62	16.42%
Operating Profit	23.22	21.26	19.26	9.80%
Net Profit	15.04	13.74	14.22	2.84%

Ratio Analysis	2016-17	2015-16	2014-15
CASA %	39.54%	35.16%	35.72%
Return on Average Equity	12.51%	13.44%	16.80%
Return on Average Assets	0.63%	0.74%	0.92%
Interest Spread	3.55%	3.70%	3.87%
Net Interest Margin	3.08%	3.37%	3.53%
EPS (₹)	6.53	6.70	7.23
Book Value Per Share (₹)	70.49	49.89	51.85
Capital Adequacy Ratio	22.95%	17.20%	15.22%
Gross NPAs %	1.02%	0.73%	0.39%
Net NPAs %	0.72%	0.45%	0.13%
Dividend %	8.00%	16.00%	16.00%

Our Achievements

- » Pioneer in bringing state-of-the-art banking facilities in rural areas at low cost.
- » Promoting Financial Inclusion in the area of operation since inception by providing easy access of banking services to the masses.
- » 7 Day Branch Banking from day one with extended and uninterrupted banking hours.
- » One-Stop Financial Hub in rural and semi urban areas.
- » Contribution towards economic development and employment generation in the area.
- » Surpassed national targets in Priority Sector, Agriculture and Weaker Section Advances.
- » Average business per branch of ₹.51.00 crores.
- » Accredited with 'ICAI' Award for Excellence in Financial Reporting' for two consecutive years.
- » Ranked amongst INDIA'S 100 Best Companies To Work for the 4th consecutive year

From Managing Director's Desk

"The journey so far has demonstrated sound relationship based on mutual trust and performance among all the stakeholders."



Dear Shareholders

With immense pleasure, I share with you that your Bank has become the first Small Finance Bank of India by launching its operations as Capital Small Finance Bank on April 24, 2016. Capital Local Area Bank, along with nine other entities, was granted in-principle approval by the Reserve Bank of India to set up 'Small Finance Bank' on September 16, 2015.

Your Bank has the culture and habit of leading from the front in providing ethical modern age world class banking services to one and all, especially to the unbanked and unserved sections of the society at affordable costs. The journey so far has demonstrated sound relationship based on mutual trust and performance among all the stakeholders. The canvas has grown much wider, with getting small finance bank license, as your Bank now has PAN India reach. The Bank envisages to become a leader in northern region of India in the coming four years. The Bank delves to carry forward with its ethics, values and principles as well as add on new teachings and experiences to newer geographies to build and add on its existing and future clientele.

The potential is unparalleled and the preparedness and the will is there to accomplish greater heights of success is woven in our spirit. The whole team including Board of Directors, Top Management, and every single human resource is geared up and systems are set in place to help every Indian falling within our geography to get opportunity to materialize his/her potential by far reaching financial inclusion. The Bank is roaring to partner India's inclusive growth and make a standout position for itself in society and business community. The opportunities obviously are accompanied by challenges and your bank has inbuilt strengths and is working day in and out to build on its strengths and overcome its limitations, whatever there are, to materialize dreams of millions and while doing so, build and reap benefits of strong brand loyalty and run exemplary business model of equity, justice, ethics and all round high level of performance deliverance.

The Bank transitioned from a Local Area Bank to Small Finance Bank with 47 branches. Since then 29 new Branches have become operational, thus taking total number of branches to 76 (35 rural, 28 semi urban, 9

urban and 4 metropolitan). The total business of the Bank as on March 31, 2017 was ₹ 3747.81 crores with more than 4,32,500 numbers of accounts. The Bank has 80% of its business in rural and semi urban areas, with Priority Sector Lending of 84.96% % of the Adjusted Net Bank Credit as on March 31, 2017. The Bank is extending loans primarily to small borrowers and 53% of the total advances are up to the ticket size of ₹ 25 lacs as on March 31, 2017.

The financial year 2016-17 ended for the Bank on a very positive note against the backdrop of economic uncertainty in the banking sector. Total Deposits of the Bank increased from ₹1814.13 crores as on March 31, 2016 to ₹ 2378.21 crores as on March 31, 2017 resulting in a growth of 31.09%. Total Advances increased to ₹1369.60 crores as on March 31, 2017 from ₹ 1148.40 crores as on March 31, 2016, showing a growth of 19.26%. The total business of the Bank has increased to ₹3747.81 crores as on March 31, 2017 as against ₹2962.53 crores as on March 31, 2016, resulting in a growth of 26.50%. Total Gross revenue has increased to ₹243.58 crores as on March 31, 2017 as against ₹202.33 crores as on March 31, 2016, resulting growth of 20.39%. Net Interest income has increased to ₹74.03 crores as on March 31, 2017 as against Rs.62.68 crores as on March 31, 2016, resulting growth of 18.11%. The Net Profit increased to ₹15.04 crores as on March 31, 2017 as against ₹13.74 crores as on March 31, 2016, resulting growth of 9.46%.

Your Bank has always been a frontrunner in the area of priority sector lending. It has been harnessing the vast potential of rural market through its wide network of rural branches. The Bank has always focused on promoting Financial Inclusion in the area of operation since the very beginning by making banking services accessible to the common man. The Bank is providing a safe, efficient and service oriented repository of savings to the local community on one hand, and reducing their dependence on moneylenders by making need based credit easily available on the

other hand. The Bank has set a rare example in this regard as it has opened 21.97% of the total Savings Bank Accounts as 'No Frill Accounts'. Also Your Bank has kept pace with the fast growing challenges and has been quick to put in place the value added services like the Debit cards, SMS alerts etc. The tremendous performance of the Bank is evident from the fact that most of its branches have become the largest branches at their respective centers in this short span.

The Bank set its sights high and has planned to reach the mammoth ₹12000 crore marks in terms of the total business and branch network of 216 branches by March 31, 2021.

Your Bank has always been committed in creating a diverse, inclusive and meritocratic work culture enabling us to attract and retain the best talent available. This alone has led the Bank to be ranked amongst India's 100 Best Companies To Work for the fourth consecutive year.

The Bank has become the first choice of the customers in most of its operational centers and endeavors to build on this preeminent position in the existing centers as well as at the new centers to be added in future. I humbly acknowledge with recognition the timely advice, valuable guidance and support received by the Bank from the Promoters, Directors, Government Authorities, especially The Reserve Bank of India, SEBI and the Stock Exchange

Our committed motivated and dedicated team relentlessly strives to exceed the expectations of its customers and endeavors to create superior value for all its stakeholders through the use of the best standards of operations. I, along with my colleagues on the Board, would like to convey our sincere thanks and appreciation.

I extend my gratitude to all the stakeholders for their confidence and unflinching belief in our ability to deliver value. I would like to take this opportunity to reiterate our commitment to work towards meeting your high expectations and take your organization to the next level of growth.

*Sarvjit Singh Samra
Managing Director*

Dear Shareholders,

The Directors of the Bank have great pleasure in presenting the 18th Annual Report on the business and operations of the Bank along with the audited accounts for the year ended March 31, 2017.

Economic Growth

The macroeconomic stability has improved substantially with the continuance of fiscal prudence, lower inflation, lower current account deficit, and robust foreign exchange reserves. The Economic Survey forecasts a growth rate of 6.75 to 7.5 percent for FY18, as compared to the expected growth rate of 6.5 percent in FY17. Over the medium run, the implementation of the Goods and Services Tax (GST), follow-up to demonetization, and enacting other structural reforms should take the economy towards its potential real GDP growth of 8 percent to 10 percent.

- GDP growth expected to be between 6.75 and 7.50 percent in 2017-18.
- Real GDP growth expected at 6.5 percent in 2016-17
- GVA growth at basic prices 7.0 percent in 2016-17
- Growth rate of industrial sector is estimated to moderate to 5.2 percent in 2016-17 from 7.4 percent last fiscal.
- Many new initiatives taken by the Government in the form of Make-in-India, Invest India, Start Up India and e-biz Mission Mode Project under the national e-governance plan are facilitating investment and ease of doing business in the country.

Demonetization in India

Demonetization is a generation's memorable experience and is going to be one of the economic events of our time. Its impact is felt by every Indian citizen. Demonetization affects the economy through the liquidity side. Its effect will be a telling one because nearly 86% of currency value in circulation was withdrawn without replacing bulk of it.

The Prime Minister announced Demonetization on November 8, 2016 which was aimed at addressing corruption, black money, counterfeit currency and terror financing. The decision was guided by the aim of reaping its enormous potential medium-term benefits in the form of reduced corruption, greater digitization of the economy, increased flow of financial savings and greater formalization of the economy. All of these would lead to higher GDP growth and tax revenues that could be used by the Government for inclusive and stronger economic growth within the norms of fiscal prudence, besides contributing to overall improvement in business environment.

Although demonetization holds huge potential benefits in the medium to long-term, given the scale of operation, it was expected to cause transient disruption in economic activity. India has traditionally been a cash intensive economy. According to an estimate, about 78 percent of all consumer payments in India are effected in cash. It was, therefore, obvious that currency squeeze during the demonetization period would have had some adverse impact on economic activity, although such impact was expected to be transient. Demonetization has impacted various sectors of the economy in varying degrees; however, in the affected sectors, the adverse impact was transient and felt mainly in November and December 2016. The impact moderated significantly in January 2017 and dissipated by and large by mid-February, reflecting the fast pace of remonetization. As the impact of the liquidity shock is assessed to largely dissipate by mid-February, growth is estimated to bounce back in 2017-18. With rapid remonetization, pent up demand was likely to boost consumption demand.

Demonetization as a cleaning exercise may

produce several good things in the economy. At the same time, it creates unavoidable income and welfare losses to the poor sections of the society who get income based on their daily work and those who don't have the digital transaction culture. Overall economic activities have been dampened in the short term. But the immeasurable benefits of having more transparency and reduced volume of black money activities can be pointed as long term benefits.

Overall, demonetization has had some negative macroeconomic impact, which, however, has been transient as remonetization has moved at an accelerated pace in last twelve weeks. More importantly, demonetization is expected to have a positive impact over the medium to long-term. In particular, there is expected to be greater formalization of the economy with increased use of digital payments. The reduced use of cash will also lead to greater intermediation by the formal financial sector of the economy, which should, inter alia, help improve monetary transmission. The impact of demonetization on the real economy has been transient. Demonetization has impacted various sectors of the economy; however, the adverse impact, in general, was short-lived as it was felt mainly in November and December 2016. The impact moderated significantly in January and dissipated by and large by mid-February 2017, reflecting an accelerated pace of remonetization.

As per World Bank, demonetization will have positive impact on Indian economy. Prime Minister Narendra Modi's decision to ban high-value banknotes as part of efforts to stamp out corruption will have a profound and positive impact on India's economy. Demonetization may have caused some hardship to people living in the cash economy but in the long run the move will help foster a clean and digitized economy.

Historic Event

April 24, 2016 and the year 2016-17 will be reckoned as a historic event for Capital Small Finance Bank as it got the opportunity to become a momentous universal institution from a local small sized entity.

The journey of the Bank for 17 years to reach this milestone and way forward can be briefly narrated as under:

- Started operations on January 14, 2000 with 3 districts of Punjab which increased to 5 in January, 2013
- Had Been No. 1 Local Area Bank in India.
- Capital Small Finance Bank ("Capital SFB" or the "Bank") launched its operations as a Small Finance Bank ("SFB") on April 24, 2016, a year prior to the Reserve Bank of India ("RBI") deadline of April 2017. Now PAN INDIA banking license.
- Pioneer in bringing modern banking facilities to rural areas at low cost
- Introduced 7 Day Branch Banking
- Business of more than ₹ 3700 crores
- 73 Branches as on March 31, 2017
- Growing at a pace of more than 24% (CAGR)
- One stop financial hub in rural and semi urban areas
- Average business per branch of ₹51.00 crores.
- Expansion planned into additional regions of Punjab and identified neighboring states of Haryana, Rajasthan, Delhi NCR, Himachal Pradesh, Jammu region of Jammu and Kashmir and regions of Uttarakhand in Phase I over the next 3-4 years.

Financial Highlights

- The Bank over the years has designed its products and services focused on customers' needs and provides world class banking services at a low cost through innovation & customization.
- Capital SFB has raised capital primarily for its expansion and diversification of banking activities.
- The Bank aims to achieve total business of INR 12,000 crores across 220 branches by FY21.

Our USP

- Customer Centric Solutions
- Well Diversified Advance Portfolio
- Retail Centric Deposit Mix
- Better Asset Quality
- Elated Workforce and Delighted Customers
- Ranked no 1 in Banking Sector amongst India's 100 Best Companies to work for 2015

Our Work Ethics

- Expansion with local focus
- Developing a customer-centric business model
- Developing a team who can GO BEYOND the call of duty
- Optimizing distribution
- Simplifying business and operating models
- Obtaining an information advantage
- Enabling innovation
- Proactively managing risk, regulations and capital

Our Approach to Work

To provide superior banking service, focused on customers' needs

- By maintaining proximity with the customers by keeping their needs always at the forefront
- Cost effective delivery of best-in-class products and services

To contribute to the economic development of the area by innovative ideas, technology and new products

- Innovative yet scalable products with an ability to create top-up features at attractive price points. Example – lower minimum balance account types i.e. plain account, account with ATM card + net banking + mobile banking etc.

To maintain a long lasting and trustworthy relationship with the local community

- Organizing get-togethers/events that keep the local community engaged on new products & services
- Employing locals – exhibiting long term commitment to that region

Regulatory Developments

- Scheduling: The name of the Bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DBR.PSBD.No.5201/16.02.001/2016-17 dated November 8, 2016, and published in the Gazette of India (Part III - Section 4) dated February 4-February 10, 2017. The inclusion in the list of scheduled banks is a big boost to the business of the Bank. The Bank can venture into several government and other businesses which it could not have without being a scheduled bank.
- Got membership of FIMMDA.
- The Bank has been granted AD category II Licence FE.CG/AD-II/02/2017 dated April 18, 2017 for 76 Branches by the Reserve Bank of India. The said licence has been granted to the Bank on permanent basis.

	₹ in Crores		Growth % Age
	Year Ended March 31, 2017	Year Ended March 31, 2016	
Deposits	2378.21	1814.13	31.09%
Advances	1369.60	1148.40	19.26%
Total Business	3747.81	2962.53	26.50%
Gross Revenue	243.58	202.33	20.39%
Net Interest Income	74.03	62.68	18.11%
Operating Expenses	70.69	55.74	26.82%
Provision & Contingencies	8.19	7.52	8.91%
Profit Before Tax	21.72	19.89	9.20%
Profit After Tax	15.04	13.74	9.46%

Appropriations	Year Ended		Ratio Analysis	Year Ended	
	March 31, 2017	March 31, 2016		March 31, 2017	March 31, 2016
Transfer to Statutory Reserve	3.76	3.43	Credit Deposit Ratio	57.90%	63.30%
Transfer to other Reserves	0.12	0.09	Business per Employee*	4.85	4.61
Proposed Dividend	1.84	3.00	Return on Equity (pre-tax)	17.91%	19.47%
Corporate Dividend Tax	0.38	0.61	Capital Adequacy Ratio	22.95%	17.20%
Leaving balance to be carried forward to the next year	8.94	6.61	Non-Performing Assets(Net)*	9.79	5.13
			Paid up Capital*	26.99	23.02
			Net Worth*	190.22	114.84
			Book Value Per Share (₹)	70.49	49.89
			Earnings Per Share (₹)	6.53	6.70

* ₹ in Crores

Year Ended	Branches					Number of ATMs
	Rural	Semi Urban	Urban	Metro	Total	
March 31, 2017	35	27	7	4	73	77
March 31, 2016	17	24	4	2	47	53

1. Total Deposits of the Bank increased from ₹1814.13 crores as on March 31, 2016 to ₹ 2378.21 crores as on March 31, 2017 resulting in a growth of 31.09%.
2. Total Advances (gross) increased to ₹1369.60 crores as on March 31, 2017 from ₹1148.40 crores as on March 31, 2016, showing a growth of 19.26%
3. Total business of the Bank has increased to ₹ 3747.81 crores as on March 31, 2017 as against ₹ 2962.53 crores as on March 31, 2016, registering a growth of 26.50%.
4. Total Gross Revenue has increased to ₹ 243.58 crores as on March 31, 2017 as against ₹ 202.33 crores as on March 31, 2016, resulting in a growth of 20.39%.
5. Net Interest Income has increased to ₹ 74.03 crores as on March 31, 2017 as against ₹ 62.68 crores as on March 31, 2016, resulting in a growth of 18.11%
6. Net Profit increased to ₹15.04 crores as on March 31, 2017 as against ₹13.74 crores as on March 31, 2016, resulting in a decline of 9.46%.
7. Fixed Assets (Net) of the Bank increased to ₹ 50.25 crores as on March 31, 2017 as against ₹ 36.43 crores as on March 31, 2016.
8. Net Worth of the Bank has increased to ₹190.22 crores as on March 31, 2017 as against ₹114.84 crores as on March 31, 2016.
9. Reserves & Surplus increased to ₹163.23 crores as on March 31, 2017 against ₹ 91.82 crores as on March 31, 2016.

The year gone by has been very eventful for the whole of the banking industry and a remarkable one for your Bank. The Bank got converted into Capital Small Finance Bank on April 24, 2016. The name of the Bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DBR.PSBD.No.5201/16.02.001/2016-17 dated November 8, 2016, and published in

the Gazette of India (Part III - Section 4) dated February 4- February 10, 2017. There has been capital infusion in the bank through private placement to the tune of ₹ 64.67 crores by three institutional investors. This has provided a big boost to CRAR which has jumped from 17.20% as on March 31, 2016 to 22.95% as on March 31, 2017. The primary features of financial performance of the bank are:

1. There has been overall growth of the bank in various segments. The deposits and investments have risen handsomely 30% plus year-on-year which is due to geographical expansion as well as enhanced penetration with in the existing area of operations by the bank.
2. There has been a handsome increase of 38.90% YOY in non interest income depicting the wide range of earning avenues and well established business model which is beyond the dynamics of market forces and interest rate cycle. There has been decent increase in net interest income on 18.11% YOY.
3. The Demonetization has impacted overall economy which is far less evident in the performance of the bank yet the advances profile could not stay completely unphased by such a move. The advances portfolio got multiple hits including (i) there has been general slowdown in the economy during the third quarter which did not let our loan book grow as expected, (ii) there has been reduction in previous advance book as many businesses specially small, marginal and medium enterprises could not grow their order book on expected lines so they reduced their loan and (iii) the quality of assets too got somewhat deteriorated due to demonetization however the bank fared very well and maintains a very healthy asset quality.
4. The Demonetization, although had a negative impact on loan book, but it helped in accumulation of CASA which has specially grown exponentially in second half of the year as depicted by the numbers. The good part of the

enhancement of CASA is that the bank has been able to retain most of it which shall boost the numbers going forward as well as help reduce interest rates faster to augment advances at fast pace.

5. The overall numbers on profit and profitability look slightly below expectations which needs to be drilled down to know the exact reasons which are: (i) The Bank has entered accelerated expansion plan and there has been substantial branch expansion, and that too, the majority of branch expansion taking place during second half of the year, amounting to more overhead and less revenue from those new branches. (ii) There has been substantial increase in Human Resource costs which, although is a positive sign for better team, but still is cost at the exchequer. (iii) The not up to the mark expansion of loan book has cost somewhat to the bottom line.

Way Forward as Small Finance Bank

Immense opportunities present themselves some as low hanging fruits and some as aims to explore at. The conversion of the Bank into Capital Small Finance Bank is a milestone, which is going to open the door for thousands of milestones to come and performance peaks to conquer. The Bank has witnessed 55% growth in number of branches in its first year of operations as a Small Finance Bank. Your Bank being the only bank is given Small Finance Bank license, other entities coming from non banking fields, has put your Bank at the centre stage on Indian small and mid size banking industry. Your Bank is being able to attract and build book at industry competitive rates and terms, unlike its, other small bank peers, who offer highly lucrative and less remunerative terms to attract clientele. The brand loyalty created by your bank, thanks to a decade and half long, relationship with various stakeholders, built on trust and performance, is allowing the bank to reap its benefits as well as build on its brand in new territories.

To name a few of the golden opportunities in front of the bank are:

- To venture into newer markets, geographies, and instruments presents immense opportunity to explore its strengths to the fullest as well as reap the benefits of economies of scale which shall help in improving profit and profitability as well as improve on operating ratios.
- The scheduling of the bank, getting authorized dealer-II license, MOU with SIDBI for refinance and collaborative financing to MSME are going to strengthen the standing of the bank in multiple ways such as entering into unchartered territory of government businesses, providing newer and advanced product line as an AD-II bank, and targeting more and bigger MSME, which is going to reflect in exponential growth of the bank.
- The experience of more than a decade and a half's performance, gives the bank outright bargaining power as well as expertise, which no one in the small finance bank fraternity has, to come up winner and out grow its competitors in overall performance and standing.
- The Bank has the opportunity to expand its business PAN India without any geographical limitations, which in itself is an unlimited opportunity to grow. The Bank has golden era ahead of it in terms of business and outreach.
- The road map of the bank to cover whole of the North India by having well knit network of 220 branches and business of ₹12,000 crores by FY 2021 shall put it as a regional bank in the next five years.
- Not resting here, the Bank has the opportunity to become a universal bank, after five years of performance, post conversion into Capital Small Finance Bank, subject to Reserve Bank of India's approval.
- The Bank has established a culture of happy stakeholders and with the financial success lying ahead, the bank has the opportunity to generate employment on even large scale and

discharge its corporate social responsibility in larger geography with larger funds and bringing more to the society at large.

Dividend

The Bank has a proud history of being investor friendly bank and healthy dividend payout. The Bank has over the years been consistently performing very well and paying dividends. The performance of the bank during the FY 2016-17 has been exceptionally good as well. Post conversion into Capital Small Finance Bank, the Bank is in a once in a lifetime growth phase, where the opportunity to grow is unlimited. As we know, banking is a capital intensive industry, and to grow at an accelerated pace, there is need for capital/funds. You shall be proud to note that the bank has increased its branch network from 47 as on March 31, 2016 to 73 as on March 31, 2017 depicting a mammoth 55% increase in branch network. The Bank has aggressive plans to expand exponentially during FY 2017-18 as well. Such an accelerated growth does not warrant high dividend payouts, which can otherwise cause unnecessary pressure of operating ratios and can cause slowdown in fast paced growth. Thus, taking a prudent decision, the bank has decided to plough back profits to invest in its exponential expansion for generating more shareholders' value. The Board has proposed to reduced dividend from 16% to 8% for the financial year ended March 31, 2017. The Bank believes in maintaining highest standards of professionalism and works in the best interest of all of its stakeholders. Going forward, the shareholders shall reap rich value of fast paced growth and expansion.

Capital Adequacy Ratio (CAR)

The Bank in compliance to the provisions of the guidelines issued by the Reserve Bank of India has maintained the capital adequacy ratio at the desired level. The CAR for the financial year ending March 31, 2017 is 22.95% as compared to 17.20% during the financial year ending March 31, 2016. This increase has taken place due to the increase in the investments in the Equity

Shares of the Company by the Institutional Investors during the year.

