

*16* years of  
Trust & Performance

Annual Report  
2015-16

# *Expanding Outreach with Local Touch*



**Capital Small Finance Bank** 

*Vishwas Se Vikas Tak*



# *Our Vision*

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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.

# Board Members

## Chairman (Part-time)

Inder Krishan Sardana

## Managing Director

Sarvjit Singh Samra

## Directors

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

## Chief Operating Officer & Company Secretary

Munish Jain

## Chief Financial Officer

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	2015-16	2014-15	2013-14	CAGR
Deposits	1814.13	1506.78	1264.14	19.79%
Advances	1148.40	929.30	757.61	23.12%
Total Business	2962.53	2436.08	2021.75	21.05%
Net Worth	114.84	89.51	79.77	19.98%

Profitability Analysis	2015-16	2014-15	2013-14	CAGR
Gross Revenue	202.33	171.99	140.73	19.90%
Net Interest Income	62.68	54.62	46.23	16.43%
Operating Profit	21.26	19.26	18.70	6.63%
Net Profit	13.74	14.22	10.61	13.80%

Ratio Analysis	2015-16	2014-15	2013-14
CASA %	35.16%	35.72%	37.94%
Return on Average Equity	13.44%	16.80%	14.05%
Return on Average Assets	0.74%	0.92%	0.84%
Interest Spread	3.70%	3.87%	4.02%
Net Interest Margin	3.37%	3.53%	3.65%
EPS (₹)	6.70	7.23*	6.14
Book Value Per Share (₹)	49.89	51.85	50.83
Capital Adequacy Ratio	17.20%	15.22%	15.01%
Gross NPAs %	0.73%	0.39%	0.36%
Net NPAs %	0.45%	0.13%	0.09%
Dividend %	16%	16%	10%

\*Restated EPS

# Our Achievements



1st Small Finance Bank in India to start operations







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# MANAGING DIRECTOR'S NOTE



As a Local Area Bank the area of operation was restricted to five districts of Punjab only. Conversion to Small Finance Bank has removed the geographical barriers for expansion. This will result in exponential growth of the Bank across all spheres.

**Sarvjit Singh Samra**  
Managing Director

## Dear Shareholders

I take this opportunity to share my delight that Capital Local Area Bank Limited has made a historic transition on April 24, 2016 after its conversion into Capital Small Finance Bank Limited thereby becoming the maiden Small Finance Bank of the country. 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.

Capital Local Area Bank, the largest Local Area Bank in the country, before conversion to 'Small Finance Bank' has been into operations for last 16 years with excellent performance in all spheres. The Bank has been operating in three contiguous

districts of Jalandhar, Kapurthala and Hoshiarpur in Punjab for the initial 13 years. In January 2013, the Reserve Bank of India accorded the approval for expansion in the Bank's area of operation to two more districts of Ludhiana and Amritsar in Punjab.

The stage is set for us to make a mark in Indian Banking Industry. The opportunities are unlimited as conversion to Small Finance Bank has removed the geographical barriers for expansion. This will result in exponential growth of the Bank across all spheres.

The Bank transitioned from a Local Area Bank to Small Finance Bank with 47 branches. 10 new branches were added on the eve

of conversion, taking the total number of branches to 57 (31 rural, 19 semi urban, 5 urban and 2 metropolitan). During the current financial year, 19 more branches will become operational. The total business of the Bank has crossed ₹3150 crores mark with more than 370000 number of accounts. The Bank has 80% of its business in rural and semi urban areas, with Priority Sector Lending of 81.28% of the Adjusted Net Bank Credit as on March 31, 2016. The Bank is extending loans primarily to small borrowers and 57.50% of the total advances are up to the ticket size of ₹25 lacs as on March 31, 2016.

The financial year 2015-16 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 ₹1506.78 crores as on March 31, 2015 to ₹1814.13 crores as on March 31, 2016 resulting in a growth of 20.40%. Total Advances increased to ₹1148.40 crores as on March 31, 2016 from ₹929.30 crores as on March 31, 2015, showing a growth of 23.58%. The total business of the Bank has increased to ₹2962.53 crores as on March 31, 2016 as against ₹2436.08 crores as on March 31, 2015, resulting in a growth of 21.61%. Total Gross revenue has increased to ₹202.33 crores as on March 31, 2016 as against ₹171.99 crores as on March 31, 2015, resulting in a growth of 17.64%. Net Interest income has increased to ₹62.68 crores as on March 31, 2016 as against ₹54.62 crores as on March 31, 2015, resulting in a growth of 14.76%. However due to high expenditure incurred during the transitional phase of the Bank and increase in provisions, the Net Profit has marginally declined to ₹13.74 crores as on March 31, 2016 as against ₹14.22 crores as on March 31, 2015.

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 57608 Savings Bank Accounts which are 'No Frill Accounts' as on March 31, 2016. 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 aims high to reach ₹12000 crore mark in terms of the total business and branch network of 216 by the year 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 no.1 in Banking Sector amongst India's 100 Best Companies to work for 2016 for the second consecutive year. The Bank has made to the list of India's 100 Best Companies to work for the third consecutive year with an improvement in rank every year. These recognitions

further encourage us to achieve greater milestones in future.