Treasury yield: The Bank has made handsome profits on treasury holdings of SLR and Non SLR securities given the sharp rise in NDTL. The Banks were left with no other option to buy government securities to meet SLR requirements. The Bank is specifically positioned to capitalize on this opportunity with huge investments in SLR portfolio having huge unrealized profits.

Higher Deposits -> More NDTL -> Higher SLR Buying -> Lower Bonds Yield.

Further Issue of Equity Shares

To further strengthen the Capital base and enhancing Capital Adequacy, the Bank during the financial year 2016-17 issued 39,67,200 Equity Shares of ₹10/- (Rupees Ten) each at a premium of ₹153/- (Rupees One Hundred Fifty Three) i.e. total issue price of ₹ 163/- (Rupees One Hundred Sixty Three) per equity shares, aggregating to ₹64,66,53,600/- (Rupees Sixty four crores sixty six lacs fifty three thousand and six hundred) and 14.70% of the expanded equity share capital of the Bank on a private placement on preferential basis to 3 (Three) Investors viz. ICICI Prudential Life Insurance Company Ltd., HDFC Standard Life Insurance Co. Ltd. and Pi Venture LLP as per the structure, guidelines and limits permitted by the Reserve Bank of India and other regulatory authorities. With the infusion of additional equity, the Net Worth of the Bank has increased to ₹190.22 crores as on March 31, 2017 as against ₹114.84 crores as on March 31, 2016 as against ₹100 crores stipulated by the Reserve Bank of India vide guidelines dated November 27, 2014 for Small Finance Banks. The Paid up Capital of the Bank has increased to ₹ 2698.71 lacs as on March 31, 2017 as against ₹ 2301.99 lacs as on March 31, 2016.

Great Place to Work

Capital Small Finance Bank has been Ranked amongst India's 100 Best Companies To Work for 2017 by 'Great

Place to Work Institute' for the fourth consecutive year. Great Place to Work is a global institute with its Headquarters at San Francisco, USA and has presence in more than 45 countries across globe. This institute has covered more than 26 years of research, recognizing and building great work places worldwide and conducts the world's largest and most reputed study of workplace excellence and people management practices. The Indian branch of this institute started working about 13 years ago. Every year, they conduct a research of more than 600 – 700 organizations working in India.

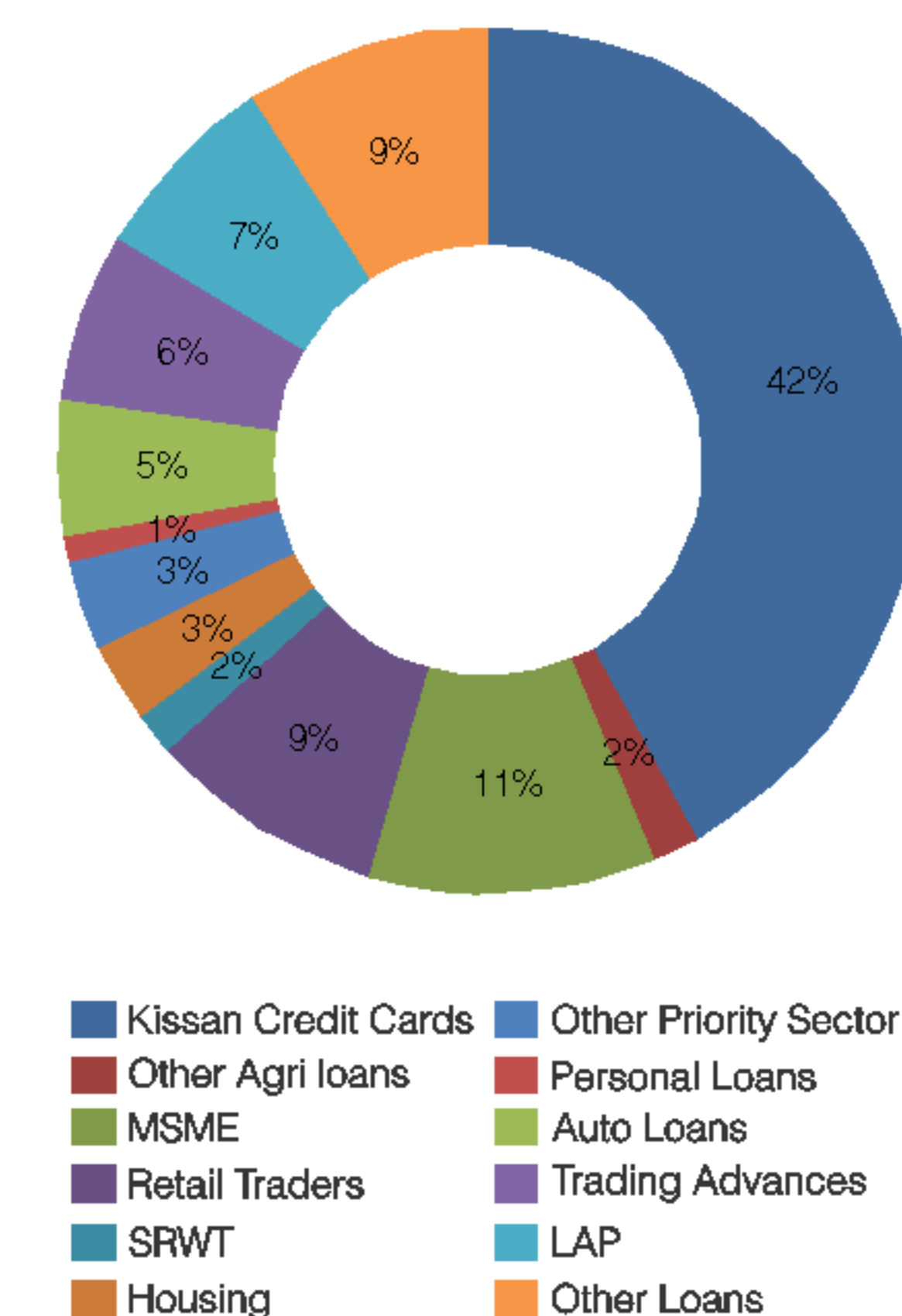
Advance to Priority Sector and Weaker Section

The basic model of the bank has been built around catering to the financial needs of its clientele in the best possible way with continuous focus on facilitating Priority Sector Advances and to meet the banking needs of the weaker sections of the society. The Bank has always been striving for adequacy and genuineness of the facilities provided in the major thrust areas, namely Priority Sector and Weaker Sections. Priority sector advances increased to ₹ 976.69 crores as on March 31, 2017 as against ₹ 755.99 crores as on March 31, 2016, registering a growth of 29.19%. The Priority Sector Advances stood at 84.96% of the Adjusted Net Bank Credit of previous year i.e. March 31, 2016 and are above the 75% benchmark set by the Reserve Bank of India. The total credit to agriculture has increased to ₹ 598.22 crores as on March 31, 2017 as against ₹ 460.94 crores as on March 31, 2016 showing a growth of 29.78%, which stood at 52.04% of the Adjusted Net Bank Credit of previous year i.e. March 31, 2016.

The Bank has made majority of its Direct Agriculture Advances under its CAPITAL KISAN CREDIT CARD Scheme. The scheme is customer friendly and has given impetus to the flow of credit to agriculturists. This scheme has been largely instrumental in upliftment of credit availability in rural areas under the jurisdiction of our bank. Advances to

Weaker Sections also continue to receive special priority. The advances made to Weaker Section including Small and Marginal Farmers, Scheduled Castes, etc. stood at ₹ 139.87 crores as on March 31, 2017. The advances to weaker sections stood at 12.17% of Adjusted Net Bank Credit of previous year i.e. March 31, 2016 as against the regulatory benchmark of 10%. The Bank has initiated number of steps to increase lending to Priority Sector/Weaker Sections, including identifying potential centers for focused lending, imparting training to officers on rural lending, liberalised credit norms and softening interest rates. The Bank has opened 63,194 number of 'No Frill' accounts up to March 31, 2017 under Financial Inclusion of those households that did not have any access to banks/post offices.

Advances Profile



Statutory Disclosures

- 1. Compliances as per The Reserve Bank of India and the Government of India**
We've made all statutory compliances with The Reserve Bank of India and the Government of India including maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR).
- 2. Information as per Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.** There are no employees in the Bank drawing salary of ₹ 1,02,00,000 per annum or ₹ 8,50,000 per month or more and none of the employees are relatives of Directors However, none of the employees of the company other than MD hold by himself or along with his spouse or dependent children 2% or more equity shares of the company.
- 3. Transfer of unclaimed dividend to Investor Education and Protection fund**
In terms of Section 125 of the Companies Act, 2013, any unclaimed or unpaid Dividend relating to the financial year 2009-10 is due for remittance on 30.9.2017 to the Investor Education and Protection Fund established by the Central Government. The Bank will duly transfer the requisite amount to Investor Education and Protection Fund before September 30, 2017.
- 4. Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the auditors and the practicing company secretary in their reports.**
There were no qualifications, reservations or adverse remarks made by the Statutory Auditors and by Secretarial Auditors in their Audit reports.
- 5. Extract of the Annual Return**
Pursuant to sub-section 3(a) of section 134 and sub-section (3) of section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration)

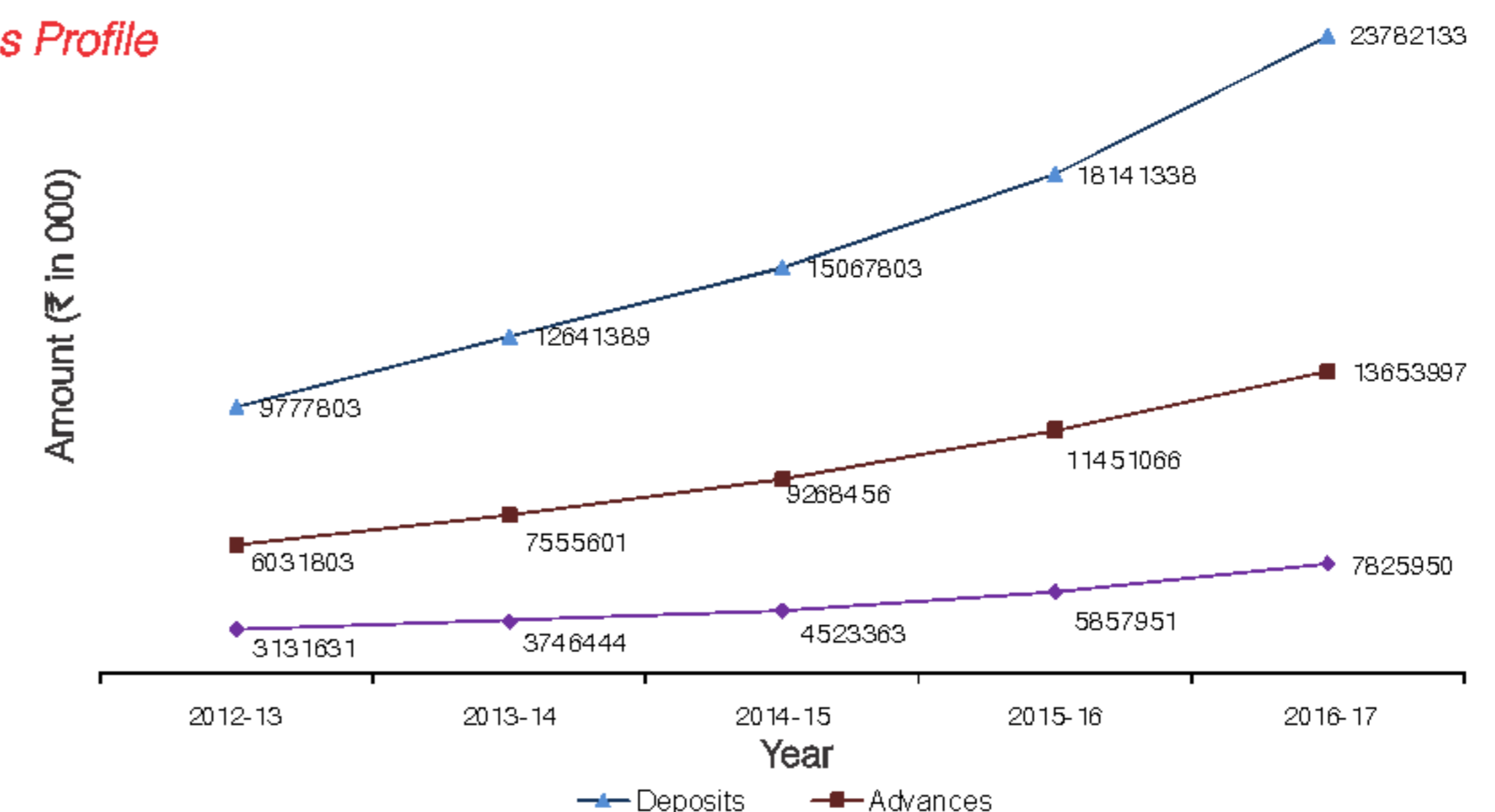
Rules, 2014, the extracts of the Annual Return in the form MGT-9 as on March 31, 2017 forms part of this report as Annexure I.

- 6. Disclosure under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 .** The provisions of section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 regarding conservation of energy and technology absorption is given in the Management Discussion and Analysis attached to this report. There was no foreign exchange earnings inflow or outflow during the year under review.
- 7. Disclosures under section 134(3)(l) of The Companies Act, 2013**
As you all know your Bank was granted final Small Finance Bank (SFB) license vide License No. MUM: 116 dated March 04, 2016 and the Bank started its operations as a small finance bank as on April 24, 2016. The Bank has been granted AD category II Licence FE.CG/AD-II/02/2017 dated April 18, 2017 for 76 Branches by the Reserve Bank of India. The said license has been granted to the Bank on permanent basis. The Bank has opened 3 more branches after March 31, 2017 till the date of this report. Except this significant change or as disclosed elsewhere in this report, there are no material changes and commitments, affecting the financial position of the bank, which has occurred between the end of the financial year of the Bank and date of this report.
- 8. Details of significant & material orders passed by the regulators or courts or tribunals.** The Income Tax Appellate Tribunal has passed orders in favour of the Bank and deleted all the pending additions made in previous assessments. Except this, there are no significant and/or material orders passed by the regulators or courts or tribunals impacting the going concern status of the bank.

- 9. Transfer to reserves in terms of section 134(3)(j) of the Companies Act, 2013**
For the financial year ended March 31, 2017, the Bank had transferred ₹ 376 lacs to the Statutory Reserve Fund (maintained under section 17(1) of RBI Act, 1934). The Bank has transferred ₹12.28 lacs to Special Reserve maintained under section 36 (1) (viii) of Income Tax Act, 1961.
- 10. Asset-Liability and Risk Management pursuant to section 134 (3)(n) of Companies Act, 2013.** The Bank has formulated and adopted a robust risk management framework. Whilst the Board is responsible for framing, implementing and monitoring the said risk management framework, it has delegated its powers relating to monitoring and reviewing of risk associated with the business of the Bank to the Risk Management Committee. Bank follows an integrated approach to managing risks and the processes are embedded in the fundamental business model. The Risk Management Landscape in the Bank covers the stages of identifying, assessing, measuring, managing, controlling and reporting risk concerns across all the risk classes viz. Credit, Market and Operational Risks. The Risk Management Policies adopted and reviewed periodically articulate, codify the strategy, structure, processes and

systems to manage bank wide risks. Expanding business arenas, deregulation and globalization of financial activities, emergence of new financial products and increased level of competition has necessitated the need for an effective and structured risk management practice in financial institutions. The Bank has adopted an integrated approach for the management of risk. Effective internal policies are developed in tune with the business requirements and best practices. Capital Bank has formulated 'Risk Management Policy' and an Internal Capital Adequacy Assessment Policy (ICAAP) for identifying and measuring various operational, credit and market risks. Operational risks are managed through comprehensive systems of internal control, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking regular contingency planning. We constantly strive to enhance the risk management capabilities in accordance with the emerging regulatory guidelines and the broad risk management principles. The Bank reviews the risk management system and the progress made in implementing the RBI guidelines on risk management, on a quarterly basis. The Asset Liability Management Committee(ALCO), consisting of the Bank's senior management and the Managing Director, is responsible for

Business Profile



ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the bank (on the assets and liabilities sides) in line with the bank's budget and decided risk management objectives. The committee actively manages and controls the structure of assets and liabilities and interest rate sensitivities with a view of optimizing profits besides maintaining capital adequacy and sufficient liquidity. Structured Liquidity and Interest Rate Sensitivity of the bank is being prepared on monthly basis in line with the RBI guidelines.

11. *Independent Directors Declaration in terms of Section 134(3)(d); Sec 149(6) of Companies Act 2013*. The Board of the Bank as on March 31, 2017 consisted of nine Directors, out of which five directors are independent. The Bank has obtained declaration of Independence from Mr. Sukhpal Singh Gill, Mr. Ranbir Singh, Mr. Madan Gopal Sharma, Mrs. Harmesh Khanna and Mr. Rakesh Soni and they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013.
12. *Company's Policy on Directors' Appointment & Remuneration including criteria for determining Qualifications, Attributes, Independence etc. in terms of sec 134(3)(e); sec 178(1) & (3) of Companies Act 2013*. The Nomination and Remuneration Committee of the Bank has put in place 'Fit and Proper' criteria policy for considering the appointment and remuneration of Directors and Key Managerial personnel as per the guidelines issued by Reserve Bank of India. The policy contains detailed procedures for determining qualification, positive attributes, due diligence mechanism and reference checks for appointment of Directors and Key Managerial Personnel.
13. *Performance Evaluation of Board in terms of Section 134(3)(p) of Companies Act 2013*. In terms of the

provisions of Companies Act, 2013, your Bank has laid down the criteria for performance evaluation of Directors, Chairman, Managing Director, Chief Executive Director, Board level committees, and Board as a whole.

The performance of the members of the Board, the Board level Committees and the Board as a whole were evaluated at the meeting of the Committee of the Independent Directors held on January 21, 2017.

14. *State of the Company's Affairs of the company in terms of Section 134(3)(1) of the Companies Act 2013*. Financial Year 2016-17 was a significant year in your Bank's lifecycle. Your Bank transitioned from a Local Area Bank to Small Finance Bank with 47 branches. 26 new branches have become operational during the year, taking the total number of branches to 73. Even at this growing stage, your Bank continued on its consistent performance with profit after tax growing to ₹ 1504.00 lakhs from ₹ 1373.91 lakhs showing growth of 9.46%.
In F.Y. 2016-17 your Bank raised ₹ 64.66 crores through issue of Equity Shares on private placement basis and after Equity infusion your Bank is well capitalized with a Capital Adequacy Ratio of 22.95% as on March 31, 2017.
During the year the Bank signed Memorandum Of Understanding (MOU) with Small Industries Development Bank of India (SIDBI) on February 24, 2017 to provide concessional finance to MSME. The MOU is aimed at promoting and strengthening the units in the micro and small industry segment through concessional funding at MCLR and refinance from Small Industries Development Bank of India (SIDBI), joint financing, cluster development and capacity building.
During the year your bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide

Notification DBR. PSBD. No. 5201/16.02.001/ 2016-17 dated November 8, 2016, and published in the Gazette of India (Part III- Section 4) dated February 4- February 10, 2017.

Understanding of the learning needs of our human resources, assessment of various functional requirements and the future prospects of the bank; has aggravated us to design an inclusive agenda to foster growth oriented learning. The assorted programs have been designed specifically keeping in view the functional and organizational requirements along with employee interest to promote growth oriented learning and during the year your Bank has organized more than 10 Workshop (Operations) and Orientation Program.

15. *Name of the companies which has become ceased to be Subsidiaries/Associates or Joint Ventures during the year in terms of sec 134(3)(q) read with Rule 8(5)(iv) of Companies (Account) Rules, 2014* The Bank does not have any Subsidiary, Joint venture or Associate Company.
16. *Disclosure under The Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013 in terms of The Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013*. The Bank has constituted an internal compliance committee for redressal of complaints for Sexual Harassment of women at the workplace and takes all necessary measures to ensure a harassment-free workplace. The Bank believes that all employees, including other individuals who are dealing with the bank have the right to be treated with dignity. There is no pending complaint under the said act. The committee takes appropriate action against the employees who have violated the norms prescribed under the policy, which includes disciplinary action such as warning letter and in some cases termination of employment depending upon the gravity of violation

17. *Adequacy of Internal Financial Controls Related To Financial Statements*
The Board has inter alia reviewed the adequacy and effectiveness of the Bank's internal financial controls relating to its financial statements which provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements. These controls and processes are driven through various policies and procedures which are reviewed periodically. The Board has discussed with the Management of the Bank the major financial risk exposures and the steps taken by it to monitor and control such exposures. The Bank has a mechanism of testing the controls at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

Managing Director & Chief Executive Officer (MD & CEO)

Mr. Sarvjit Singh Samra has been serving as the Managing Director & CEO of the Bank since July 21, 2003, with the approval of Reserve Bank of India (RBI) and the shareholders, from time to time. The Reserve Bank of India on July 17, 2015 approved the re-appointment of Mr. Sarvjit Singh Samra as Managing Director of the Bank for a period of three years w.e.f. July 21, 2015 and the shareholders in the meeting held on September 19, 2015 confirmed the said appointment. The Reserve Bank of India granted Licence No. MUM:116 dated March 4, 2016 to Capital Small Finance Bank Limited to carry on small finance bank business in India. The approval for appointment of Mr. Sarvjit Singh Samra as Managing Director and Chief Executive Officer of Capital Small Finance Bank Limited was granted by the Reserve Bank of India on April 21, 2016 on the existing terms and conditions and the shareholders in the meeting held on September 23, 2016 confirmed the said appointment.

Appointment of Part-time Chairman

The Reserve Bank of India vide letter no.DBR.Appt.No.13207/29.52.001/2015-16 dated April 21, 2016 conveyed the approval for appointment of Mr. Inder Krishan Sardana (DIN 398202) as Part-time Chairman of Capital Small Finance Bank Limited for a period of three years w.e.f. April 24, 2016, the date of conversion of Capital Local Area Bank Limited to Capital Small Finance Bank Limited.

Retirement/Appointment of Directors in compliance to Banking Regulation Act, 1949

The Board is duly constituted as per the provisions of Banking Regulation Act, 1949, Companies Act, 2013, RBI guidelines for Small Finance Banks and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Directors Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. Inder Krishan Sardana, Director being longest in the office shall retire at the forthcoming Annual General Meeting and being eligible for re-appointment, offer himself for re-appointment.

Appointments/Resignations of the Key Managerial Personnel

Mr. Sarvjit Singh Samra, Managing Director and Chief Executive Officer; Mr. Munish Jain, Chief Operating Officer and Company Secretary and Mr. Sahil Vijay, Chief Financial Officer of the Bank are the Key Managerial Personnel as per the provisions of the Companies Act, 2013. None of the Key Managerial Personnel has resigned or appointed during the year under review.

Corporate Governance

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organization's brand and reputation. Capital Bank is committed to set the highest standards of

Corporate Governance right from its inception benchmarked with the best in class practices. Capital Bank continues to believe in observing the best corporate governance practices and benchmarking itself against each practice on an ongoing basis.

Capital Bank believes that there is a need to view Corporate Governance as more than just regulatory requirements as there exists a fundamental link with the organization of business, corporate responsibility and shareholder's wealth maximization. Our Corporate Governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Bank. The Board is professional in character with a strong commitment to shareholder value, transparency, accountability, ethical standards and regulatory compliances.

The corporate governance framework at Capital Bank is based on an effective independent Board, the separation of the Board's supervisory role from the executive management and the constitution of Board Committees, which at March 31, 2017 comprised majority of independent Directors. The Bank's Board has an optimum combination of executive and non-executive Directors. The Board presently comprises of nine Directors including one woman Director and it provides diverse combination of professionalism, knowledge, expertise and experience as required in the banking business. The Board has five Independent Directors constituting more than one-half of its total membership strength and one women Director. The Directors have distinguished themselves in different walks of life through experience and expertise.

18. Meetings of the Board and Committees of the Board

The Board of Directors of the Bank is

meeting regularly to discuss and decide on various business policies, strategies and other businesses. The Bank has several committees which have been established as a part of the best Corporate Governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Bank Has Following Committees Of The Board:

1. *Management Committee*
2. *Audit Committee*
3. *Credit Sanctioning Committee*
4. *Risk Management Committee*
5. *Nomination and Remuneration Committee*
6. *Securities Transfer Committee*
7. *Special Committee on Frauds*
8. *Stakeholders Relationship Committee*
9. *Corporate Social Responsibility Committee*
10. *Investors Grievance Redressal Committee*
11. *Securities Allotment Committee.*

a) *Nomination and Remuneration Committee*

The Board of Directors in the meeting held on April 25, 2015 reconstituted the Nomination and Remuneration Committee. As on March 31, 2016, committee had three members consisting of Mr. Madan Gopal Sharma, Mr. Bhagwant Singh Sangha and Mr. Sukhpal Singh Gill, which includes two members from Risk Management Committee of the Board. The majority of the members of the committee are independent non executive directors. The committee has been constituted to review the structure, size, composition, diversity of the Board and designing of the criteria for determining the qualifications, positive attributes and independence of the directors. Also an integral function of the committee would be to oversee the framing, review and implementation of compensation policy of the Bank on behalf of the Board. Based on the recommendations of the Nomination and Remuneration Committee, the Board has approved the

Compensation Policy for Directors, KMP and all other employees of the Company. As part of the policy, the Company strives to ensure that:

- i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- ii) relationship between remuneration and performance is clear and meets appropriate performance benchmarks; and
- iii) remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

b) *Securities Allotment Committee*

The Board of Directors in the meeting held on March 19, 2016 re-constituted a Securities Allotment Committee of the Board to allot all types of securities issued by the bank and also to approve various related matters. The Committee comprises of Mr. Inder Krishan Sardana, Chairman; Mr. Sarvjit Singh Samra, Managing Director; Mr. Bhagwant Singh Sangha, Director; Mr. Rakesh Soni, Director; and Mr. Munish Jain, Chief Operation Officer and Company Secretary as the members of the committee.

c) *Audit Committee*

The Bank has duly constituted an Audit Committee of the Board. The members of the committee are Mr. Madan Gopal Sharma, Chairman; Mr. Bhagwant Singh Sangha, Director; Mr. Sukhpal Singh Gill, Director and Mr. Ranbir Singh, Director. The committee met six times in a year. The details of the meetings of the committee are disclosed separately under the head Meetings of the Board and Committees of the Board in this report. The functions of the Audit Committee are as follows:

- Overseeing the financial reporting and disclosure process.

- Monitoring choice of accounting policies and principles.
- Overseeing hiring, performance and independence of the external auditors.
- Overseeing the regulatory compliance ethics, and whistle blower hotlines.
- Monitoring the internal control process.
- Overseeing the performance of the internal audit function.
- Discussing risk management policies and practices with management.

d) Corporate Social Responsibility Committee and Statutory Disclosure
The functions of the committee include review of Corporate Social Responsibility initiatives by the Capital Bank and the Capital Foundation for inclusive growth, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the Company and recommendation of the amount of expenditure to be incurred on such activities, reviewing and recommending the annual CSR plan to the Board, making recommendations to the Board with respect to the CSR initiatives, policies and practices of Capital Bank. Pursuing a vision towards the socioeconomic empowerment of under privileged and marginalized sections of society, the Bank reiterates its commitment to support social initiatives with a special focus on education, financial literacy and livelihood support. For your Bank, it is of paramount importance that the funds of the bank are utilized prudently to ensure maximum social benefit and development.

The composition of the CSR Committee as on March 31, 2017 comprises of Mr. Sarvjit Singh Samra, Mr. Bhagwant Singh Sangha and Mr. Ranbir Singh. The Annual Report on CSR activities as required to be given under Section 135

of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been provided in an Annexure which forms part of the Directors Report.

e) Meeting of the Board and Committees
The details of the meetings of the Board and the committees are as under:

1. Board of Directors
Total Meetings 5

Dates of Meetings
April 30, 2016; August 5, 2016; September 23, 2016; November 5, 2016 and January 21, 2017.

Number of Meetings Attended by Directors

1. Mr. Inder Krishan Sardana	3
2. Mr. Sarvjit Singh Samra	5
3. Mr. Santokh Singh Chhokar	5
4. Mr. Bhagwant Singh Sangha	5
5. Mr. Sukhpal Singh Gill	5
6. Mr. Ranbir Singh	2
7. Mr. Madan Gopal Sharma	3
8. Mr. Rakesh Soni	5
9. Mrs. Harmesh Khanna	4

2. Management Committee
Total Meetings 4

Dates of Meetings
April 29, 2016; August 5, 2016; November 5, 2016 and January 21, 2017.

Number of Meetings Attended by Directors

1. Mr. Sarvjit Singh Samra	4
2. Mr. Inder Krishan Sardana	4
3. Mr. Bhagwant Singh Sangha	4

3. Audit Committee
Total Meetings 6

Dates of Meetings
April 29, 2016; August 8, 2016; September 5, 2016; December 29, 2016; March 17, 2017 and March 29, 2017.

Number of Meetings Attended by Directors

1. Mr. Madan Gopal Sharma	6
2. Mr. Bhagwant Singh Sangha	6
3. Mr. Sukhpal Singh Gill	6
4. Mr. Ranbir Singh	6

4. Risk Management Committee
Total Meetings 4

Dates of Meetings
April 30, 2016; August 5, 2016; November 5, 2016 and January 21, 2017.

Number of Meetings Attended by Directors

1. Mr. Sarvjit Singh Samra	4
2. Mr. Bhagwant Singh Sangha	4
3. Mr. Sukhpal Singh Gill	4

6. Securities Transfer Committee
Total Meetings 8

Dates of Meetings
May 21, 2016; June 6, 2016; August 26, 2016; September 29, 2016; November 23, 2016; December 27, 2016; January 25, 2017 and March 22, 2017.

Number of Meetings Attended by Directors

1. Mr. Sarvjit Singh Samra	8
2. Mr. Bhagwant Singh Sangha	8
3. Mr. Sukhpal Singh Gill	8

8. Securities Allotment Committee
Total Meetings 2

Dates of Meetings
November 25, 2016 and March 31, 2017.

Number of Meetings Attended by Directors

1. Mr. Inder Krishan Sardana	2
2. Mr. Sarvjit Singh Samra	2
3. Mr. Bhagwant Singh Sangha	2
4. Mr. Rakesh Soni	2

5. Credit Sanctioning Committee
Total Meetings 9

Dates of Meetings
April 29, 2016; June 3, 2016; July 2, 2016; August 4, 2016; September 22, 2016; November 4, 2016; December 26, 2016; February 7, 2017 and March 6, 2017.

Number of Meetings Attended by Directors

1. Mr. Sarvjit Singh Samra	9
2. Mr. Bhagwant Singh Sangha	9
3. Mr. Ranbir Singh	9

7. Nomination and Remuneration Committee
Total Meetings 1

Dates of Meetings
April 28, 2016.

Number of Meetings Attended by Directors

1. Mr. Madan Gopal Sharma	1
2. Mr. Bhagwant Singh Sangha	1
3. Mr. Sukhpal Singh Gill	1

9. Corporate Social Responsibility Committee
Total Meetings 1

Dates of Meetings
March 20, 2017.

Number of Meetings Attended by Directors

1. Mr. Sarvjit Singh Samra	1
2. Mr. Bhagwant Singh Sangha	1
3. Mr. Ranbir Singh	1

Vigil Mechanism

The Bank has implemented a Vigil Mechanism pursuant to which safeguards are provided against victimization of employees and directors who can raise concerns relating to Reportable Matters (as defined in the mechanism) such as breach of CAPITAL SMALL FINANCE BANK Code of Conduct, fraud, bribery, corruption, employee misconduct, illegality, health & safety, environmental issues and wastage / misappropriation of bank funds/assets, etc and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of the Vigil Mechanism is reviewed by the Audit Committee from time to time. The concerns reported in accordance with the said policy have been duly settled. None of the complainants have been denied access to the Audit Committee of the Board.

Loans, Guarantees or Investments in Securities

Pursuant to section 186(11) of the Companies Act, 2013 and clarification dated February 13, 2015 issued by the Ministry of Corporate Affairs loans made, guarantees given or securities provided or acquisition of securities by a Banking company in the ordinary course of its business are exempted from disclosure in the Annual Report. Therefore the said provision is not applicable to the bank.

Contracts or Arrangements with Related Parties

All related party transactions that were entered during the financial year 2016-17 were in the ordinary course of the business of the Bank and were on arm's length basis. There were no materially significant related party transactions entered by the Bank with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Bank. Considering the nature of the industry in which the Bank operates, transactions with related parties of the Bank are in the ordinary course of business especially with respect to the banking transactions which are also on arms' length basis. All such Related Party Transactions

are being placed before the Board/Audit Committee for approval, wherever applicable.

Listed Securities

The debt securities of the Company issued in the form of Upper Tier-II Bonds are listed on Bombay Stock Exchange Limited (BSE),

Auditors & Auditors' Report Statutory Auditors and Audit

M/s V.P. Vijh & Co., Chartered Accountants, Jalandhar, Statutory Auditors of the Bank have audited the accounts of the Bank for the financial year 2016 -17 as per the accounting standards followed in India. There is no qualification, reservations or adverse remarks given by the auditors which needs comments by the Board and are self-explained and therefore, in the opinion of the Directors, do not call for any further comments.

M/s. V.P. Vijh & Company, Chartered Accountants, Jalandhar were appointed as Statutory Auditors of the Bank for a period of three years from 2015-16 and until the conclusion of 19th Annual General Meeting of the Bank, subject to approval of Reserve Bank of India and ratification by members every year on a remuneration (including terms of payment) to be fixed by the Board of Directors of the Bank, based on the recommendation of the Audit Committee, plus service tax and such other taxes as may be applicable, and reimbursement of all out of pocket expenses in connection with the audit of accounts of the Bank for the year ending March 31, 2016 to March 31, 2018. The Auditors have confirmed that the re-appointment if made at the Annual General Meeting, will be within the prescribed limits under section 141(3)(g) of the Companies Act, 2013 and they are not disqualified to be appointed as auditors under the provisions of Companies Act, 2013 and Companies (Audit & Auditor) Rules 2014 or under any other law.

Secretarial Auditors and Audit

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and

Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed M/s B. Mathur & Co., Company Secretaries in Practice through its partner Mr. Brijeshwar Dayal Mathur (FCS No.5734 and COP No. 5334) to conduct Secretarial Audit of the Bank.

The Secretarial Audit Report is annexed herewith as Annexure 'A' to this report. There are no qualifications, reservations or adverse remarks made by M/s B. Mathur & Co., Company Secretaries, Secretarial Auditors of the Bank, in their Secretarial Audit report

Directors' Responsibilities Statement

In accordance with the applicable provisions of the Companies Act, 2013, the Directors confirm that -

1. In preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. The accounting policies, framed in accordance with the guidelines of the Reserve Bank of India, were consistently applied.
3. Reasonable and prudent judgement and estimates were made so as to give a true and fair view of the state of affairs of the bank at the end of the Financial Year and of the profit of the bank for the year-ended March 31, 2017.
4. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 2013, Banking Regulation Act, 1949 and applicable laws governing banks in India for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
5. The Directors have laid down adequate internal financial controls, which were fully operating during the financial year.

6. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
7. The accounts have been prepared on an ongoing concern basis.

Acknowledgment

The Board of Directors is grateful to the Government of India, the Reserve Bank of India, SEBI, IRDA and other regulatory authorities for their continued guidance, cooperation and support. The Board would also like to take this opportunity to express its appreciation for the continuing commitment, sense of involvement, professionalism and dedication of the members of the staff in ensuring high level of performance and growth that the bank has achieved during the year. The Board also places on record its gratitude to the Shareholders, Bankers, Customers, Suppliers and other stakeholders who have extended their valuable sustained support, co-operation and encouragement. The directors wish to thank the investors, the banking community, rating agencies and stock exchange for their support. The Directors look forward to their continued contribution in realisation of the corporate goals in the years ahead. We wish to apprise our worthy members who have entrusted their trust and confidence in the Bank that Capital Small Finance Bank will venture to strive hard to take long strides ahead with freshly instilled energies.

For and on behalf of the Board of Directors

Sarvjit Singh Samra
Managing Director

Inder Krishan Sardana
Chairman

Place: Jalandhar
Date: May 06, 2017

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014]

To, Act, 1956 ('SCRA') and the rules made thereunder;

The Members,
M/s Capital Small Finance Bank Limited
(Formerly known as
"Capital Local Area Bank Limited")
Midas Corporate Park, 3rd Floor
37 G.T. Road, Jalandhar – 144001, Punjab

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Capital Small Finance Bank Limited (Formerly known as "Capital Local Area Bank Limited") (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation)

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; Not Applicable
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not Applicable
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; Not Applicable
 - g. The Securities and Exchange

Board of India (Delisting of Equity Shares) Regulations, 2009; and Not Applicable

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable

- (vi) Reserve Bank of India Act, 1934.
- (vii) Banking Regulation Act, 1949.
- (viii) The Employee Provident Fund Act, Payment of Gratuity Act, Minimum Wages Act, Payment of Bonus Act, Contract Labour Regulation & Abolition Act and notification issued by labour department from time to time under above acts.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (SS-1 and SS-2).
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s);
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review, the Company has duly complied with the various applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings

alongwith agenda and detailed notes on agenda which were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions in the meetings were passed unanimously, hence, no dissenting members' views have been recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company to commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were following specific events / actions having a major bearing on the Bank's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc. which are: -

- (I) The Company has issued 1,590 (One Thousand Five Hundred and Ninety) Unsecured Redeemable Non-Convertible Tier II bonds (Basel III Compliant) in the nature of debentures on Private Placement Basis of ₹ 1,00,000/- (Rupees One Lac Only) each amounting ₹ 15,90,00,000/- (Rupees Fifteen Crore and Ninety Lacs Only) on November 25, 2016.
- (II) The Company has issued 39,67,200 (Thirty Nine Lac Sixty Seven Thousand and Two Hundred) Equity Shares of ₹10 (Rupees Ten Only) each for cash at a price of ₹ 163/- per equity share (including share premium of ₹ 153/- per equity share) aggregating to ₹ 64,66,53,600/- (Rupees Sixty Four Crore Sixty Six Lac Fifty Three Thousand and Six Hundred Only) on Private Placement Basis on March 31, 2017.

For B Mathur & Co.,
Company Secretaries
Date: May 03, 2017
Place: New Delhi

Naina Goyal
Partner
ACS: 39018

A brief outline of the Company's CSR policy, including overview of the projects or programs undertaken and a reference to the web-link to the CSR policy and projects or programs:

1. Policy Statement

The CSR Policy focuses on addressing critical social, environmental and economic needs of the marginalized/underprivileged sections of the society. Through this policy we aim to align our CSR strategy with the solution to these problems in order to benefit the communities at large and create social and environmental impact.

2. Scope of Corporate Social Responsibility Policy

The policy pertains to all activities undertaken by the Bank towards fulfilling its corporate social responsibility objectives. The policy also ensures compliance with section 135 of the Companies Act, 2013 and includes the activities as covered under Schedule VII to the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 and as amended from time to time. This policy applies to all our CSR projects. As a practice, we classify only those projects that are over and above our normal course of business as CSR.

3. Governance Structure

The Bank has a robust and transparent governance structure to oversee the implementation of our CSR Policy. The Bank has a CSR Committee which is duly constituted in accordance with the provisions of the Act with respect to its composition and terms of reference. The CSR Committee is responsible for the following:

- Formulate and update our CSR Policy, which will be approved by the Board of the bank
- Suggest areas of intervention to the Board of bank
- Approve projects that are in line with

the CSR policy

- Put monitoring mechanisms in place to track the progress of each project
- Recommend the CSR expenditure to the Board of bank who will approve it
- Meet atleast once a year to review the progress made
- Give directions for the disbursement of funds

4. Corporate Social Responsibility Activities

The CSR Committee of the Bank considers and approves the projects or programmes that the Bank should undertake as CSR. The Bank's focus to adopt projects in the following key areas of intervention defined in Schedule VII. However the committee may undertake any activity as mentioned in Schedule VII of the Companies Act, 2013 as a part of its Corporate Social Responsibility:

- Financial Inclusion
- Education
- Environmental Sustainability and maintaining ecological balance
- Socio- Economic Growth
- Health Care and Family Welfare
- Benefit of Armed Forces

The Bank ensures transparent monitoring mechanism for CSR activities.

1. The CSR Committee reviews the progress of CSR activities at least twice a year, including the annual review.
2. The Board of Directors reviews the progress of CSR activities at least annually.

The web link to the social initiatives of the bank is as follows:
<http://www.capitalbank.co.in/index.php/social-initiatives>

1. The Composition of the CSR Committee is as follows:
 - Sarvjit Singh Samra (Chairman)
 - Bhagwant Singh Sangha (Member)
 - Ranbir Singh (Member)

2. Average net profit of the Company for last three financial years: ₹ 2124.96 lakhs

3. Prescribed CSR expenditure (i.e. 2% percent of the amount as in 2 above): ₹ 42.50 lakhs

4. Details of CSR spent during FY 2016-17

1	2	3	4	5	6	7	8
S 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.	Donation to Swami Prvananda Seva Mission	Eradicating extreme hunger and poverty	Local Area	₹ 1,00,000	₹ 1,00,000	₹ 1,00,000	Direct
2.	Donation to a club	Promotion of Sports	Local Area	₹ 10,000	₹ 10,000	₹ 10,000	Direct
3.	Sponsorship for promotion of sports event	Promotion of Sports	Local Area	₹ 23,925	₹ 23,925	₹ 23,925	Direct
4.	Utensils distribution to poor and needy people	Eradicating extreme hunger and poverty	Local Area	₹ 53,460	₹ 53,460	₹ 53,460	Direct
5.	Donation to Rural Hockey Society	Promotion of Sports in rural area	Local Area	₹ 20,000	₹ 20,000	₹ 20,000	Direct
6.	Donation to Rural Hockey Society	Promotion of Sports in rural area	Local Area	₹ 11,000	₹ 11,000	₹ 11,000	Direct
7.	Repair of Green belt Park	Ensuring Environmental sustainability	Local Area	₹ 3,140	₹ 3,140	₹ 3,140	Direct
8.	Donation to Rural Hockey Society	Promotion of Sports in rural area	Local Area	₹ 19,000	₹ 19,000	₹ 19,000	Direct
9.	Utensils distribution to poor and needy people	Eradicating extreme hunger and poverty	Local Area	₹ 21,622	₹ 21,622	₹ 21,622	Direct
10.	Donation for Kabaddi Sports In Samrai	Promotion of Sports in rural area	Local Area	₹ 25,000	₹ 25,000	₹ 25,000	Direct
11.	Donation for Kabaddi Sports in Samrai	Promotion of Sports in rural area	Local Area	₹ 10,000	₹ 10,000	₹ 10,000	Direct
12.	Donation to District Salnik Welfare	Measure for the benefit of armed forces veterans, war widows and their dependents	Local Area	₹ 10,706	₹ 10,706	₹ 10,706	Direct
13.	Repair of Green belt Park Area	Ensuring Environmental sustainability	Local Area	₹ 10,706	₹ 10,706	₹ 10,706	Direct
14.	Repair of Green belt Park Area	Ensuring Environmental sustainability	Local Area	₹ 1,100	₹ 1,100	₹ 1,100	Direct
15.	Donation to DAV Institute of Engineering and Technology	Promoting education	Local Area	₹ 20,000	₹ 20,000	₹ 20,000	Direct

(a) Total amount to be spent for FY 2016-17 - ₹ 42.50 lacs

(b) Amount unspent, if any - ₹ 39.10 lacs

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I. Registration & Other Details:

i	CIN	U65110PB1999PLC022634
ii	Registration Date	31-05-1999
iii	Name of the Company	Capital Small Finance Bank Limited Formerly Known as "Capital Local Area Bank Limited"
iv	Category/Sub-category of the Company	Company Limited by shares/ Indian Non Government Company
v	Address of the Registered office & contact details	Midas Corporate Park, 3rd floor 37, G.T. Road, Jalandhar 144001 Tel.: 91 181 5051111 / 2222
vi	Whether listed company	Listed (Debt Segment)
vii	Name, address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Registry Services Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500034. Tel. 91 11 43681700, Fax. 91 11 43681710

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
I	Banking and Financial Services	64,191	100%

III. Particulars Of Holding, Subsidiary & Associate Companies

S. No.	Name & Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
I	NA	NA	NA	NA	NA

IV. 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									
<i>(1) Indian</i>									
a) Individual/HUF	0	75,40,198	75,40,198	32.76	0	75,40,198	75,40,198	27.94	0
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL (A)(1)	0	75,40,198	75,40,198	32.76	0	75,40,198	75,40,198	27.94	0

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									
<i>(2) Foreign</i>									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL (A)(2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	0	75,40,198	75,40,198	32.76	0	75,40,198	75,40,198	27.94	0
B. Public Shareholding									
<i>(1) Institutions</i>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1)	0	0	0	0	0	0	0	0	0
<i>(2) Non Institutions</i>									
a) Bodies corporates									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 Lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
SUB TOTAL (B) (2)	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs									
Non Promoters	0	1,54,79,695	1,54,79,695	67.24	0	1,94,46,895	1,94,46,895	72.06	25.63
Grand Total (A+B+C)	0	2,30,19,893	2,30,19,893	100	0	2,69,87,093	2,69,87,093	100	17.23

(i) Share Holding Of Promoters

S. No.	Shareholders Name	Shareholding At The Beginning Of The Year			Shareholding At The Beginning Of The Year			% change In share holding during the year
		No. Of Shares	% of total shares of the company	*% of shares pledged encumbered to total shares*	No. Of Shares	% of total shares of the company	*% of shares pledged encumbered to total shares*	
1	Sarvjit Singh Samra (Promoter Group)	62,51,521	27.16		62,51,521	23.16		
	1.1 Sarvjit Singh Samra	17,42,904	7.57	NIL	17,42,904	6.46	NIL	-
	1.2 Navneet Kaur Samra	8,58,400	3.73	NIL	8,58,400	3.18	NIL	-
	1.3 Amarjit Singh Samra	16,40,864	7.13	NIL	16,40,864	6.08	NIL	-
	1.4 Surlinder Kaur Samra	9,36,486	4.07	NIL	9,36,486	3.47	NIL	-
	1.5 Amardeep Singh Samra	7,90,240	3.43	NIL	7,90,240	2.93	NIL	-
	1.6 Gagan Samra	1,32,000	0.57	NIL	1,32,000	0.49	NIL	-
	1.7 Kuljit Singh Hayer	1,06,627	0.46	NIL	1,06,627	0.40	NIL	-
	1.8 Amarpreet Kaur	44,000	0.19	NIL	44,000	0.16	NIL	-
2	Brig. Swaran Singh Saini (Retd.) (Promoter)	4,75,513	2.07	NIL	4,75,513	1.76	NIL	-
3	Chanan Singh Dhillon (Promoter Group)	3,59,920	1.56		3,59,920	1.33		
	3.1 Chanan Singh Dhillon	38,200	0.17	NIL	38,200	0.14	NIL	-
	3.2 Gursharan Kaur Dhillon	2,40,720	1.05	NIL	2,40,720	0.89	NIL	-
	3.3 Randeep Singh Dhillon	81,000	0.35	NIL	81,000	0.30	NIL	-
4	Dinesh Gupta (Promoter Group)	3,25,253	1.41		3,25,253	1.21		
	4.1 Dinesh Gupta	2,95,920	1.29	NIL	2,95,920	1.10	NIL	-
	4.2 Dinesh Gupta HUF	29,333	0.13	NIL	29,333	0.11	NIL	-
5	Bhagwant Singh Sangha (Promoter)	39,600	0.17	NIL	39,600	0.15	NIL	-
6	Parkash Kaur Pooni (Promoter)	88,391	0.38	NIL	88,391	0.33	NIL	-
	Total	75,40,198	32.76		75,40,198	27.94		

(ii) Change In Promoters' Shareholding

S. No.		Shareholding At The Beginning Of The Year		Cumulative Shareholding During The Year		
		No. Of Shares	% of total shares of the company	No. Of Shares	% of total shares of the company	
1.	Sarvjit Singh Samra (Promoter Group)	At the beginning of the year	62,51,521	27.16	62,51,521	27.16
	Changes during the year	Nil	Nil	Nil	Nil	
	At the end of the year	62,51,521	23.16	62,51,521	23.16	
2.	Brig. Swaran Singh Saini (Retd.) (Promoter)	At the beginning of the year	4,75,513	2.07	4,75,513	2.07
	Changes during the year	Nil	Nil	Nil	Nil	
	At the end of the year	4,75,513	1.76	4,75,513	1.76	
3.	Chanan Singh Dhillon (Promoter Group)	At the beginning of the year	3,59,920	1.56	3,59,920	1.56
	Changes during the year	Nil	Nil	Nil	Nil	
	At the end of the year	3,59,920	1.33	3,59,920	1.33	
4.	Dinesh Gupta (Promoter Group)	At the beginning of the year	3,25,253	1.41	3,25,253	1.41
	Changes during the year	Nil	Nil	Nil	Nil	
	At the end of the year	3,25,253	1.21	3,25,253	1.21	
5.	Bhagwant Singh Sangha (Promoter)	At the beginning of the year	39,600	0.17	39,600	0.17
	Changes during the year	Nil	Nil	Nil	Nil	
	At the end of the year	39,600	0.15	39,600	0.15	
6.	Parkash Kaur Pooni (Promoter)	At the beginning of the year	88,391	0.38	88,391	0.38
	Changes during the year	Nil	Nil	Nil	Nil	
	At the end of the year	88,391	0.33	88,391	0.33	

(iii) Shareholding Pattern Of Top Ten Shareholders (Other Than Directors, Promoters & Holders Of GDRS & ADRS)

S. No.	Shareholders Name	Shareholding At The Beginning Of The Year		Changes In The Shareholding Due To Preferential Allotment As On 31.03. 2017		Share Holding At The End Of The Year	
		No. Of Shares	% Of Total Shares	No. Of Shares	% Of Total Shares of the company	No. Of Shares	% Of Total Shares of the company
1	PI Ventures LLP	-	-	13,22,400	4.90	13,22,400	4.90
2	ICICI Prudential Life Insurance Co. Ltd.	-	-	13,22,400	4.90	13,22,400	4.90
3	HDFC Standard Life Insurance Co. Ltd.	-	-	13,22,400	4.90	13,22,400	4.90
4	Balbir Singh	8,62,400	3.75	-	-	8,62,400	3.20
5	Rashpal Singh Virk	6,84,729	2.97	-	-	6,84,729	2.54
6	Mohan Singh Johal	5,47,800	2.38	-	-	5,47,800	2.03
7	International Township Developers Pvt.Ltd.	5,20,080	2.26	-	-	5,20,080	1.93
8	Gurinder Mann	3,91,111	1.70	-	-	3,91,111	1.45
9	Tarlochan Singh Hyare	3,85,000	1.67	-	-	3,85,000	1.43
10	Plara Singh	3,62,230	1.57	-	-	3,62,230	1.34
	Total	37,53,350	16.30	39,67,200	14.70	77,20,550	28.61

(iv) Shareholding Of Directors & KMP

S. No.	For Each of the Directors & KMP	Shareholding At The Beginning Of The Year		Cumulative Shareholding during the year		
		No. Of Shares	% of total shares of the company	No. Of Shares	% of total shares of the company	
1.	I.K Sardana	At the beginning of the year	51,400	0.22	51,400	0.22
	Changes during the year	NIL	NIL	NIL	NIL	
	At the end of the year	51,400	0.19	51,400	0.19	
2.	M. G. Sharma	At the beginning of the year	22,100	0.10	22,100	0.10
	Changes during the year	NIL	NIL	NIL	NIL	
	At the end of the year	22,100	0.08	22,100	0.08	
3.	Sarvjit Singh Samra (MD)	At the beginning of the year	17,42,904	7.57	17,42,904	7.57
	Changes during the year	NIL	NIL	NIL	NIL	
	At the end of the year	17,42,904	6.46	17,42,904	6.46	
4.	B. S. Sangha	At the beginning of the year	39,600	0.17	39,600	0.17
	Changes during the year	NIL	NIL	NIL	NIL	
	At the end of the year	39,600	0.15	39,600	0.15	
5.	Santokh Singh Chhokar	At the beginning of the year	17,60,000	7.65	17,60,000	7.65
	Changes during the year	NIL	NIL	NIL	NIL	
	At the end of the year	17,60,000	6.52	17,60,000	6.52	
6.	Munish Jain (CS)	At the beginning of the year	1,51,101	0.66	1,51,101	0.66
	Transfer on 26.08.2016	1,300	0.00	1,52,401	0.56	
	At the end of the year	1,52,401	0.56	1,52,401	0.56	
7.	Sahlil Vijay (CFO)	At the beginning of the year	4,226	0.02	4,226	0.02
	Transfer on 23.11.2016	4,000	0.01	8,226	0.03	
	At the end of the year	8,226	0.03	8,226	0.03	

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	1,00,33,00,000	0	1,00,33,00,000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	1,60,958	0	1,60,958
Total (i+ii+iii)	0	1,00,34,60,958	0	1,00,34,60,958
Change in Indebtedness during the financial year				
i) Additions	0	15,90,00,000	0	15,90,00,000
ii) Reduction	0	1,60,958	0	1,60,958
Net Change	0	15,88,39,042	0	15,88,39,042
Indebtedness at the end of the financial year				
i) Principal Amount	0	1,16,23,00,000	0	1,16,23,00,000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	0	1,16,23,00,000	0	1,16,23,00,000

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
1.	Gross Salary	Sarvjit Singh Samra (Managing Director)	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	42,80,769	42,80,769
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	6,81,716	6,81,716
	(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
5.	Others, please specify	0	0
	Total (A)	49,62,485	49,62,485

Ceiling as per the Act: Being a Banking Company, the provisions of Banking regulations Act, 1949 apply to the Bank and any payments to non-executive/independent Directors other than sitting fees can be paid only with the approval of RBI. Independent Directors are paid only sitting fees except for Managing Director who is paid remuneration with the approval of RBI.

B. Remuneration To Other Directors

Particulars Of Remuneration	Name Of The Directors								
	I.K. Sardana	Ranbir Singh	B.S. Sangha	S.S. Chhokar	M.G. Sharma	Sukhpal Singh Gill	Rakesh Soni	Harmesh Khanna	Total Amount
1. Independent Directors									
(a) Fee for attending board committee meetings	0	62,000	0	0	48,000	1,04,000	56,000	40,000	3,10,000
(b) Commission	0	0	0	0	0	0	0	0	0
(c) Others, please specify	0	0	0	0	0	0	0	0	0
Total (1)	0	62,000	0	0	48,000	1,04,000	56,000	40,000	3,10,000
2. Other Non Executive Directors									
(a) Fee for attending board committee meetings	48,000	0	1,46,000	50,000	0	0	0	0	2,44,000
(b) Commission	0	0	0	0	0	0	0	0	0
(c) Others, please specify.	0	0	0	0	0	0	0	0	0
Total (2)	48,000	0	1,46,000	50,000	0	0	0	0	2,44,000
Total (B)=(1+2)	48,000	62,000	1,46,000	50,000	48,000	1,04,000	56,000	40,000	5,54,000
Total Managerial Remuneration									

Ceiling as per the Act: Being a Banking Company, the provisions of Banking Regulations Act, 1949 apply to the Bank and the remuneration of every Director is subject to the approval of RBI. The remuneration is however well within the limits prescribed under the Companies Act, 2013.

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary	CFO	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	0	57,15,075	13,27,279	70,42,354
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0	2,40,234	12,170	2,52,404
	(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	0	59,55,309	13,39,449	72,94,758

VII. Penalties/Punishment/Compounding Of Offences

Type	Section Of The Companies Act	Brief Description	Details Of Penalty/Punishment/Compounding Fees Imposed	Authority (RD/NCLT/Court)	Appeal Made If Any (give details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers In Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil



For and on behalf of the Board of Directors

Place: Jalandhar
Date: May 06, 2017

Sarvjit Singh Samra Managing Director
Inder Krishan Sardana Chairman



Global Macroeconomic Scenario

The year 2016-17 saw an increase in financial stability concerns for Emerging Market Economies (EMEs) though such concerns eased for advanced economies. The performance of most EMEs was marked by severe domestic imbalances emanating from economic slowdown and downturn in credit growth coupled with rising stress in corporate and financial sectors making them vulnerable to the changing external financing conditions. In the group of EMEs, India stood out in terms of higher economic growth despite two consecutive years of deficient monsoon. The banking sector, however, continued to be under stress primarily on account of the burden of Non-Performing Assets (NPAs) which increased sharply during the year.

After a lackluster outturn in 2015-16, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. Stagnant global trade, subdued investment, and heightened policy uncertainty marked another difficult year for the world economy. A moderate recovery is expected for 2017, with receding obstacles to activity in commodity-exporting emerging markets and developing economies. Weak investment is weighing on medium-term prospects across many emerging markets and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the incoming U.S. administration and its global ramifications. Although fiscal stimulus in major economies, if implemented, may boost global growth above expectations, risks to growth forecasts remain tilted to the downside. Important downside risks stem from heightened policy uncertainty in major economies.

Emerging Economies

The picture for Emerging Market and Developing Economies (EMDEs) remains much more diverse. Growth prospects have marginally worsened for emerging market

and developing economies, where financial conditions have generally tightened. Near-term growth prospects were revised up for China, due to expected policy stimulus, but were revised down for a number of other large economies—most notably India, Brazil, and Mexico (EMDEs) that rely heavily on external financing. In addition, lingering uncertainty about the course of U.S. economic policy could have a significantly negative effect on global growth prospects. The growth rate in China was a bit stronger than expected, supported by continued policy stimulus. But activity was weaker than expected in some Latin American countries currently in recession, such as Argentina and Brazil, as well as in Turkey, which faced a sharp contraction in tourism revenues. Activity in Russia was slightly better than expected, in part reflecting firmer oil prices.

Growth forecasts for 2017 were instead revised down in a number of other regions: In India, the growth forecast for the current (2016-17) and next fiscal year were trimmed by one percentage point and 0.4 percentage point, respectively, primarily due to the temporary negative consumption shock induced by cash shortages and payment disruptions associated with the recent currency note withdrawal and exchange initiative. In Latin America, the growth downgrade reflects to an important extent more muted expectations of short-term recovery in Argentina and Brazil following weaker-than-expected growth outturns in the second half of 2016, tighter financial conditions and increased headwinds from U.S.-related uncertainty in Mexico, and continued deterioration in Venezuela. In the Middle East, growth in Saudi Arabia is expected to be weaker than previously forecast for 2017 as oil production is cut back in line with the recent OPEC agreement, while civil strife continues to take a heavy toll on a number of other countries.

Global Price Stability and Inflation

Oil prices have increased in recent weeks, reflecting an agreement among major producers to trim supply. With strong

infrastructure and real estate investment in China as well as expectations of fiscal easing in the United States, prices for base metals have also strengthened. Headline inflation rates have recovered in advanced economies in recent months with the bottoming out of commodity prices, but core inflation rates have remained broadly unchanged and generally below inflation targets. Inflation ticked up in China as capacity cuts and higher commodity prices have pushed producer price inflation to positive territory after more than four years of deflation. In other EMDEs, inflation developments have been heterogeneous, reflecting differing exchange rate movements and idiosyncratic factors.

Global Macro-financial Risks

- The global recovery remains fragile amidst weak and uneven growth, a slowdown in world trade and prevailing uncertainties in financial and commodities markets. The unintended side effects of current ultra-easy monetary policies being pursued in many advanced economies - without any clear signs of an exit strategy, are becoming evident.
- Global financial markets continue to face elevated levels of uncertainty notwithstanding the resilience to the outcomes of Brexit referendum and the US election. A negative feedback loop arising from productivity and global trade slowdowns and rising protectionism is adding to the pessimistic outlook on global recovery even as the uptick in US interest rates poses a significant risk to emerging market economies.
- The baseline scenario assumes that global growth will accelerate during 2017 and 2018. Risks to the baseline could emanate from: (a) US fiscal expansion being less than expected or marked by delays; (b) the Federal Reserve's monetary policy response to expansionary fiscal policy being larger than expected, especially in the context of a recent assessment that the US economy is "closing in on full

employment"; (c) the now pervasive spectre of protectionism affecting global trade; (d) continued concerns over the Chinese credit cycle; (e) volatile global crude oil and commodity prices; and (f) the implications of all these factors for international financial markets.

- While the balance of risks is viewed as being to the downside, there are also upside risks to near-term growth. Specifically, global activity could accelerate more strongly if policy stimulus turns out to be larger than currently projected in the United States or China. Notable negative risks to activity include a possible shift toward inward-looking policy platforms and protectionism, a sharper than expected tightening in global financial conditions that could interact with balance sheet weaknesses in parts of the euro area and in some emerging market economies, increased geopolitical tensions, and a more severe slowdown in China.

India

India, a South Asian nation, is the seventh-largest country by area, the second-most populous country with over 1.33 billion people, the most populous democracy in the world, and the third largest by Purchasing Power Parity (PPP). The country is classified as a newly industrialized country and one of the G-20 major economies with an average growth rate of approximately 7% over the last two decades. India boasts of an immensely rich cultural heritage including numerous languages, traditions and people. The country holds its uniqueness in its diversity and hence has adapted itself to international changes with poise and comfort. While the economy has welcomed international companies to invest in it with open arms since liberalisation in 1990s, Indians have been prudent and pro-active in adopting global approach and skills.

Indian Economic Scenario

The long-term growth prospectives of the Indian economy are positive due to its young population, corresponding low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. The Indian economy has the potential to become the one of the two largest economies by mid-century. And the outlook for short-term growth is also good as according to the IMF, the Indian economy is the "bright spot" in the global landscapes expected to regain its momentum, with growth rising to 7.6 percent in FY2018 and strengthening to 7.8 percent in FY2019-20. Various reform initiatives are expected to unlock domestic supply bottlenecks and raise productivity. Infrastructure spending should improve the business climate and attract investment in the near-term. The "Make in India", "Skill Development", "Ease of Doing Business", "GST" among many campaigns will help in India's accelerated economic development, backed by domestic demand and further regulatory reforms. A benefit of 'demonetization' in the medium term may be liquidity expansion in the banking system, helping to lower lending rates and life economic activity.

Economic Overview And Banking Trends

During 2016-17, the performance of most Emerging Market Economies (EMEs) was marked by severe domestic imbalances emanating from economic slowdown and downturn in credit growth coupled with rising stress in corporate and financial sectors. India stood out in terms of higher economic growth although the banking sector was under stress primarily on account of asset quality concerns. The performance of the Indian banking sector remained subdued during 2016-17 amidst rising proportion of banks' delinquent loans, consequent increase in provisioning and continued slowdown in credit growth. However banks' retail portfolios registered double-digit growth during the year.

Banking Trends

India's financial system remains stable, even though the banking sector is facing significant challenges. As global uncertainties and transiting geopolitical risks impact India, continuation of sound domestic policies and structural reforms remain the key for macroeconomic stability. The Banking Stability Indicator (BSI) shows that the risks to the banking sector remained elevated due to continuous deterioration in asset quality, low profitability and liquidity. Overall, India's financial system remains stable although banks, particularly the public sector banks, continue to face significant levels of stress.

Financial Intermediation

- The benchmark 10-year yield continued to tread high in spite of the rate cut and in fact increased marginally after the rate cut to settle at 6.61 per cent as of March 31, 2017.
- The Government increased the limit on securities under market stabilisation scheme from ₹ 30,000 crore (US\$ 4.4 billion) to ₹ 6 lakh crore (US\$ 88.5 billion).
- Indian markets recorded a modest growth of 1.95 to 3 per cent (Sensex was up by 1.95 per cent while Nifty was higher by 3.0 per cent) for the calendar year 2016 as compared to losses registered in 2015.
- For the first time since the meltdown of 2008, Net Foreign Portfolio Investments (FPI) have turned negative (implying that there was an outflow from the Indian markets to the tune of ₹ 23,079 crore or US\$ 3.4 billion), led by increase in US Fed rate by the Federal Reserve leading to outflows from several emerging market economies.

Recognizing that the domestic foreign exchange market witnessed heightened volatility in the aftermath of the US presidential elections, the risk of renewed turbulence in global financial markets on account of global downsides materializing and associated volatility in domestic financial markets remains a clear and

present danger to the Indian economy.

Impact of Demonetization on the Bank

- **Exponential Increase In Low Cost Deposit**
As with the overall Banking system, your bank has received huge amount of deposits and that too in the form of low cost CASA. This low cost deposit is going to automatically improve the NIM. This tendency has led to sharp reduction of cost of deposits in the banking system which will add to the margins and bottom line and help banks reduce interest rates sharply both for accepting deposits and for making advances. The Bank has fared very well during the Demonetization phase and has been able to sharply increase and retain the share of CASA
- **Interest Rate Cycle**
The interest rate cycle has tilted downward in the banking system despite RBI getting cautious about inflation and inflationary expectations. The banking system is flush with funds and have lesser appetite for further accepting of deposits without too many sound lending avenues at hand, which has forced banks to cut deposits rates sharply down. The reduction in cost of deposits is leading fall in overall interest rates on lending as well which is auguring well for industry and a big boost to private investment. Overall, the interest rate cycle has clearly turned southwards and fall in interest rates is going to help increase advances. The Bank primarily focuses on retail and small and medium enterprises, which is best suited to pick up in advances given the sharp fall in interest rates.
Deposit Rate: Higher Deposits -> Interest Rate Cycle accelerates downward -> reduction in Cost of Deposit.
- **Higher Usage Of Debit Cards**
One of the biggest advantages of demonetization is going to be the automation of financial transactions.

The Bank is poised to get a great phillip in usage of its debit cards.

- **Operative Accounts**
Many in-operative and Dormant Accounts have become operative. The Bank has witnessed heavy footfall during the period of demonetization from old and new clients. These inoperative accounts which have now gone operative shall give cross selling opportunity as well.
- **Increase in Third Party Income**
The Bank has witnessed great increase in customer accretion as well as customer satisfaction due to better handling of cash during demonetization period. The addition of satisfied customers is providing great base to pitch third party products as well which shall be highly profitable going forward.
- **Loan Book**
Initial reduction on Loan Book shall be recovered with normalization and pick up of economy. The fall interest rates, formalization of economy and pick up in demand and investment activity are going to add to the loan book in a significant way.

All in all, the better management, strong system and structural strengths have helped the Bank to better serve its existing and new clients. The Bank has been success in adding business all round and keeping customer satisfaction high during the tough time of cash crunch caused by demonetization. The betters of such healthy relationships can be seen in in all spheres like CASA accretion, Loan Book build up, third party products. So, the bank and its clients have a win-win situation during and post demonetization which is going to add value going forward as well.

The Outlook for Growth

With the effects of demonetization turning out to be short-lived and modest relative to some doomsday expectations, the outlook for 2017-18 has been brightened considerably by a number of factors. First, with the accelerated pace of

remonetization, discretionary consumer spending held back by demonetization is expected to have picked up from Q4:2016-17 and will gather momentum over several quarters ahead. The recovery will also likely be aided by the reduction in banks' lending rates due to large inflows of Current and Savings Accounts (CASA) deposits, although the fuller transmission impact might be impeded by stressed balance sheets of banks and the tepid demand for bank credit.

Second, various proposals in the Union Budget 2017-18 are expected to be growth stimulating: stepping up of capital expenditure; boosting the rural economy and affordable housing; the planned roll-out of the GST; and steps to attract higher foreign direct investment (FDI) through initiatives like abolishing the Foreign Investment Promotion Board (FIPB).

Third, global trade and output are expected to expand at a stronger pace in 2017 and 2018 than in recent years, easing the external demand constraint on domestic growth prospects. However, the recent increase in the global commodity prices, if sustained, could have a negative impact on our net commodity importing domestic economy. Finally, the pace of economic activity would critically hinge upon the outturn of the south-west monsoon, especially in view of the rising probability being assigned to an elniño event in July-August, 2017.

To sum up, economic activity should recover in 2017-18 on the back of the fast pace of remonetization and the government's focus on capital expenditure, rural economy and housing. The global economic environment may improve modestly, albeit amidst several uncertainties. Headline inflation is projected to increase during 2017-18, calling for close vigilance and readiness for an appropriate monetary policy response, if warranted.

Inclusive Growth

Equity, access, and inclusion are the

greatest needs for creating sustainable development. Financial inclusion is about

- (a) the broadening of financial services to those people and enterprises who do not have access to financial services sector;
- (b) the deepening of financial services for those who have minimal financial services; and
- (c) greater financial literacy and consumer protection so that those who are offered financial products can make appropriate choices.

The imperative for financial inclusion is both a moral one as well as one based on economic efficiency. Everyone must be given access to the tools and resources to better themselves, which would increase output, growth, and economic prosperity. Providing universal access to banking services and improving the forms of credit delivery, especially for the weaker sections of the population is the need of the hour to create sustainable development. Perhaps the most important is the economic condition of the excluded. World over, the poor, the small, and the remote are excluded. It is not just because the financial system is underdeveloped, but because they are hard to service profitably.

Local financial institutions, with local control and staffed by knowledgeable local people, could be more effective at providing financial services to the excluded. To provide an alternative institutional avenue for these categories of institutions to fulfill their mission, the RBI has created a new institution called the Small Finance Bank, where "small" refers to the kind of customer the bank deals with, not its size. With 75% of the loans mandated to be below 25 lakhs, the small finance bank is intended to provide services to the excluded. Thus far, the licenses have been largely given to micro-finance institutions and one local area bank, but there is no reason why these cannot be given to regional rural banks and co-operatives in the future. The hope is that these institutions will maintain a low cost structure, augmented by technology, to provide a menu of financial services to the excluded.

The country has come a long way in the process of financial inclusion, but still has a way to go. We are steadily moving from mandates, subsidies, and reliance on the public sector banks for inclusion to creating enabling frameworks that make it attractive for all financial institutions to target the excluded, even while the interests of the excluded are protected through education, competition and regulation. I am confident that in the foreseeable future, we will bring formal financial services to every Indian who wants them. Financial inclusion will be an important element in ensuring access and equity, necessary building blocks for the sustainable growth of our country. Former RBI Governor Rajan's comments: Small Finance Banks can revolutionize small lending, a segment large banks seldom cater to. Mr. Rajan said small finance banks would be able to extend loans to small businesses, typically not served by large banks. "My sense is that small finance banks will create a revolution in the banking sphere. A revolution will create easier access to finance to all small entities looking for finance. For example, a small finance bank is mandated to give 50 per cent of its loans to small firms."

FUTURE PLANS Geographical Outreach

The Bank ended year 2016-17 with 73 branches spread over the state of Punjab and Union Territory of Chandigarh. The Bank plans to grow exponentially and has laid a plan to cover all states of Northern part of the country by March 2020.

Conservation of Energy and Technology Absorption

The company being Banking Company, the energy consumed by the bank during this period is only in the form of electricity and diesel used in generators. The company has allocated specific cost budgets for the same in Head Office and all its branches to reduce electric waste and the same is monitored on periodical basis. Other measures like use of LEDs, power saver air conditioning equipment's etc are being installed for conserving the energy. There is no capital investment on energy

conservation equipment other than specified above.

We at CAPITAL SMALL FINANCE BANK LIMITED (CSFB) believe that the banks with the ability to adopt and integrate information technology will dominate in the highly competitive domestic market. Accordingly CSFB continues to leverage information technology as a strategic tool in business operations for customer delight by offering efficient and improved services with low cost and using it as a tool to improve staff productivity, increasing efficiency and more efficient & effective control over banking operations.

We are convinced that investing in IT is critical and also understand that its potential and consequences on the banking is enormous. That is why CSFB since its inception is equipped with a full-fledged Information Technology Department with four verticals of expertise; Software, System & Support, Network and Helpdesk with required manpower to strengthen develop, maintain and support IT infrastructure to the following:

1. System/hardware support and trouble shooting.
2. LAN/WAN maintenance and troubleshooting.
3. Level 1 support on CBS application to branches.
4. Secure systems towards any potential threat. Develop and implement automation.
5. Process Planning & Implementation under Business Continuity Plan and disaster recovery.
6. Project planning and implementation on new management goals.
7. Functional and level 1 support to end users on Core Banking & other applications.

New Developments in the Technology Field

1. The Bank migrated from Local Area

Bank to Small Finance Bank with rebranding on all the delivery channels in 48 hours.

2. The Bank is the 1st in India to migrate all the NPCI products from Sub-membership to Direct Membership in one go.
3. The CBS Hardware infrastructure was upgraded to cater to the future branch expansion.
4. The Bank started the SMS ATM/Debit Card blocking Service for its customers.
5. The Bank successfully launched the BBPS (Bharat Bill Payment Service) Pilot with NPCI.
6. The Bank received a special award from Deputy Governor, RBI at the NPCI Excellence Awards on being the 1st Small Finance Bank to go live on NPCI products as a Direct Member.
7. The Bank launched Platinum Card on the RuPay network.
8. Cash Transactions entry program was developed in 48 hours of demonitisation announced to manage RBI limits for realtime Cash Receipts/Deposits/Exchnage transactions.
9. The Bank launched POS acquiring terminals for its current account customers.
10. The Bank started the implementation process for the new Internet & Mobile Banking followed by the Core Banking Upgrade with LOS & Debt Management.

Technology Roadmap Projects

1. IMPS on Mobile & Internet Banking
2. BBPS on Mobile & Internet Banking
3. UPI
4. Core Banking Upgrade & Modules
5. Tablet Banking
6. Digital Branch Banking with Digital Branches
7. New Near-DR Site

Core Banking

The Bank is using Core Banking System from Intellect Design Arena Ltd. (erstwhile Polaris Financial Technology Ltd.) Chennai which enables the bank clientele to avail any branch banking and anytime banking through different delivery channels like ATMs, I-banking & Mobile application.

We at CSFB understand that customer service employees are your front line. As such, they need to have the right resources to provide exceptional customer service for internal & external customers. In order to ensure the same there was a need to ensure that every employees has:

- Accurate, up-to-date and consistent information
- Automation tools for better productivity
- Immediate answers to their questions
- An easy way to search for information

To ensure the above, the technology team decided to setup and develop an internal enterprise single software framework called 'PULSE' which would be robust, flexible, modular & requires less code level changes. Since, it is developed in-house, it also has effectively helped in cost reduction against the third party applications. PULSE today handles multiple modules like PMS, Cheque Book Management, Debit Card Management, Circulars, MIS etc. In the FY 2016-17 the following enhancements and editions were made across different modules for different departments in PULSE.

- Personalized Cheque Book Request Automation
- Performance Measurement System Interim for Staff
- Performance Measurement System for Substaff
- Pulse Self help service for users, OTP through Registered email based Password Regeneration process
- GI (General Insurance) Business module
- Call Center Integrated Calling List for

effective calling & campaign management

- MIS for Business Movement Tracking from Existing Branch to New Branch
- PMJJBY/ PMSBY Renewal Premium Collection Process Created
- Branch wise Tax Remittance (Service/TDS) module for Branches and HO Payment Team
- Dispatch Module by HO for Branch Delivery Channels Requests with Delivery Mode
- Welcome Kit allocation including Welcome Letter generation for Corporate Clients i
- ACH Mandate Processing (Mandate Data Upload, Processing)
- Cash Retention Limit Maintenance and Monitoring in CBS
- Cheque Book inventory management and allocation to branches through system
- ACH Debit Charges Recovery Process (For Returned ACH Transactions)
- Logistics - Cards and PIN Mailers movement recording in Pulse (WelcomeKits/Personalised/ NonPersonlise)
- Cluster Formation and Required controls in CBS & Pulse
- IT Asset management (Purchase/Movement/Maintenance/AM C Maintenance)
- Cash Transactions Entry To manage the RBI limits for real time Cash Receipts/Deposits/Exchange Transactions
- Demonitisation: Cash Transactions Exception Entry To manage the CSFB internal transactions limits with full control @ HO. Cash MIS - All Daily monitoring and regulatory MIS.
- ACH - Inward Batch & Return management for Lucky Grahak and Digi Dhan Vyapar Yojana

- RUPAY File based Recon in Pulse (For Credit Adjustment, Refund, Tip Surcharge)
- Employee TDS Declaration
- POS - Payment Device Request module with Maker/Checker/ Cluster Authorisation control

Human Capital

Capital Small Finance Bank – is India's first small finance bank and takes pride on its expansion to PAN India. As an organisation we are highly committed to deliver finest banking services at the doorsteps. Furthermore we strive to create a culture of dynamism which fosters development and recognizes its employees as its greatest assets – The Life-line. We envision attaining the pinnacle of success, into our areas of operations by providing escalation prospects to our HUMAN CAPITAL.

We work hard to ensure that our workplace has a diverse, inclusive and meritocratic environment and a strong commitment to sustainability. Our values are a vital way in which we bring our unique culture to life, and we seek to build a team that shares in and actively lives these values in their day-to-day work. We always strive to search for people who possess the qualities that make up our values of – Trust, Stupendous Performance and Professionalism. Our transparent and strategic HRD policy of recruiting local work force has always proven to be successful in attracting and retaining the best talent of the region.

The unique culture, built upon strong values and a foundation of teamwork, camaraderie, and commitment is a strong competitive advantage for the Bank.

Our approach to remuneration, including any discretionary incentive or performance-related awards, is designed to reward success appropriately. In addition to lucrative remuneration structure, employees are offered with additional benefits like staff mediclaim, gratuity and insurance facilities.

We want our people to excel. By leveraging

their unique strengths, providing the workforce with the right technical and professional training, we help them realize their potential and also help them perform to exceptional standards which are in line with the growth plans of the bank. Our endearing Learning and Development policy offers an assorted range of technical and behavioral programs along with orientation workshops which aims to ensure that the employees thrive in their current role and are well positioned to take on new opportunities as they rise.

Building a high performance culture is our prerogative. The Bank envisages a credible and transparent performance management process that helps in aligning individual goals with corporate objectives. The performance management is supported by rewards and recognitions. To exemplify the CEO Club is one such reward of

appreciation for the top performers and also acts as a token of inspiration for others.

To maintain a perfect work - life balance, the bank has introduced various employee engagement activities like sports meet, festival celebrations and establishment day celebrations.

Focusing on corporate social responsibility, Capital Small Finance Bank has established itself as the preferred employer by making its mark as "Great Place to Work" for three consecutive years 2014 – 2015 - 2016 and continues to cultivate a self motivated team, enriched with a spirit of belonging and oneness.

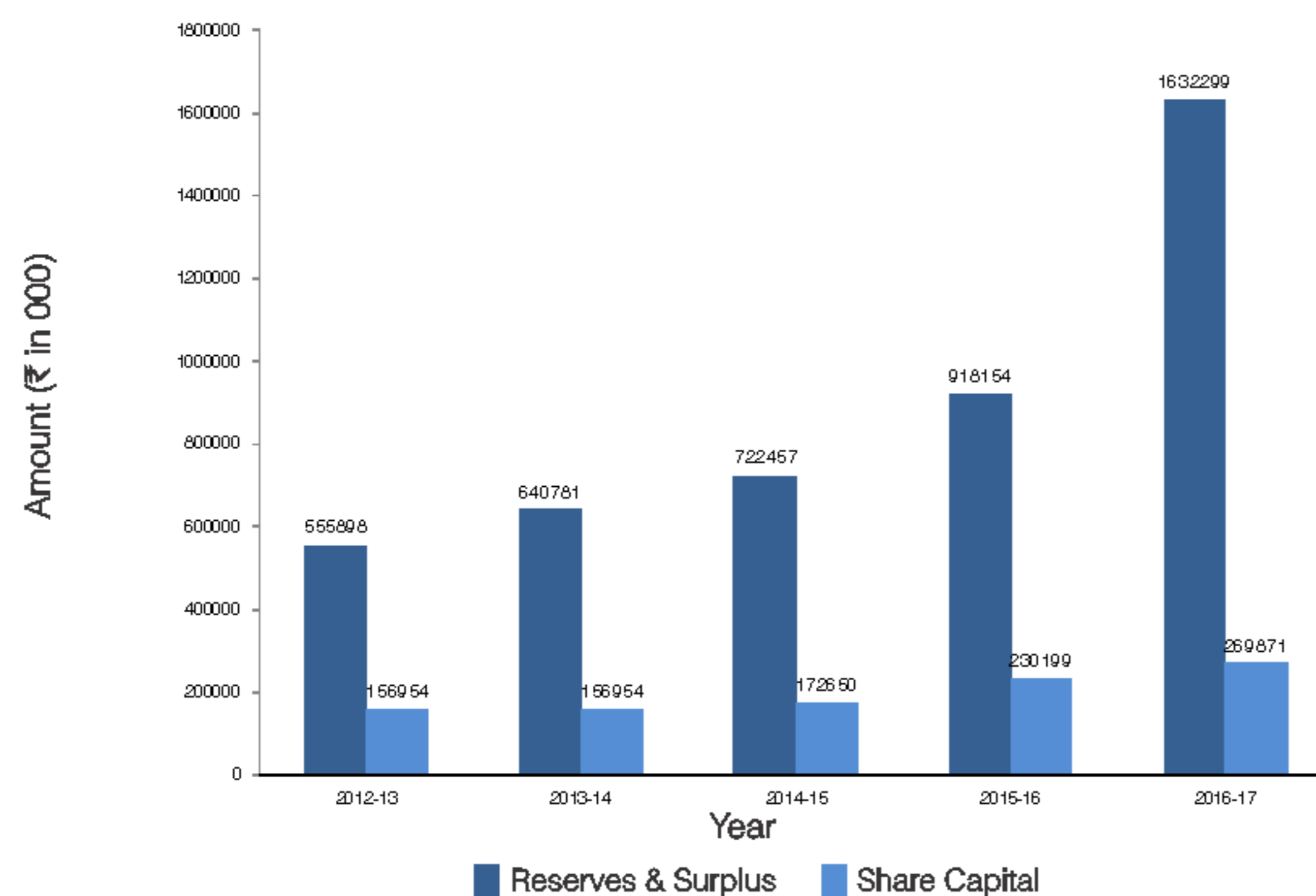
With offices in various regions of Punjab & Chandigarh and a growing team, our next step is to make a mark in PAN INDIA.

For and on behalf of the Board of Directors

Place: Jalandhar
Date: May 06, 2017

Sarvjit Singh Samra Managing Director
Inder Krishan Sardana Chairman

Net Worth Analysis



Product & Services

Deposits

Savings

Capital Small Finance Bank's Savings Account is just the right product for everyone, salaried or self-employed, high net worth individuals and NRI's. The unmatched package of Capital Small Finance Bank Savings Bank Account brings the benefits of better, efficient and hassle-free banking, depending upon the customer needs. The Bank offers following saving accounts as per the requirement of the customers.

- Normal Savings Account
- Capital Savings Account
- Capital Saver Savings Account
- Capital Super Savings Account
- Basic Saving Bank Deposit Account (No Frill A/C)

Current

Money transactions are at the heart of most business relationships. Your Bank's support and services can make all the difference in closing a deal, and maintaining goodwill with business associates.

- Normal Current Account
- Capital Current Account
- Capital Plus Current Account
- Capital Premium Current Account

Term Deposit

Just as each little drop matters in filling a bucket, similarly little saving today yields better results tomorrow. Term Deposit account of the bank can be opened with a minimum amount of Rs. 1000/- under various schemes.

- Cumulative Deposit Account
- Short Term Deposit Account
- QIDS Account
- MIDS Account
- Recurring Account

Loans

- Housing Loans
- Personal Loans
- Auto Loans
- Gold Loans
- Kisan Credit Cards
- Advances To Retail Traders
- Education Loans

- Mortgage Loans Against Property
- Advances Against Rentals
- Advances for construction/Real Estate Projects
- Overdraft Facility

Money Transfer

Capital Small Finance Bank extends the services of receiving money from friends and relatives in over 200 countries in the fastest possible way. For this purpose we have a tie-up with Western Union Financial Services Inc., Money Gram Inc. & Xpress Money. Western Union, Money Gram & Xpress Money are global leaders in money transfer and message services, with a history of pioneering service dating back to more than 100 years. Consumers can quickly and easily transfer money through Western Union and Money Gram agents located in over 200 countries worldwide.

Forex Services

- Sale of Foreign Currency
- Purchase of Foreign Currency
- Travellers Cheques (TC)

Insurance

We at Capital Small Finance Bank, understand that different people have different needs at various stages of their lives. That's why, we, in association with ICICI Prudential Life Insurance Company Ltd., offer a host of Life Insurance solutions, depending on whether a customer is a young individual planning for the years ahead or an established professional planning for the retirement. In order to expand the Life Insurance product range for the customers at large Capital Small Finance Bank, has additionally collaborated with HDFC Standard Life Insurance Co. Ltd.

Banking services should not just meet the financial needs, but also help to protect what is important to us, be it our home, office, machine, vehicle or health. We're associated with Bajaj Allianz General Insurance Co. Ltd., and now we have joined hands with SBI General Insurance Co. Ltd. also, to offer numerous flexible options that fulfill all General Insurance needs of the customers.

To the Members of CAPITAL SMALL FINANCE BANK LIMITED (Previously known as CAPITAL LOCAL AREA BANK LIMITED)

1. We have audited the accompanying financial statements of CAPITAL SMALL FINANCE BANK LIMITED (Previously known as Capital Local Area Bank Limited) (here in referred to as 'the Bank'), which comprise the Balance Sheet as at 31 March 2017, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Bank'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 the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended by Companies (Accounting Standards) Amendment Rules, 2016 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating

effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the financial statements based on our audit.
4. 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 thereunder.
5. We conducted our audit of the Bank including its branches in accordance with Standards on Auditing ('the Standards') 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 of material misstatements.
6. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank'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 accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India of the state of affairs of the Bank as at 31st March, 2017, and its profit & loss and its cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
10. As required by sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

- (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- (c) the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.

11. Further, as required by section 143(3) of the Act, we further report that:
 - i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books
 - iii. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account .
 - iv. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended by companies (Accounting Standard) Amendment Rules 2016 to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - v. On the basis of written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - vi. With respect to the adequacy of

the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (a) The Bank does not have any pending litigations which would impact its financial position
- (b) The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as certified by the management and
- (c) There has been no delay in transferring amounts, required to be transferred, to the investor.

Annexure A To The Independent Auditor's Report Of Even Date On The Financial Statements Of CAPITAL SMALL FINANCE BANK LIMITED (previously Known As CAPITAL LOCAL AREA BANK LIMITED)

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

1. We have audited the internal financial controls over financial reporting of CAPITAL SMALL FINANCE BANK LIMITED (Previously known as CAPITAL LOCAL AREA Bank LIMITED (here in referred to as 'the Bank') as at 31 March 2017 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

- 4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- 5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

- 6. A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that
 - (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank;
 - (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being

made only in accordance with authorizations of management and directors of the bank; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

- 8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For V.P. VIJH & CO .
Chartered Accountants
(Firm's Registration No.001248N)

Date: May 6, 2017
Place: Jalandhar

Vikram Vijh
(Partner)
Membership No : 089600

Balance Sheet As On March 31, 2017

PARTICULARS	SCHEDULE	₹ In'000)	
		Year Ended 31/03/2017	Year Ended 31/03/2016
CAPITAL & LIABILITIES			
Capital	1	2,69,871	2,30,199
Reserve and Surplus	2	16,32,299	9,18,154
Deposits	3	2,37,82,133	1,81,41,338
Borrowings	4	11,62,300	10,03,300
Other Liabilities and provisions	5	3,61,606	2,32,379
Total		2,72,08,209	2,05,25,370
ASSETS			
Cash and Balances with Reserve Bank of India	6	15,21,356	6,83,727
Balances with banks and Money at call and short notice	7	33,52,434	19,29,412
Investments	8	78,25,950	58,57,951
Advances	9	1,36,53,997	1,14,51,066
Fixed assets	10	5,02,493	3,64,250
Other Assets	11	3,51,979	2,38,964
Total		2,72,08,209	2,05,25,370
Contingent Liabilities	12	2,23,044	1,84,202
Bills for Collection		-	-
Significant Accounting Policies	17		
Notes to Accounts	18		

Munish Jain Sahil Vijay Sarvjit Singh Samra
Chief Operating Officer Chief Financial Officer Managing Director
& Company Secretary

Date: May 6, 2017
Place: Jalandhar

As per our separate report appended
I. K. Sardana For V. P. Vijh & CO.
B.S. Sangha Chartered Accountants
Sukhpal Singh Gill
Ranbir Singh Vikram Vijh
Harmesh Khanna (Partner)
Rakesh Soni Membership No.089600
Directors FRN: 001248N

Profit And Loss A/c For The Year Ended March 31, 2017

PARTICULARS	SCHEDULE	₹ In'000)	
		Year Ended 31/03/2017	Year Ended 31/03/2016
INCOME			
Interest Earned	13	22,36,896	18,80,055
Other Income	14	1,98,906	1,43,207
Total		24,35,802	20,23,262
EXPENDITURE			
Interest Expended	15	14,96,622	12,53,263
Operating Expenses	18	7,06,922	5,57,410
Provisions and Contingencies		81,858	75,198
Total		22,85,402	18,85,871
PROFIT/LOSS			
Net profit for the year		1,50,400	1,37,391
Profit brought forward		5,01,209	4,35,069
Total		6,51,609	5,72,460
APPROPRIATIONS			
Transfer to Statutory Reserves		37,600	34,348
Transfer to Special Reserve		1228	871
Transfer to Proposed Dividend		18,425	29,964
Tax on Proposed Dividend		3751	6068
Balance carried over to Balance sheet		5,90,605	5,01,209
Total		6,51,609	5,72,460
EARNING PER SHARE			
Basic (Rupees)		6.53	6.70
Diluted (Rupees)		6.53	6.70
(Face value) (Rupees)		10.00	10.00

Munish Jain Sahil Vijay Sarvjit Singh Samra
Chief Operating Officer Chief Financial Officer Managing Director
& Company Secretary

Date: May 6, 2017
Place: Jalandhar

As per our separate report appended
I. K. Sardana For V. P. Vijh & CO.
B.S. Sangha Chartered Accountants
Sukhpal Singh Gill
Ranbir Singh Vikram Vijh
Harmesh Khanna (Partner)
Rakesh Soni Membership No.089600
Directors FRN: 001248N

Schedules

Cash Flow Statement For The Year Ended March 31, 2017

PARTICULARS	₹ In'000)	
	Year Ended 31/03/2017	Year Ended 31/03/2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxes	2,17,249	1,98,916
<i>Adjustment For:</i>		
Depreciation Charge on Fixed Assets for The Year	62,617	54,564
Loan Loss Provision	15,139	13,543
(Profit)/Loss on Sale of Fixed Assets	(442)	88
Other Provision	(130)	130
	<u>2,94,433</u>	<u>2,67,241</u>
<i>Adjustment For:</i>		
(Increase)/Decrease in Term Deposits with other Banks	(11,49,780)	28,883
(Increase)/Decrease In Investments	(21,37,935)	(14,94,539)
(Increase)/Decrease In Advances	(22,11,910)	(21,91,086)
Increase/(Decrease) In Deposits	56,40,795	30,73,535
(Increase)/Decrease In Other Assets	(1,02,905)	(23,190)
Increase/(Decrease) In Other Liabilities & Provision	1,37,083	19,095
Total	4,69,781	(3,20,061)
Refund/(Payment) of Direct Taxes	(76,959)	(77,302)
NET CASH FLOW FROM OPERATING ACTIVITIES	3,92,822	(3,97,363)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,04,388)	(94,500)
Proceeds from Sale of Fixed Assets	3970	1010
NET CASH FLOW FROM INVESTING ACTIVITIES	(2,00,418)	(93,490)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from equity shares issued on private placement basis under preferential allotment	6,29,922	
Net Proceeds from Right Issue of Equity Shares to existing shareholders	-	1,72,648
Net Proceeds from the new issue of Unsecured Redeemable Non Convertible Bonds	1,55,421	3,49,239
Fees paid to enhance Authorized Capital	(750)	-
Dividend Payment (Including C D T)	(36,063)	(33,248)
NET CASH FLOW FROM FINANCING ACTIVITIES	7,48,530	4,88,639
Net Increase / (Decrease) In Cash & Cash Equivalent	9,40,934	(2214)
Cash & Cash Equivalents in the Beginning	7,86,018	7,88,232
Cash & Cash Equivalents at the end	17,26,952	7,86,018

As per our separate report appended

Munish Jain
Chief Operating Officer
& Company Secretary

Sahil Vijay

Chief Financial Officer

Sarjit Singh Samra
Managing Director

I. K. Sardana
B.S. Sangha
Sukhpal Singh Gill
Ranbir Singh
Harmesh Khanna
Rakesh Soni
Directors

For V. P. Viji & CO.
Chartered Accountants

Vikram Viji
(Partner)
Membership No.089600
FRN: 001248N

Date: May 6, 2017
Place: Jalandhar

Schedules Forming Part Of The Balance Sheet As On March 31, 2017

(₹ In'000)

PARTICULARS	Year Ended 31/03/2017	Year Ended 31/03/2016
Schedule - 1 Capital		
<i>Authorised Capital</i>	3,50,000	2,50,000
3,50,00,000 equity shares of ₹ 10 each		
<i>Issued, Subscribed and Paid-up Capital</i>		
2,69,87,093 equity shares issued of ₹ 10 each fully paid-up (Previous year 2,30,19,893 equity shares of ₹ 10 each) (Of the above shares 12,00,000 shares are allotted as fully paid-up equity shares by way of bonus shares)	2,69,871	2,30,199
Total	2,69,871	2,30,199
Schedule 2 - Reserves And Surplus		
I. <i>Statutory Reserves</i>		
Opening Balance	2,74,083	2,39,735
Additions during the year	37,600	34,348
II. <i>Capital Reserves</i>		
Opening Balance	159	159
Additions during the year	-	-
III. <i>Special Reserves</i>		
Opening Balance	6,706	5,835
Additions during the year	1,228	871
IV. <i>Investment Reserves Account</i>		
Opening Balance	13,181	13,181
Additions during the year	-	-
Deductions during the year	-	-
V. <i>Security Premium Account</i>		
Opening Balance	1,22,816	28,478
Additions during the year	6,06,982	1,15,099
Deductions during the year	21,061	20,761
VI. <i>Balance in Profit & Loss Account</i>		
Total	5,90,605	5,01,209
	16,32,299	9,18,154

PARTICULARS	(₹ In'000)	
	Year Ended 31/03/2017	Year Ended 31/03/2016
Schedule 3 - Deposits		
A I Demand Deposits		
From banks	58	25
From others	7,82,221	4,64,929
II Saving Bank Deposits	86,21,712	59,14,083
III Term deposits		
From banks	1,87,359	-
From others	1,41,90,783	1,17,62,301
Total	2,37,82,133	1,81,41,338
B I Deposits of branches in India	2,37,82,133	1,81,41,338
II Deposits of branches outside India	-	-
Total	2,37,82,133	1,81,41,338

Schedule 4 - Borrowings

I. Borrowings in India	-	-
- Reserve Bank of India	-	-
- Other Banks	-	-
- Unsecured Redeemable Non-Convertible Bonds (Subordinated debt - Tier II Capital)	6,13,300	6,13,300
- Unsecured Redeemable Non-Convertible Tier II Bonds	1,59,000	-
- Hybrid Debt Capital Instrument issued as debentures	3,90,000	3,90,000
II. Borrowings outside India	-	-
Total	11,62,300	10,03,300

Schedule 5 - Other Liabilities And Provisions

I. Bills Payable	1,81,331	67,711
II. Inter-office adjustments (net)	201	1979
III. Interest accrued	26,936	26,551
IV. Others (including provisions)	1,30,962	1,00,075
V. Proposed Dividend(includes tax on Dividend)	22,176	36,063
Total	3,61,606	2,32,379

Schedule 6 - Cash And Balance With Reserve Bank Of India

I. Cash in hand	4,57,607	2,90,528
II. Balance with Reserve Bank of India		
a) In current accounts	10,63,749	3,93,199
b) In other deposits accounts	-	-
Total	15,21,356	6,83,727

PARTICULARS	(₹ In'000)	
	Year Ended 31/03/2017	Year Ended 31/03/2016
Schedule 7 - Balance With Banks And Money At Call & Short Notice		
I. In India		
I) Balance with banks		
a) In current accounts	2,05,596	1,02,291
b) In other deposit accounts	28,16,950	16,67,170
II) Money at call and short notice		
a) With Banks	-	-
b) With other Institutions	3,29,888	1,59,951
Total (I)	33,52,434	19,29,412
II. Outside India		
a) In current accounts	-	-
b) In other deposits accounts	-	-
c) Money at call and short notice	-	-
Total (II)	-	-
G. Total(I+II)	33,52,434	19,29,412

Schedule 8 - Investments

I. Investments in India in		
i) Government securities	77,85,950	57,37,951
ii) Other approved securities	-	-
iii) Shares	-	-
iv) Debentures and Bonds	40,000	40,000
v) Subsidiaries and/or joint ventures	-	-
vi) Others(Certificate of deposits, money market based mutual funds)	-	80,000
Total (I)	78,25,950	58,57,951
II. Investments outside India in		
i) Government securities	-	-
ii) Subsidiaries and/or joint ventures abroad	-	-
iii) Other Investments	-	-
Total (II)	-	-
G. Total (I+II)	78,25,950	58,57,951

Schedule 9 - Advances

A	i) Bills purchased and discounted	138	1714
	ii) Cash credits, overdrafts and loans repayable on demand	92,90,861	78,56,669
	iii) Term Loans	43,62,998	35,92,683
	Total	1,36,53,997	1,14,51,066
B	i) Secured by Tangible Assets	1,34,38,184	1,12,86,999
	ii) Covered by Bank / Government Guarantees	-	-

(₹ In'000)

PARTICULARS	Year Ended 31/03/2017	Year Ended 31/03/2016
iii) Unsecured	2,15,813	1,64,067
Total	1,36,53,997	1,14,51,066
C I) Advances in India		
i) Priority Sector	97,66,981	75,33,379
ii) Public Sector	-	-
iii) Banks	-	-
iv) Other	38,87,016	39,17,687
Total (I)	1,36,53,997	1,14,51,066
II) Advances outside India		
i) Due from Banks	-	-
ii) Due from Others	-	-
a) Bills Purchased & Discounted	-	-
b) Syndicated Loans	-	-
c) Others	-	-
Total (II)	-	-
G.Total (I+II)	1,36,53,997	1,14,51,066

Schedule 10 - Fixed Assets

I. Premises		
At cost as on 31st March of the proceeding year	64,524	64,399
Add : Additions during the year	-	125
Less : Deductions during the year	-	-
Total	64,524	64,524
Depreciation		
As at 31st March of the preceding year	-	-
Charge for the year	-	-
Total	-	-
Net Block I	64,524	64,524
II. Other Fixed Assets (including furniture & fixtures)		
At cost as on 31st March of the proceeding year	5,92,007	4,99,590
Add : Additions during the year	2,04,388	94,375
Less : Deductions during the year	7,904	1,958
Total	7,88,491	5,92,007
Depreciation		
As at 31st March of the preceding year	2,92,281	2,38,576
Charge for the year	62,617	54,564
Less : Reversed on sale	4,376	859
Total	3,50,522	2,92,281
Net Block II	4,37,969	2,99,726
Grand Total (I & II)	5,02,493	3,64,250

(₹ In'000)

PARTICULARS	Year Ended 31/03/2017	Year Ended 31/03/2016
Schedule 11 - Other Assets		
i) Inter-office adjustments (net)	-	-
ii) Interest accrued	2,66,448	1,69,933
iii) Stationary & Stamps	7,359	6,009
iv) Others	78,172	63,022
Total	3,51,979	2,38,964

Schedule 12 - Contingent Liabilities

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	1,90,906	1,53,891
(b) Outside India	-	-
v) Acceptances, endorsements and other obligations	18,054	21,032
vi) Other items for which bank is contingently liable.	14,084	9,279
Total	2,23,044	1,84,202

Schedule 13 - Interest Earned

I. Interest/discount on advances/bills	14,48,056	13,00,286
II. Income on investments	5,81,272	4,24,680
III. Interest on balance with Reserve Bank of India and inter-bank funds	2,07,568	1,54,708
IV. Others	-	381
Total	22,36,896	18,80,055

Schedule 14 - Other Income

I. Commission, exchange and brokerage	1,29,585	1,01,233
II. Profit/Loss on sale of investments(Net)	46,316	19,068
III. Profit/Loss on revaluation of investments(Net)	-	-
IV. Profit/Loss on sale of land, building & other assets(Net)	442	(88)
V. Profit/Loss on Exchange Transactions(Net)	22,232	22,872
VI. Income earned by way of dividends etc.	-	-
VII. Miscellaneous income	331	122
Total	1,98,906	1,43,207

Schedule 15 - Interest Expended

I. Interest on deposits	13,74,483	11,75,828
II. Interest on inter-bank borrowings	4,285	4,428
III. Others	1,17,854	73,007
Total	14,96,622	12,53,263

PARTICULARS	(₹ In'000)	
	Year Ended 31/03/2017	Year Ended 31/03/2016
Schedule 16 - Operating Expenses		
I. Payments to and provisions for employees	3,78,158	2,82,334
II. Rent, taxes and lighting	1,03,168	77,274
III. Printing and stationery	17,100	11,700
IV. Advertisement and publicity	8,736	7,597
V. Depreciation on bank property	62,617	54,564
VI. Directors fees, allowances & expenses	554	772
VII. Auditors fees and expenses	956	841
VIII. Law charges	107	196
IX. Postage, telegrams, telephones etc.	13,488	11,027
X. Repairs and maintenance	19,214	17,421
XI. Insurance	27,788	23,344
XII. Other expenditure	75,036	70,340
Total	7,06,922	5,57,410

Significant Accounting Policies

Schedule 17

Appended To And Forming Part Of The Financial Statements For The Year Ended March 31, 2017

Overview

Capital Small Finance Bank Limited ('The Bank') a banking company incorporated under The Companies Act, 1956, is engaged in providing a wide range of banking and financial services including retail & commercial banking and treasury operations. The Bank is governed by the Banking regulation Act, 1949.

During the year, The Bank, has converted from Local Area Bank (LAB) to Small Finance Bank (SFB) on April 24, 2016, pursuant to license granted by Reserve Bank of India. Accordingly, the name has been changed from Capital Local Area Bank Limited to Capital Small Finance bank Limited. Change of name has also been approved by Registrar of Companies, vide issuance of Certificate of Incorporation in the name of Capital Small Finance Bank Limited on April 15, 2016.

Further the name of the bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide RBI notification dated February 16, 2017.

Basis of Preparation

The Financial Statements have been prepared on Historical Cost Basis following accrual basis of Accounting and conform to the statutory provisions to the extent applicable, accounting standards & pronouncements issued by The Institute of Chartered Accountants of India, the guidelines issued by the Reserve Bank of India (RBI) from time to time and practices generally prevailing in the Banking Industry in India, except as otherwise stated.

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amount of assets and liabilities (including contingent liabilities) as in the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Significant Accounting Policies

1. Investments

In accordance with the Reserve Bank of India guidelines, Investments are categorized into "Held for Trading", "Available for Sale" and "Held to Maturity". Under each category the investments are further classified in six classes - Govt. Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

a. Basis Of Classification

Securities that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading". Securities that the bank intends to hold till maturity are classified as "Held to Maturity".

Securities that cannot be classified in the above two categories are classified as "Available for Sale".

An Investment is classified as Held for Trading, Available for Sale and Held to Maturity at the time of its purchase. Reclassification, if any, in any category is accounted for as per the RBI guidelines.

b. Valuation

The valuation of Investments is done in accordance with the Reserve Bank of India guidelines:

Held for Trading

Individual Scrips in this category are marked to market at monthly Intervals and the depreciation if any is recognized in the profit & loss account.

Held to Maturity

These are valued at acquisition cost except where the acquisition cost is higher than the face value, in which case, such excess of acquisition cost over the face value is amortized over the remaining maturity period. A provision is made for other than temporary diminution.

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, the net appreciation if any for each classification is ignored.

c. Broken Period Interest

Broken period interest on Debt Instruments is treated as a Revenue item.

d. Transfer of Security between Categories

Transfer of Securities from one category to another is carried out at Acquisition cost or Book Value or Market Value, whichever ever is lower on the date of transfer and the depreciation, if any, on such transfer is fully provided for.

e. Profit on Sale of Investment

Profit on sale of investments in the 'Held to Maturity' category is credited to the Profit & Loss Account and is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to capital reserve. Profit on sale of investments in 'Available for Sale' and 'Held for Trading' categories is credited to Profit & Loss Account.

2. 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 are made in accordance with the Reserve Bank of India's guidelines/ directives, as under:-

- a. All advances are classified under four categories i.e. (a) Standard Assets, (b) Sub-standard Assets, (c) Doubtful Assets and (d) Loss assets.
- b. Specific provisions in respect of non performing advances are based on the management's assessment of the degree of impairment of wholesale and retail advances, subject to the minimum provisioning level prescribed in the Reserve Bank of India guidelines.
- c. Provisions on Standard Assets are made @ 0.40% of the outstanding advances. However provision for banks

direct advances to agriculture and SME sectors is made @ 0.25%, commercial real estate sector is made @ 1% and housing loans at teaser rates @ 2% in pursuance to RBI circulars issued from time to time. Further the same is shown under the head 'Other Liabilities'.

- d. Unrealized Interest of the previous year on Advances which became Non Performing during the year is provided for.
- e. Provisions in respect of NPA's are deducted from Advances.
- f. Provisions are made on gross basis. Tax effects are accounted for in the year of write off.

3. Fixed Assets

- a. Fixed assets are capitalized at cost which comprises of cost of purchase, site preparation, installation cost & professional fees incurred on the asset before the same is put to use.
- b. Depreciation of the fixed assets is charged over the useful life as estimated by the management on a Straight line basis.
- c. Depreciation for key fixed assets for the year are provided as under:
 - Improvement to Lease Hold Premises is charged off over the primary period of lease or useful life of the asset whichever is less.
 - The rates of depreciation for key fixed assets, which are not lower than the rates, calculated on the basis of the useful life specified in the Schedule II of the Companies Act 2013, as detailed below

Asset	Depreciation (rate per annum)
Software & System Development Expenditure	20%
Computers	33.33%
Mobile Phones	33.33%
Cash Sorting Machines	33.33%

- All other Assets are depreciated on the rates, calculated on the basis of useful life specified in the Schedule II of the

Companies Act 2013, as detailed below

Asset	Depreciation (rate per annum)
Office Machinery	6.33%
Furniture & Fixture	9.50%
Motor Vehicle:	
Motor Car	11.88%
Two wheeler	9.50%
Cycle	9.50%

- d. Depreciation on Assets sold or disposed of during the year is provided for up to the date of sale.
- e. Depreciation on Assets purchased or acquired during the year is provided for from the date they are being put to use.
- f. In case of revalued/impaired assets, depreciation is provided over the remaining useful life of the assets with reference to revised assets values.

4. Transactions Involving Foreign Exchange
Monetary Assets & Liabilities are translated at the Closing Spot Rate of exchange prevailing at the close of the year as notified by Foreign Exchange Dealers Association of India (FEDAI). The Resulting Differences are accounted for as income/expenditure.

5. Revenue Recognition

Income & Expenditure are accounted on Accrual basis except in the following cases:-

- a. Interest on Non-Performing Assets is recognized on realization basis as per RBI guidelines.
- b. Interest which remains overdue for 90 days on securities not covered by Government Guarantee is recognized on realization basis as per RBI guidelines.
- c. Commission (other than on Deferred Payment Guarantees and Government Transactions), Exchange and Brokerage are recognized on realization basis.
- d. Interest on Overdue Bills is recognized on Realization Basis as per RBI guidelines.

6. Net Profits

The Net Profits have been arrived at after:-

- a. Provisions of Income Tax and Wealth Tax in accordance with the statutory requirements.
- b. Provisions on Advances
- c. Adjustments to the value of Investments
- d. Other usual and necessary provisions.

7. Retirement Benefits

- a. Defined Contribution towards Provident Fund is accounted for as per statutory requirements debited to the profit & loss account of the same year.
- b. The Bank contributes for Gratuity, a defined benefit retirement plan, covering all employees which is determined as per Actuarial valuation done on year end basis, charged to profit and loss account, and contributions are deposited to a fund maintained by ICICI Prudential Life Insurance under separate Trust set up by the Bank.
- c. Liability towards Leave Encashment on Retirement or on Termination of service of an employee is valued and provided for on the basis of Actuarial valuation done on year end basis.

8. Segment Reporting

The business of the Bank is divided into four segments: Treasury, Retail Banking, Corporate/Wholesale Banking and Other Banking Business. These segments have been identified based on the RBI's revised guidelines on Segment Reporting vide Circular No. DBOD.No.BP.BC.81/21.04.018/2006-07 dated April 18, 2007. The principal activities of these segments are as under.

- a. **Treasury**
The treasury segment primarily consists of interest earnings from the Bank's investments portfolio and gains or losses on investment operations.
- b. **Retail Banking**
The retail banking constitutes lending to individuals/small businesses subject to the orientation, product and granularity criterion and also includes

Appended To And Forming Part Of The Financial Statements For The Year Ended March 31, 2017

SCHEDULE 18

1. Capital

1.1. Capital to risk-weighted asset ratio ('Capital Adequacy Ratio') of The Bank, as on March 31, 2017 has been calculated by using the capital measurement approaches as detailed below:

1.1.1 Credit Risk has been measured by using Basel II Standardized Approach for credit risk, in accordance with RBI circular no DBR. NBD. No.26/

16.13.218/2016-17, dated October 06, 2016 on "Operating Guidelines for Small Finance Banks".

1.1.2 Market Risk has been measured by using measurement approach prescribed under Basel II. Although, Prudential framework for SFB on market risk measurement is under examination with the Reserve Bank of India, and instructions on the same are awaited, the bank measured the Market Risk by using measurement approach prescribed under Basel II.

Capital Adequacy Ratio for the Previous year (2015-16), has been calculated by using Basel –I framework, as applicable to LAB.

Ratio of Capital to Risk-weighted Assets		Current Year	Previous Year
i)	CRAR (%)	22.95%	17.20%
ii)	CRAR - Tier I capital (%)	14.47%	9.16%
iii)	CRAR - Tier II capital (%)	8.48%	8.04%
iv)	Leverage Ratio	6.88%	NA*

*NA being a LAB in the year 2015-16.

1.2. Movement in Capital during the year is detailed as below:

Items	Current Year	Previous Year
i) Amount of equity (Face Value) raised on private placement under preferential allotment	₹ 39,672 ('000)	Nil
ii) Amount of equity (Face Value) raised as Right Issue	Nil	₹ 57,549 ('000)
iii) Amount of debt raised as Tier II capital	₹ 1,590 lacs	Nil
iv) Amount of debt raised as Upper Tier-II capital	Nil	₹ 2,500 lacs
v) Amount of subordinated debt raised as Tier-II capital (Lower Tier II capital)	Nil	₹ 1,200 lacs

1.3. Tier I Capital Infusion

During the current year, the Bank has raised 39,67,200 Equity Shares of ₹10/- (Rupees Ten) each at a premium of ₹153/- (Rupees One Hundred and Fifty-Three) (i.e. at the total issue price of ₹163/- (Rupees One Hundred and Sixty-Three) per Equity Share) aggregating to ₹ 64,66,53,600/- (Rupees Sixty-Four Crores Sixty-Six Lakhs Fifty-Three Thousand and Six Hundred) on a private placement basis under preferential allotment

Details of movement in the paid-up equity share capital of the Bank are given below:

low value individual exposures not exceeding the threshold limit of Rs 5 crores as defined by Reserve Bank of India. Retail banking also includes liability products and NRI services.

c. Corporate/Wholesale Banking

This segment includes corporate/wholesale relationships not included under retail banking.

d. Other Banking Business

This segment includes para banking activities and other banking transactions not covered under any of the above three segments.

9. Leases

Lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, is classified as operating lease. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

10. Earning Per Share

The bank reports basic and diluted earnings per equity share in accordance with AS-20 issued by ICAI. Basic earnings per share are computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share are computed using the weighted average number of equity shares & diluted potential equity shares outstanding during the period.

11. Income Tax

Income Tax Expense (Current & Deferred) is accounted for in accordance with AS 22 - "Accounting for Taxes on Income", issued by ICAI. Current Tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized, subject to the consideration of prudence on Timing differences, being the difference between the taxable income & accounting income that originate in one period and is capable of reversal in one or more subsequent years.

12. Impairment Of Assets

In accordance with the accounting standard 28 issued by ICAI, impairment of the assets is determined by comparing the carrying amount of the asset and the recoverable amount and if the recoverable amount is less than the carrying amount the difference is charged to profit and loss account. Recoverable amount is calculated by using the value in use method for each cash generating unit.

13. Accounting For Provisions, Contingent Liabilities And Contingent Assets

The Bank estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available upto the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements. The Bank does not account for contingent assets, if any.

14. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, balance with RBI, balances with other banks and money at call and short notice.

15. Corporate Social Responsibility

Expenditure incurred towards corporate social responsibility, in accordance with Companies Act, 2013, is recognized in the Statement of Profit and Loss.

Particulars	(₹ in '000)	
	Current Year	Previous Year
› Opening Balance	2,30,199	1,72,650
› Addition pursuant to Amount of equity raised on private placement basis under preferential allotment	39,672	-
› Addition pursuant to Right Issue	-	57,549
› Closing Balance	2,69,871	2,30,199

The Bank has not issued any right equity shares during the current year. While, during the previous year, the bank has issued right equity shares to the existing shareholders at a price of ₹ 30 per equity share (Face Value ₹10) as per the following details:

		(₹ in '000)
› Date of Allotment	December 30, 2015	
› Equity Capital before Right Issue (1,72,64,971 shares of face value ₹10 each)		1,72,650
› Right Issue		1:3
› Equity shares issued as right (57,54,922 shares of face value ₹10 each)		57,549
› Total equity capital after Right issue (2,30,19,893 shares of face value ₹10 each)		2,30,199

1.4. Tier 2 Capital

Tier 2 Capital raised during the current year:

The Bank has raised Unsecured Redeemable Non-Convertible Tier II Bonds amounting to ₹ 1,59,000 ('000) during the current year, as per detail given here under:

				(₹ in '000)
Date of Allotment	Coupon (%)	Tenure	Amount	
November 25, 2016	9.75%	10 years	1,59,000	

Tier 2 Capital raised during the previous year:

The Bank has raised Basel I compliant Unsecured Redeemable Non Convertible Upper Tier II Bonds amounting to ₹ 2,50,000 ('000) during the previous year, as per detail given here under:

					(₹ in '000)
Particulars	Date of Allotment	Coupon (%)	Tenure	Amount	
Upper Tier II	March 30, 2016	11.75% p.a.	15 years	2,50,000	

The Bank has also raised Basel I compliant subordinated debt qualifying for Tier II Capital amounting to ₹ 1,20,000 ('000) during the previous, as per detail given here under:

					(₹ in '000)
Particulars	Date of Allotment	Coupon (%)	Tenure	Amount	
Lower Tier II	February 17, 2016	10.50% p.a.	10 years	1,20,000	

Maturity Profile of total debentures outstanding as on March 31, 2017:

Lower Tier II Bonds:

Series	(₹ in '000)	
	Amount	Maturity Date
› 11% TIER II BONDS SERIES-I	50,300	17-09-2019
› 11% TIER II BONDS-SERIES II	36,000	29-09-2019
› 11% TIER II BONDS SERIES-III	27,800	24-10-2019
› 10% TIER II BONDS SERIES- IV	55,500	27-03-2020
› 11% TIER BONDS SERIES- V	57,100	04-06-2021
› 11% TIER II SERIES VI	30,200	18-06-2021
› 11% TIER BONDS SERIES VII	60,400	25-08-2022
› 11% TIER II BONDS SERIES VIII	50,300	04-05-2023
› 11% TIER II BONDS SERIES-IX	31,000	20-05-2023
› 11% TIER II BONDS SERIES-X	94,700	24-05-2024
› 10.50% TIER II BONDS SERIES-XII	1,20,000	17-02-2026
Total	6,13,300	

Unsecured Redeemable Non Convertible Upper Tier II Bonds

			(₹ in '000)
Series	Amount	Maturity Date	
› 11.75% Upper TIER II BONDS SERIES-XI	1,40,000	31-03-2030	
› 11.75% Upper TIER II BONDS SERIES-XIII	2,50,000	30-03-2031	
Total	3,90,000		

Unsecured Redeemable Non Convertible Tier II Bonds

			(₹ in '000)
Series	Amount	Maturity Date	
› 9.75% TIER II BONDS SERIES-XIV	1,59,000	25-11-2026	
Total	1,59,000		

1.5 The Bank has drawn ₹ 21,061 ('000) from securities premium account as per the following details:

			(₹ in '000)
Particulars	Current Year	Previous Year	
› Expenditure incurred on issue of Equity shares on private placement basis under preferential allotment	16,732	-	
› Expenditure incurred to increase the Authorized Share Capital	750	-	
› Expenditure incurred on issue of Tier II Bonds	3,579	20,761	
Total	21,061	20,761	

2. Investments

Items	₹ in '000	
	Current Year	Previous Year
I) Value of Investments		
(i) Gross Value of Investments		
(a) In India	78,25,950	58,57,951
(b) Outside India,	Nil	Nil
(ii) Provisions for Depreciation		
(a) In India	Nil	Nil
(b) Outside India,	Nil	Nil
(iii) Net Value of Investments		
(a) In India	78,25,950	58,57,951
(b) Outside India.	Nil	Nil
II) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	Nil	Nil
(ii) Add: Provisions made during the year	310	1,165
(iii) Less: Write-off/ write-back of excess provisions during the year	310	1,165
(iv) Closing balance	Nil	Nil

2.1 The Bank has not undertaken any Repo Transactions during the year.

2.2. Non-SLR Investment Portfolio

I) Issuer composition of Non SLR investments

No.	Issuer	Amount	₹ in'000			
			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	30,000	Nil	Nil	Nil	Nil
(ii)	FIs	10,000	Nil	Nil	Nil	Nil
(iii)	Banks	Nil	Nil	Nil	Nil	Nil
(iv)	Private Corporates	Nil	Nil	Nil	Nil	Nil
(v)	Subsidiaries / Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others	Nil	Nil	Nil	Nil	Nil
(vii)	Provision held towards depreciation	Nil	Nil	Nil	Nil	Nil
	Total	40,000	Nil	Nil	Nil	Nil

II) Non performing Non-SLR investments

Particulars	Amount
' Opening balance	Nil
' Additions during the year since 1st April	Nil
' Reductions during the above period	Nil
' Closing balance	Nil
Total provisions held	Nil

2.3 In pursuance to RBI circular dated December 10, 2015, under Fourth Bi-monthly Monetary Policy 2015-16 to reduce the SLR holdings under Held to Maturity Category from 22% to 20.50% in a graduated manner, The Bank has, after approval of the Board of Directors vide board resolution number 21 passed in the meeting held on April 30, 2016, transferred government securities with a book value of ₹ 1,47,700 ('000) from HTM category (Held to Maturity) to AFS category (Available for Sale) which constitutes 4.56% of the HTM category

2.4 The Bank has not undertaken any derivative business during the year.

3. Asset Quality

3.1 Non-Performing Asset

Items	₹ in '000	
	Current Year	Previous Year
I) Net NPAs to Net Advances (%)	0.72%	0.45%
II) Movement of NPAs (Gross)		
(a) Opening balance	84,295	36,435
(b) Additions during the year	1,21,146	71,567
(c) Reductions during the year	65,585	23,707
(d) Closing balance	1,39,856	84,295
III) Movement of NPAs (Net)		
(a) Opening balance	51,319	11,936
(b) Additions during the year	97,156	56,646
(c) Reductions during the year	50,573	17,263
(d) Closing balance	97,902	51,319
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	32,976	24,499
(b) Provisions made during the year	23,990	14,921
(c) Write-off/ write-back of excess provisions	15,012	6,444
(d) Closing balance	41,954	32,976

3.2 Particulars of Accounts Restructured

		(₹ in'000)				
Type Of Restructuring		Asset Classification	Under CDR Mechanism	Under SME Debt restructuring Mechanism	Others	Total
Restructured Accounts as on April 1, 2016	No. of Borrowers	Standard	Nil	Nil	Nil	Nil
	Amount Outstanding	Sub Standard	Nil	Nil	Nil	Nil
	Provision thereon	Doubtful	Nil	Nil	Nil	Nil
Fresh restructuring during the year	No. of Borrowers	Standard	Nil	Nil	Nil	Nil
	Amount Outstanding	Sub Standard	Nil	Nil	Nil	Nil
	Provision thereon	Doubtful	Nil	Nil	Nil	Nil
Upgradations to restructured standard category during the year	No. of Borrowers	Standard	Nil	Nil	Nil	Nil
	Amount Outstanding	Sub Standard	Nil	Nil	Nil	Nil
	Provision thereon	Doubtful	Nil	Nil	Nil	Nil
Restructured standard advances which ceases to attract higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the year	No. of Borrowers	Standard	Nil	Nil	Nil	Nil
	Amount Outstanding	Sub Standard	Nil	Nil	Nil	Nil
	Provision thereon	Doubtful	Nil	Nil	Nil	Nil
Downgradations of restructured accounts during the year	No. of Borrowers	Standard	Nil	Nil	Nil	Nil
	Amount Outstanding	Sub Standard	Nil	Nil	Nil	Nil
	Provision thereon	Doubtful	Nil	Nil	Nil	Nil
Write-offs of restructured accounts during the year	No. of Borrowers	Standard	Nil	Nil	Nil	Nil
	Amount Outstanding	Sub Standard	Nil	Nil	Nil	Nil
	Provision thereon	Doubtful	Nil	Nil	Nil	Nil
Restructured Accounts as on March 31, 2015	No. of Borrowers	Standard	Nil	Nil	Nil	Nil
	Amount Outstanding	Sub Standard	Nil	Nil	Nil	Nil
	Provision thereon	Doubtful	Nil	Nil	Nil	Nil

3.3 The Bank has not sold any financial asset during the year to Securitisation / Reconstruction Company for Asset Reconstruction.

3.4 The Bank has not purchased/sold any Non-performing financial assets from/to other banks.

3.5 Provisions on Standard Asset

Particulars	(₹ in'000)	
	Current Year	Previous Year
Provisions towards Standard Assets	6,161	5,067

The cumulative provision towards standard assets held by the bank as at the year end amounting to ₹ 43,763 thousands (previous year ₹ 37,602 thousands) is included under Other Liabilities and Provisions in Schedule 5 to the Balance Sheet.

4. Business Ratio

Items	Current Year	Previous Year
I) Interest Income as a percentage to Working Funds \$	9.15%	9.97%
II) Non-interest income as a percentage to Working Funds	0.81%	0.76%
III) Operating Profit as a percentage to Working Funds \$	0.95%	1.13%
IV) Return on Assets@	0.62%	0.73%
V) Business (Deposits plus advances) # per employee^ (₹ In '000)	48241	46074
VI) Profit per employee (Operating Profit)^ (₹ In '000)	300	331

\$ Working funds has been reckoned as average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the 12 months of the financial year.

@ Return on Assets is calculated with reference to monthly average working funds (Working funds taken as total of assets excluding accumulated losses, if any).

For the purpose of computation of business per employee business is calculated by adding deposits and advances excluding inter bank deposits.

^ Productivity ratios are based on average number of employees

5. Asset Liability Management

Maturity Pattern of Certain items of Assets & Liabilities as on March 31,2017

		(₹ In'000)										
		Next day	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Loans and Advances	(CY)	24,17,174	32,216	24,157	75,542	4,34,758	4,75,012	9,14,292	81,70,740	6,32,634	4,77,472	1,36,53,997
	(PY)	22,08,079	19,257	16,785	64,388	2,31,557	3,49,463	6,51,622	71,03,482	6,25,467	1,80,966	1,14,51,066
Investment	(CY)	2,53,577	5,777	10,521	73,269	1,39,958	3,41,611	2,79,158	23,10,280	10,85,738	33,26,061	78,25,950
	(PY)	2,03,978	5,14,280	1,62,374	28,409	4,21,889	1,24,507	3,02,294	17,50,519	3,04,098	20,45,603	58,57,951
Deposits	(CY)	9,81,059	28,420	51,754	1,40,356	6,39,287	7,78,479	9,06,581	88,97,907	59,970	1,12,98,320	2,37,82,133
	(PY)	6,73,229	79,574	44,806	96,549	5,06,442	4,66,266	7,06,349	59,88,609	27,194	95,52,320	1,81,41,338
Borrowing	(CY)	-	-	-	-	-	-	-	1,69,600	87,300	9,05,400	11,62,300
	(PY)	-	-	-	-	-	-	-	1,69,600	8,33,700	10,03,300	
Foreign Currency Assets	(CY)	-	-	-	-	-	-	-	-	-	-	-
	(PY)	-	-	-	-	-	-	-	-	-	-	-

6. Exposures

6.1 Exposure to Real Estate Sector

Category	₹ in'000)	
	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;		
(a) Individual Housing Loans eligible for inclusion in Priority Sector advances	4,08,681	3,11,602
(b) Others	9,37,598	8,36,778
(ii) Commercial Real Estate – Lending secured by mortgages on commercial real estate (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;	4,31,724	4,43,470
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
(a) Residential,	Nil	Nil
(b) Commercial Real Estate.	Nil	Nil
B. Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil
Total Exposure to Real Estate Sector	17,78,003	15,91,850

6.2 Exposure to Capital Market

Items	₹ in'000)	
	Current Year	Previous Year
(i) direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented	-	-

(iii) mutual funds; advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
(iv) advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows/issues;	-	-
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) financing to stockbrokers for margin trading;	-	-
(x) all exposures to venture capital funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	-	-

6.3 Risk Category Wise Country Exposure

The Bank is presently operating in the state of Punjab and Union Territory of Chandigarh as such disclosure regarding risk category wise country exposure is not applicable.

6.4 Details of Single Borrower Limit (SGL), Group Borrower Limit (GBL) exceeded by the bank

The Bank has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) and Group borrower Limit (GBL) during the year ended March 31, 2017 as per directives of RBI.

6.5 Unsecured Advances

Particulars	Current Year	Previous Year
> Total amount of advances for which intangible securities such as charge over the rights, licences, authority etc. has been taken	Nil	Nil
> Estimated value of such intangible collateral	Nil	Nil

7. Concentration of Deposits, Advances, Exposures and NPAs

A. Concentration of Deposits

Particulars	(₹ in'000)	
	Current Year	Previous Year
› Total Deposits of twenty largest depositors	11,55,439	4,93,991
› Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	4.86%	2.72%

B. Concentration of Advances

Particulars	(₹ in'000)	
	Current Year *	Previous Year
› Total Advances to twenty largest borrowers	15,95,997	13,67,457
› Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	9.54%	9.70%

C. Concentration of Exposures

Particulars	(₹ in'000)	
	Current Year *	Previous Year
› Total Exposure to twenty largest borrowers/customers	15,95,997	13,67,457
› Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on Borrowers/ customers	9.54%	9.70%

*Concentration of advances and exposures has been calculated by taking the total exposure to the top twenty borrowers identified on the basis of RBI circular on Exposure Norms.

D. Concentration of NPAs

Particulars	(₹ in'000)	
	Current Year	Previous Year
› Total Exposure to top four NPA accounts	64,026	41,265

E. Movement of NPAs

Particulars	(₹ in'000)	
	Current Year	Previous Year
› Gross NPAs as on 1st April 2016	84,295	36,435
› Additions(fresh NPAs) during the year	1,21,146	71,567
Sub Total (A)	2,05,441	1,08,002
Less:-		
(i) Upgradations	59,239	19,756
(ii) Recoveries(excluding recoveries made from upgraded accounts)	4,785	3,951
(iii) Write-offs	1,561	Nil
Sub Total (B)	65,585	23,707
Gross NPAs as on 31st March 2017 (A-B)	1,39,856	84,295

F. Sector-wise Advances

(₹ in'000)

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 & allied activities	59,82,280	36,386	0.61	46,09,427	22,203	0.48
2	Industry(Micro & Small, Medium and Large)	4,89,691	8,062	1.65	6,32,925	8,062	1.27
3	Services	24,14,855	5,009	0.21	19,12,173	3,901	0.20
4	Personal Loans	-	-	-	-	-	-
5	Others	8,66,722	28,777	3.32	3,96,996	77	0.02
Sub-total (A)		97,53,548	78,234	0.80	75,51,521	34,243	0.45
B) Non - Priority Sector							
1	Agriculture & allied activities	-	-	-	-	-	-
2	Industry (Micro & small, Medium and large)	-	-	-	-	-	-
3	Services	54,335	-	-	62,574	-	-
4	Personal Loans	1,40,078	1,303	0.93	1,41,175	1,239	0.88
5	Others	37,47,990	60,319	1.61	37,28,771	48,813	1.31
Sub-total (B)		39,42,403	61,622	1.56	39,32,521	50,051	1.27
Total (A+B)		1,36,95,951	1,39,856	1.02	1,14,84,041	84,295	0.73

G. Overseas Assets, NPAs and Revenue

Particulars	Current Year	Previous Year
› Total Assets	Nil	Nil
› Total NPAs	Nil	Nil
› Total Revenue	Nil	Nil

H. Off Balance Sheet SPVs sponsored

	Name of the SPV sponsored			
	Domestic		Overseas	
	Current year	Previous year	Current year	Previous year
	Nil	Nil	Nil	Nil

8. Bancassurance Business

Particulars	(₹ in'000)	
	Current Year	Previous Year
› Fee/remuneration received:		
(a) Life insurance	19,916	14,014
(b) General Insurance	6,522	4,980

9. Provisions and Contingencies

The break-up of the provisions and contingencies included in profit and loss account is given here under:

Particulars	(₹ in'000)	
	Current Year	Previous Year
› Provisions towards taxes	66,849	61,525
› Provisions towards standard Assets	6,161	5,067
› Provision towards Non performing Advances	8,978	8,476
› Others	(130)**	130*
Total	81,858	75,198

*Provision created for Sub-judice Contingent Liability.

**Provision reversed on final order and payout.

10. Staff Retirement benefits

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefit of the bank is given below:

Particulars	(₹ in'000)	
	Current Year	Previous Year
<i>Defined benefit obligation liability at March 31,2017</i>		
› Opening Obligations	18,769	14,984
› Service Cost	3,740	2,593
› Interest Cost	1,502	1,161
› Actuarial (gain)/Loss	3,310	317
› Liabilities extinguished on settlement		
› Benefits Paid	(819)	(286)
Obligations at March 31, 2017	26,502	18,769

Plan Assets at March 31,2017,at fair value

› Opening Plan Assets, at fair value	18,829	15,042
› Expected return on plan assets	1,459	1,166
› Actuarial gain/(Loss)	364	(220)
› Assets distributed on settlement		
› Contributions	6,669	3,067
› Benefits Paid	(819)	(286)

Plan Assets at March 31,2017,at fair value

› Fair Value of Plan Assets at the end of the year	26,757	18,700
--	--------	--------

› Present Value of the defined benefit obligation at the end of the year	26,502	18,769
Asset/(Liability) at March 31,2017	255	(69)

Cost for the period

› Service Cost	3,740	2,594
› Interest Cost	1,502	1,161
› Expected Return on Plan Assets	(1,459)	(1,166)
› Actuarial (gain)/Loss	2,946	536
Net Cost	6,729	3,125

Investment details of Plan Assets

› Plan assets are invested in insurer managed funds.

› Assumptions		
› Interest Rate	7.50%	8.00%
› Salary escalation rate	6.00%	6.00%
Estimated rate of return on plan assets	7.75%	7.75%

The estimates of salary growth rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

11. Miscellaneous

A Amount of Provisions made for Income tax during the year (₹ in'000)

Particulars	Current Year	Previous Year
› Income Tax	71,292	66,478
› Deferred Tax	(4,443)	(4,953)

B Disclosure of Penalties Imposed by RBI

Reserve Bank of India has not imposed any penalty on the bank during the year.

12. Segment Reporting

Segment details in compliance with AS-17 are given below pursuant to the Reserve Bank of India guidelines:

PART - A BUSINESS SEGMENTS

(₹ in'000)

Business Segments	Treasury		Corporate/ Wholesale 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	6,52,987	4,50,474	1,34,515	2,17,088	14,11,242	11,65,014	2,37,058	1,90,686	24,35,802	20,23,262
Result	99,765	33,907	22,265	45,884	2,99,974	2,93,019	78,771	57,687	5,00,775	4,30,497
Unallocated Expenses	-	-	-	-	-	-	-	-	2,83,526	2,31,581
Operating Profit	-	-	-	-	-	-	-	-	2,17,249	1,98,916
Income Taxes	-	-	-	-	-	-	-	-	66,849	61,525
Extraordinary profit/Loss	-	-	-	-	-	-	-	-	-	-
Net Profit	-	-	-	-	-	-	-	-	1,50,400	1,37,391
Other Information :										
Segment Assets	83,25,846	61,38,013	15,53,640	20,64,838	1,41,80,022	1,04,13,034	29,25,641	17,26,907	2,69,85,149	2,03,42,792
Unallocated Assets	-	-	-	-	-	-	-	-	2,23,059	1,82,578
Total Assets	-	-	6,43,487	6,47,932	2,34,10,808	1,76,45,277	-	-	2,72,08,208	2,05,25,370
Segment Liabilities	-	-	-	-	-	-	-	-	2,40,54,295	1,82,93,209
Unallocated Liabilities	-	-	-	-	-	-	-	-	12,51,743	10,83,808
Total Liabilities	-	-	-	-	-	-	-	-	2,53,06,038	1,93,77,017

Note:

- Bank is operating in Domestic Segment so there is only one Geographic Segment.
- Inter Segment transactions are based on transfer pricing as determined by the management consent

13. Related Party Disclosure

Related parties as per Accounting Standard 18

Key Management Personnel

- Mr. Sarvjit Singh Samra – Managing Director
- Mr. Munish Jain – Chief Operating Officer & Company Secretary
- Mr. Sahil Vijay – Chief Financial Officer

Relatives of Key Management Personnel

Mr. Sarvjit Singh Samra: Mr. Amarjit Singh Samra, Mr. Amardeep Samra, Mrs. Surinder Kaur Samra, Mrs. Navneet Samra, Mrs. Amarpreet Kaur Hayer, Mr. Shahbaz Singh Samra, Mr. Sangram Singh Samra.

Mr. Munish Jain: Mr. Kimti Lal Jain, Mr. Vishal Jain, Mrs. Usha Jain, Mrs. Ruchi Jain, Mrs. Ritu Jain, Mr. Aagam Jain, Mr. Gaurish Jain.

Mr. Sahil Vijay: Mr. Vijay Kumar, Mrs. Kusum Talwar, Mrs. Deepika Sharma, Mr. Aviral Vijay

A. The balances payable to/receivable from the related parties of the Bank as on March 31, 2017 are given below:

Items/Related Party		Parent	Subsidiary	Associates/ Joint Ventures	Key Management Personnel	Relatives of key management Personnel	(₹ in'000)
							Total
Borrowings	CY	-	-	-	-	6,400	6,400
	PY	-	-	-	-	6,000	6,000
Deposits	CY	-	-	-	3,763	20,610	24,373
	PY	-	-	-	823	10,682	11,505
Placement of Deposits	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Advances	CY	-	-	-	3,906	1	3,907
	PY	-	-	-	5,345	(53)	5,292
Investments	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Non funded commitments	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Leasing / HP arrangements availed	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Leasing / HP arrangements provided	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-

B. The maximum balances payable to/receivable from the related parties of the Bank as on March 31, 2017 are given below:

Items/Related Party		Parent	Subsidiary	Associates/ Joint Ventures	Key Management Personnel	Relatives of key management Personnel	(₹ in'000)
							Total
Borrowings	CY	-	-	-	-	6,400	6,400
	PY	-	-	-	-	6,000	6,000
Deposits	CY	-	-	-	6,557	28,803	3,5360
	PY	-	-	-	30,818	1,30,244	1,61,062
Placement of Deposits	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Advances	CY	-	-	-	5,689	199	5,888
	PY	-	-	-	6,088	99	6,187
Investments	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Non funded commitments	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Leasing / HP arrangements availed	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Leasing / HP arrangements provided	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-

C) The details of transactions of the Bank with its related parties during the year ended 31 March, 2017 are given below: (₹ in'000)

Items/Related Party		Parent	Subsidiary	Associates/ Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Total
Purchase of fixed assets	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Sale of fixed assets	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Interest paid	CY	-	-	-	122	7,219	7,341
	PY	-	-	-	369	5,308	5,677
Interest received	CY	-	-	-	281	7	288
	PY	-	-	-	282	0.34	282.34
Rendering of services	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Receiving of services	(Lease Rent) CY	-	-	-	2,394	9,651	12,045
	(Salary) CY	-	-	-	12,257	-	12,257
	(Lease Rent) PY	-	-	-	2,119	8,556	10,675
	(Salary) PY	-	-	-	11,284	-	11,284
Management Contracts	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-

14. Leases

I. Operating Leases

The Bank has commitments under long term non cancellable operating leases primarily for premises. The terms of renewal and escalation clauses are those normally prevalent in the agreements of similar nature. Following is a summary of future minimum lease rental commitments for such non cancellable operating leases.

Particulars	(₹ in'000)	
	Current year	Previous Year
› Not later than one year	8,136	7,413
› Later than One year and not later than five years	31,655	30,050
› Later than five years	44,642	17,231
Total Minimum lease rental commitments	84,433	54,694

Total lease rental expenditure under cancellable and non cancellable operating leases debited to Profit & Loss Account in the current year is ₹ 71,739 ('000) (Previous Year: ₹ 44,123 ('000)).

II. Finance Lease

The Bank has not taken any asset under finance lease.

15. Earnings Per Share

Particulars	Current Year	Previous Year
› Net profit after tax available for equity shares (₹ '000)	1,50,400	1,37,391
› Weighted average number of equity shares	2,30,30,762	2,05,20,016
› Weighted average number of equity shares For Diluted earning	2,30,30,762	2,05,20,016
› Basic Earnings per share (In ₹)	6.53*	6.70
› Diluted Earnings per share (In ₹)	6.53*	6.70
› Face Value per share (In ₹)	10.00	10.00

During the current year (on March 31, 2017), the Bank has raised 39,67,200 Equity Shares of ₹ 10/- (Rupees Ten) each at a premium of ₹ 153/- (Rupees One Hundred and Fifty Three) (i.e. at the total issue price of ₹ 163/- (Rupees One Hundred and Sixty Three) per Equity Share) aggregating to ₹ 64,66,53,600 (Rupees Sixty Four Crores Sixty Six Lakhs Fifty Three Thousand and Six Hundred) on a private placement basis under preferential allotment

16. Deferred Tax Asset

Other Assets include deferred tax assets of an amount equal to 11797 thousands (Previous Year 11988 thousands) as detailed below: (₹ in'000)

	Current Year	Previous Year
› Deferred Tax Liabilities	19,826	13,666
› Depreciation on Fixed Assets	17,080	11,345
› Special Reserve under section 36 (i) (viii)	2,746	2,321
› Deferred Tax Assets	31,623	25,654
› Loan Loss Provisions	21,404	13,013
› Investment Provisions	Nil	4,755
› Others	10,219	7,886
Deferred Tax Liabilities/(Assets) (Net)	(11,797)	(11,988)

17. Provision Coverage Ratio

Particulars	Current Year	Previous Year
› Ratio of Provisioning to Gross Non Performing Assets	30.00%	39.12%

18. Disclosure of Complaints

Customer Complaints pertaining to Automated Teller Machine (ATM)/Point of Sale (POS) Transactions/Ecommerce Transactions

Particulars	Current Year	Previous Year
(a) No. of Complaints pending at the beginning of the year	Nil	Nil
(b) No. of Complaints received during the year	146	76
(c) No. of Complaints redressed during the year	130	76
(d) No. of Complaints pending at the end of the year	16	Nil

Out of the above complaints, 142 complaints (50 previous year) are related to acquiring banks during the current year ending March 31, 2017.

Customer Complaints other than Automated Teller Machine (ATM)/Point of Sale (POS) Transactions/Ecommerce Transactions complaints

Particulars	Current Year	Previous Year
(a) No. of Complaints pending at the beginning of the year	Nil	01
(b) No. of Complaints received during the year	06	04
(c) No. of Complaints redressed during the year	06	05*
(d) No. of Complaints pending at the end of the year	Nil	Nil

* One case is subjudice and accordingly excluded from complaints.

Awards Passed by the Banking Ombudsman

Particulars	Current Year	Previous Year
(a) No of Unimplemented Awards at the beginning of the year	Nil	Nil
(b) No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
(c) No. of Awards implemented during the year	Nil	Nil
(d) No. of Unimplemented Awards at the end of the year	Nil	Nil

19. Draw Down From Reserves

Particulars	Current Year	Previous Year
		(₹ in'000)
› Security Premium Account	21,061	21,061
› Expenditure incurred on issue of Equity shares on private placement basis as a preferential allotment	16,732	Nil
› Expenditure incurred to increase the Authorized Share Capital	750	Nil
› Expenditure incurred on issue of Upper/Lower Tier II Bonds	Nil	20,761
› Expenditure incurred on issue of Tier II Bonds	3,579	Nil

20. Transfer To Depositor Education And Awareness Fund (DEAF)

The Bank has transferred ₹ 5,138 ('000) (Previous Year ₹ 4,567 ('000)) to the Depositor Education and Awareness Fund (DEAF) during the year ended March 31, 2017 as per the details below:

Particulars	Current Year	Previous Year
		(₹ in'000)
› Opening balance of amount transferred to DEAF	9,279	5,000
› ADD: Amount transferred to DEAF during the year	5,138	4,567
LESS: Amounts reimbursed by DEAF towards claims	333	288
› Closing balance of amounts transferred to DEAF	14,084	9,279

21. Movement in Floating Provisions

The Bank has not created or utilized any floating provisions during the year ended March 31, 2017 and March 31, 2016. The floating provisions was nil as at March 31, 2017 and March 31, 2016.

22. Securitization Transactions

The Bank has not done any securitization transactions during the year ended March 31, 2017 and March 31, 2016

23. Letter of Comfort

The Bank has not issued any letter of comfort during the year ended March 31, 2017 and March 31, 2016

24. Intra Group Exposure

The Bank has no intra group exposure.

25. Unhedged Foreign Currency Exposure

The exposure towards unhedged foreign currency as on March 31, 2017 stands to be nil.

26. Dues to Micro, Small and Medium Enterprises

On the basis of information and records available with the management and confirmation sought by the management from suppliers on their registration with the specified authority under MSMED, there have been no reported cases of delay in payments to Micro, small and medium enterprises or of interest payments due to delay in such payments.

27. Unamortised Pension And Gratuity Liabilities

Particulars	Current Year	Previous Year
› Unamortised Pension and Gratuity Liabilities	Nil	Nil

28. Remuneration

A. Qualitative Information

Information relating to the composition and mandate of the Remuneration Committee.

The Board of Directors in the meeting held on April 25, 2015 reconstituted the Nomination and Remuneration Committee. The committee has three members including one member from Risk Management Committee of the Board. The majority of the members of the committee are independent Non Executive Directors consisting of the following:-

Members

1. Mr. Madan Gopal Sharma
2. Mr. Bhagwant Singh Sangha
3. Mr. Sukhpal Singh Gill

The committee has been constituted to oversee the framing, review and implementation of compensation policy of the Bank on behalf of the Board for CEO/Whole time directors.

Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

As a matter of policy, the Bank is not presently paying any performance based variable pay to Whole Time Directors / Chief Executive Officers and Key Risk Takers. As such, said disclosure may be considered as Not Applicable.

Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

B. Quantitative Information

Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.

Number of Meetings : 1

No remuneration is being paid to members except the sitting fees.

(i) Number of employees having received a variable remuneration award during the financial year.

NIL

(ii) Number and total amount of sign-on awards made during the financial year.

(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus

(iv) Details of severance pay, in addition to accrued benefits, if any.

(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.

NIL

(ii) Total amount of deferred remuneration paid out in the financial year.

Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.

N.A.

(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.

NIL

(ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.

NIL

(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.

NIL

29. Credit Default Swaps

The Bank has not entered into any Credit Default Swaps (CDS) during the year ended March 31, 2017 and March 31, 2016.

30. Corporate Social Responsibility

Particulars	₹ In '000)	
	Current Year	Previous Year
› Total amount to be spent	4,250	3,605
› Amount spent	340	1,415
› Amount unspent	3,910	2,190

31. Comparative Figures

Figures for the previous year have been regrouped wherever necessary to conform to the current year's presentation.

Our Network

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patiala@capitalbank.co.in

SEMI URBAN

ADAMPUR
Main Road,
Adampur - 144103
Distt. Jalandhar
Tel.: 0181-5090666, 5090777
Fax: 0181-5090888
adampur@capitalbak.co.in

BANGA
Phagwara Road,
Banga - 144505
Distt Nawanshahr
Tel. : 01823-500101
Fax : 01823-500202
banga@capitalbank.co.in

BEGOWAL
Main Road, Opp. Bus Stand,
V.&P.O. BEGOWAL-144621
Tehsil Bholath, Distt. Kapurthala
Tel.: 01822 - 502370, 502371
Fax: 01822 -502377
begowal@capitalbank.co.in

BHOGPUR
G.T. Road, BHOGPUR - 144201
Distt. Jalandhar
Tel. : 0181 - 5060280, 5060281
Fax : 0181 5060284
bhogpur@capitalbank.co.in

BILGA
Near Patti, Nelowal Chowk,
V. & P.O. BILGA - 144036
Tehsil Phillaur, Distt. Jalandhar
Tel.: 01826-245062, 245063
Fax: 01826-245064
bilga@capitalbank.co.in

DASUYA
G.T. Road, Near L.I.C. Office,
Dasuya - 144205
Distt. Hoshiarpur
Tel. : 01883-500111, 500333
Fax : 01883-500444
dasuya@capitalbank.co.in

DORAHA
G.T. Road,
Doraha - 141421
Distt. Ludhiana
Tel.: 01628-501008, 501009
doraha@capitalbank.co.in

FATEHGARH SAHIB
'City Tower' Bassi Road,
near Aam Khas Bagh,
Fatehgarh Sahib - 140406
Tel.: 01763 - 503366
Fax: 01763 - 503377
fatehgarhsahib@capitalbank.co.in

GARHSHANKAR
Hoshiarpur Road, Near Civil Courts,
Garhshankar - 144527
Distt. Hoshiarpur
Tel.: 01884-500280/288
garhshankar@capitalbank.co.in

GORAYA
G.T. Road, Goraya - 144409
Distt. Jalandhar
Tel.: 01826-501893, 501894
Fax: 01826 -501834
goraya@capitalbank.co.in

JAGRAON
G.T. Road, Near Sherpur Flyover,
Jagraon-142026
Distt. Ludhiana
Tel.: 01624-510033, 510044
Fax: 01624 - 505501
jagraon@capitalbank.co.in

JANDIALA GURU
G.T. Road, Near Petrol Pump,
Jandiala Guru - 143115
Distt. Amritsar
Tel.: 0183-2431385, 2431386
jandialaguru@capitalbank.co.in

KAPURTHALA
Jalandhar Road, Near Bus Stand,
Kapurthala -144601
Tel.: 01822-502829, 502830
Fax: 01822-502834
kapurthala@capitalbank.co.in

KARTARPUR
G.T. Road,
Kartarpur - 144801
Distt. Jalandhar
Tel.: 0181-5065511, 5065522
Fax: 0181-5065544
kartarpur@capitalbank.co.in

LOHIAN
Main Road, LOHIAN - 144629
Tehsil Shahkot, Distt. Jalandhar
Tel. : 01821-501584, 501585
Fax : 01821-501834
lohian@capitalbank.co.in

MACHHIWARA
Samrala Road, Machhiwara,
Distt. Ludhiana -141115
Tel.: 01628-251500
Fax: 01628-251501
machhiwara@capitalbank.co.in

MAHILPUR
Main Road, Near Bus Stand,
Mahilpur-146105
Distt. Hoshiarpur
Tel.: 01884-500836, 500837
Fax: 01884-502080
mahilpur@capitalbank.co.in

MUKERIAN
Pathankot Road, Near Bus Stand,
Mukerian -144211
Distt. Hoshiarpur
Tel.: 01883-502700, 502800
Fax: 01883 - 502727
mukerian@capitalbank.co.in

NAKODAR
Nurmahal Road, Nakodar - 144040
Distt. Jalandhar
Tel.: 01821-502101, 502102
Fax: 01821-502104
nakodar@capitalbank.co.in

NAWANSHAHR
New City Tower, Banga Road,
Nawanshahr- 144515
Tel.: 01823-508222
Fax: 01823-508333
nawanshahr@capitalbank.co.in

NURMAHAL
Main Road, Nurmahal - 144039,
Distt. Jalandhar
Tel.: 01826 - 503307, 503308
Fax: 01826 - 503315
nurmahal@capitalbank.co.in

PHAGWARA
14-A, Model Town, G. T. Road,
Phagwara -144401
Distt. Kapurthala
Tel.: 01824-500602, 500603
Fax: 01824-500614
phagwara@capitalbank.co.in

PHILLAUR
'Prithvi Tower', Near Bus Stand,
G.T. Road, Phillaur - 144410
Distt. Jalandhar
Tel. : 01826-500888, 500777
Fax : 01826-500444
phillaur@capitalbank.co.in

RAYYA
G.T. Road, Rayya-143112
Distt. Amritsar
Tel.: 01853-500333
Fax: 01853 - 502180
rayya@capitalbank.co.in

SAMRALA
Chandigarh Road,
Samrala - 141114
Distt. Ludhiana
Tel.: 01628-501700, 501800
Fax: 01628-506835
samrala@capitalbank.co.in

SHAHKOT
Moga Road, Shahkot - 144702
Distt. Jalandhar
Tel.: 01821-503457, 503458
Fax: 01821-503461
shahkot@capitalbank.co.in

SULTANPUR LODHI
Near Shahid Udam Singh Chowk,
Kapurthala Road,
Sultanpur Lodhi-144626
Distt. Kapurthala
Tel.: 01828-502000, 502033
Fax: 01828-503165
sultanpurlodhi@capitalbank.co.in

TANDA
'Royal Chambers',
Near Jaja Chowk,
Sri-Hargobindpur Road,
Tanda -144203, Tehsil Dasuya,
Distt. Hoshiarpur
Tel.: 01886-227280, 227290
Fax: 01886-227380
tanda@capitalbank.co.in

RURAL

CHABBEWAL
Hoshiarpur Road,
Adda Chabbewal - 146102
Distt. Hoshiarpur
Tel.: 01882-270249, 270250
chabbewal@capitalbank.co.in

DAKHA
Ferozepur Road,
V. & P.O. Dakha, - 141101
Distt. Ludhiana
Tel.: 0161-5068377, 5068477
Fax : 0161-5032077
dakha@capitalbank.co.in

GARDHIWAL
Dasuya Road, Gardhiwal - 144207
Distt. Hoshiarpur
Tel.: 01886-501400, 501401
Fax: 01886-501490
gardhiwal@capitalbank.co.in

HARIANA
Main Road, Hariana - 144208
District Hoshiarpur
Tel. : 01886-501555, 501666
Fax : 01886-501831
hariana@capitalbank.co.in

JANDIALA
Jalandhar Road,
V. & P.O. JANDIALA -144031
Tehsil Phillaur, Distt. Jalandhar
Mobile: 07355553035, 07355548034
Telefax : 01826 - 274004
jandiala@capitalbank.co.in

JAMSHER
Jalandhar Cantt. Road,
V. & P.O. Jamsher - 144020
District Jalandhar
Tel. : 0181-2775111, 2775011
jamsher@capitalbank.co.in

KALA SANGHIAN
Jalandhar Road,
V. & P.O. Kala Sanghian-144623
Distt. Kapurthala
Tel.:01822-258084, 258086
Fax : 01822-258089
kalsanghian@capitalbank.co.in

LAMBRA
Nakodar Road,
V. & P.O. Lambra - 144026
Distt. Jalandhar
Tel. : 0181-2368168, 2367985
lambra@capitalbank.co.in

MALSIAN
Shahkot Road, Near Bus Stand,
Malsian-144701 Distt. Jalandhar
Tel.: 01821-502744, 502745
Fax: 01821 - 502746
malsian@capitalbank.co.in

MEHATPUR
Main Road, Near Bus Stand,
Mehatpur-144041
Distt. Jalandhar
Telfax : 01821-250004, 251204
mehatpur@capitalbank.co.in

NADALA
Dhilwan Road, Nadala - 144624
Tehsil Bholath, Distt. Kapurthala
Tel. 01822-501100, 501200
Fax : 01822-506230
nadala@capitalbank.co.in

PARJIAN
Main Road, Mehatpur-Shahkot Road,
Parjjan - 144041
Tehsil Shahkot, Distt. Jalandhar
Tel.: 01821-274010, 274011
parjjan@capitalbank.co.in

RURKA KALAN
Near Bus Stand, Goraya Road,
V. & P.O. Rurka Kalan - 144031
Tehsil Phillaur, Distt. Jalandhar
Tel : 01826-276111, 276222
Fax, : 01826-276333
rurkakalan@capitalbank.co.in

SAMRAI
Main Road, Near Bus Stand,
V. & P.O. Samrai - 144032
Distt. Jalandhar
Tel. :01826-275880, 275152
Fax :01826-274962
samrai@capitalbank.co.in

SHANKAR
Near Bus Stand,
V. & P.O. Shankar - 144042
Tehsil Nakodar, Distt. Jalandhar
Telfax. : 01821-246489, 246490
shankar@capitalbank.co.in

UGGI
Kapurthala-Nakodar Road,
V. & P.O. Uggi-144623
Tehsil Nakodar, Distt. Jalandhar
Tel. : 01821-242255, 242355
uggi@capitalbank.co.in

UNBANKED RURAL

BAJUHA KHURD
V. & P. O. Bajuha Khurd
Tehsil Nakodar -144033
Distt. Jalandhar
Tel. : 01821-248020
Fax : 01821-248021
bajuhakhurd@capitalbank.co.in

BOOLPUR
Village Boolpur,
P.O. Nawan Thatha,
Tehsil Sultanpur,
Distt. Kapurthala -144628
Tel. : 01828-258001, 258002
boolpur@capitalbank.co.in

BOPA RAI KALAN
V. & P. O.
Bopa Rai Kalan - 144630
Tehsil Nakodar, Distt. Jalandhar
Tel.: 01821-246253, 245253
boparai@capitalbank.co.in

DHALIWAL
V. & P. O. Dhaliwal - 144033
Tehsil Nakodar, Distt. Jalandhar
Tel. : 01821-247123, 247124
dhaliwal@capitalbank.co.in

KANGNA
V. & P. O. Kangna - 144701
Tehsil Nakodar,
District Jalandhar
Tel. : 01821-271194, 271184
kangna@capitalbank.co.in

KANDOLA KALAN
V. & P. O. Kandola Kalan - 144039
Tehsil Phillaur, Distt. Jalandhar
Tel. 01826-242473, 242474
kandolakalan@capitalbank.co.in

KHANPUR DHADDA
V. & P.O. Khanpur Dhadda,
Tehsil Nakodar,
Distt. Jalandhar - 144701
Tel. : 01821-239010
Fax : 01821-239011
khanpurdhadda@capitalbank.co.in

MUDH
V. & P. O. Mudh, Tehsil Nakodar,
Distt. Jalandhar- 144030
Tel: 01821-257050
Fax : 01821-257051
mudh@capitalbank.co.in

NAWANPIND DONEWAL
V. & P. O. Nawanpind Donewal
Tehsil Shahkot - 144629
Distt. Jalandhar
Tel.: 01821- 276045, 276246
nawanpinddonewal@capitalbank.co.in

PHARWALA
V. & P. O. Pharwala, Tehsil Phillaur,
Distt. Jalandhar- 144037
Tel. : 01826 - 231881, 231882
pharwala@capitalbank.co.in

POONIA
V. & P. O. Poonia - 144402
Tehsil Shahkot,
Distt. Jalandhar
Tel. : 01821-275123, 275124
poonia@capitalbank.co.in

POWADRA
V. & P.O. Powadra,
Tehsil Phillaur,
Distt. Jalandhar- 144036
Tel: 01826-248100
Fax: 01826-248102
powadra@capitalbank.co.in

RAZAPUR
V. & P. O. Razapur,
Distt. Kapurthala
Tel.: 01822-654001
razapur@capitalbank.co.in

RURKI
Main Chowk,
V. & P.O. RURKI - 141305
Tehsil Phillaur, Distt. Jalandhar
Telfax.: 01826- 276363, 271664
rurki@capitalbank.co.in

SEECHEWAL
Village Seechewal,
Post Office Chak Chela- 144701
Tehsil Shahkot,
Distt. Jalandhar
Tel.: 01821-270009, 270109
seechewal@capitalbank.co.in

TALWANDI SANGHERA
V. & P.O. Talwandi Sanghera,
Tehsil Shahkot,
Distt. Jalandhar - 144703
Tel. : 01821-273054
Fax : 01821-273055
talwandisanghera@capitalbank.co.in

TAHLI
V. & P. O. Tahli, Tehsil Nakodar,
Distt. Jalandhar -144043
Tel.: 01821-245006
Fax: 01821-245007
tahli@capitalbank.co.in

TUT KALAN
V. & P. O. Tut Kalan,
Tehsil Nakodar,
Distt. Jalandhar- 144040
Tel.: 01821-226322
Fax: 01821-226323
tutkalan@capitalbank.co.in

UPPAL JAGIR
V. & P. O. Uppal Jagir,
Tehsil Phillaur,
Distt. Jalandhar - 144039
Tel. : 01826-241072
Fax: 01826-241073
uppaljagir@capitalbank.co.in

UPCOMING BRANCHES

Punjab

District	City
- Barnala	- Barnala
- Bathinda	- Bhatinda
- Faridkot	- Kotkapura
- Fatehgarh Sahib	- Dhumi Jalberi
- Fazilika	- Abohar
- Hoshiarpur	- Thakkarwal
- Jalandhar	- Daduwal
	- Fatehpur
	- Rehmanpur
	- Salarpur
- Kapurthala	- Bhanoki
	- Chak Hakim
	- Lakhan Kalan
- Ludhiana	- Ludhiana
	- Raikot
	- Lalheri
	- Meharban
	- Pawa
- Mansa	- Mansa
- Mohali	- Landran
- Muktsar	- Muktsar
- Nawanshahr	- Balachaur
	- Dhaul
	- Garhi Kanugo
	- Rahon
- Patiala	- Rajpura
- Pathankot	- Pathankot
- Ropar	- Ropar
- Sangrur	- Malerkotla
	- Sangrur

Haryana

- Ambala	- Ambala
- Karnal	- Karnal
- Kurukeshtra	- Ladwa
- Panchkula	- Panchkula
- Panipat	- Panipat
- Sonipat	- Sonipat

Delhi

- Daryaganj
- Karol Bagh
- Rajouri Garden

Punjab & Union Territory Chandigarh



Jalandhar District	Nawanshahr District	Head Office
Hoshiarpur District	Fatehgarh Sahib District	Existing Branches
Kapurthala District	SAS Nagar District	Proposed Branches 2017-18
Amritsar District	Patiala District	
Ludhiana District	Chandigarh	

Haryana & Delhi



■ Proposed Branches 2017-18