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 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

# DIRECTORS' REPORT

## Dear Shareholders,

The Directors of the Bank have great pleasure in presenting the 17th Annual Report on the business and operations of the Bank along with the audited accounts for the year ended March 31, 2016.

### Economic Overview

India's economy ended FY 2015-16 on a high note. The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices. With the improvement in the economic scenario, there have been various investments leading to increased M&A activities.

Financial Year 2015-16 saw India emerge as a bright spark even as advanced and emerging economies grappled with uncertainty and slower growth. Economic growth in India peaked in the second quarter of the fiscal at 8.2% (under new series) but remained moderate in the third and fourth quarter at around 7.5%. Cyclical macro parameters like inflation, current account deficit have improved during the year due to domestic as well as external factors. The Indian economy is in the midst of significant structural change and is expected to embark on a sustained economic growth cycle. According to World Bank, India is set to be the world's fastest growing major economy in the Financial Year 2015-16 at 7.5% and gradually move up to 8% in the next two financial years

The growth in the Indian banking sector, however remained under pressure in FY15. Credit offtake

slowed down to 9.4% in FY15-16 from 14.3% recorded in FY14. Poor earnings growth by companies, slow pace of investments, risk aversion of banks due to rising bad loans, and availability of alternative funding sources for corporates pulled down credit growth during the year. Similarly, the growth in deposits of Scheduled Commercial Banks (SCBs) at 10.7% in FY15-16 was much lower than the growth at 14.1% in the previous financial year. Mounting non-performing assets continue to remain as an area of concern. The good thing is the future expectations of economic recovery gives glimpse of hope to the banking industry for business revival and improvement in asset quality.

Now, coming to our land, Punjab, the land of unlimited possibilities where agriculture, small and medium scale industry and entrepreneurship is blossoming. Your bank, is putting in its share in the fast paced economic development of the state of Punjab. Punjab has witnessed fast track economic development and structural shift over the past half century. Punjab was a state known primarily for its agriculture, livestock, forestry, and less for industries, minerals, tourism. The demographics are changing and changing for the good. There is a growing middle class with regular monthly income besides agriculture income. Punjab

was looked upon as an agricultural economy where big industrial units were a rarity and banking industry did not play its role effectively besides being a deposit unit because of its huge NRI base. Set up with the objective to augment credit for viable economic activities in the rural areas and bridging the credit gap, i.e. bank, caters to the needs of rural India and have been delivering a wide range of financial services and providing world-class banking services to the local rural community at low cost.

The Board is elated to share with you that The Reserve Bank of India has granted permission to Capital Local Area Bank Limited to convert into Capital Small Finance Bank Limited and thereby Banking License no. MUM : 116 dated March 4, 2016 was issued to Capital Small Finance Bank Limited. Accordingly the Capital Small Finance Bank rolled out its operations on April 24, 2016 as the maiden Small Finance Bank of the country. In fact we take pride that it was the historic day for the banking sector in India as it would be reckoned as a day when Small Finance Banks were introduced in the banking system. The new journey of the bank could accelerate the growth of the business of the bank in many dimensions. Conversion to small finance bank has removed the geographical barrier for expansion.

Now the products and services provided by the bank which were restricted to the region could be provided Pan India.

As a Small Finance Bank, your bank endeavors to promote financial inclusion by accepting deposits and lending to the unbanked sections such as micro business enterprises, small farmers and unorganized sector entities. The Bank as a Small Finance Bank kicked off operations with 10 new branches.

The Bank has a total of 57 branches as on date. Out of which 31 branches are rural, 19 are semi-urban and 5 are urban and 2 are metropolitan. Your bank plans to expand in a phased manner. The Bank aims to add new branches in Punjab in the first year and the total number of branches shall increase to 76 by the March 3, 2017. Thereafter the Bank plans to expand to the neighbouring states of Haryana, Himachal Pradesh, Rajasthan, Uttarakhand and Union Territory of Delhi. The Bank has partnered in the growth and development of its various stakeholders, which has in turn made the Bank post record performance in every sphere. The year has ended at a positive and a progressive note for all of our stakeholders with a pickup in the investment climate and our bank will make the most of all the opportunities in hand.

### Operating Performance

The Financial year 2015-16 has been bad for the banking sector. Slow growth of loan and an increasing pile of non-performing assets became a matter of concern throughout the sector. However your bank has showed a healthy

performance even in this volatile environment. The Bank has achieved another milestone with the total business surpassing ₹2900 crores during the year 2015-16. The Bank has showed continued acceleration and momentum in building a strong liability franchisee with its credit Deposit Ratio of 63.30%. Despite the economic slowdown, the Bank has shown remarkable growth for the year ended March 31, 2016. The financials of the bank at a glance is as under:

### Financial Highlights

(₹ in crores)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015	Growth (%)
Deposits	1814.13	1506.78	20.40
Advances	1148.40	929.30	23.58
Total Business	2962.53	2436.08	21.61
Gross Revenue	202.33	171.99	17.64
Net Interest Income	62.68	54.62	14.76
Operating Expenses	55.74	46.93	18.77
Provisions & Contingencies	7.52	5.04	49.21
Profit before Tax	19.89	20.82	(4.47)
Profit after Tax	13.74	14.22	(3.38)

Appropriations	Year ended March 31, 2016	Year ended March 31, 2015
Transfer to Statutory Reserve	3.43	3.55
Transfer to other Reserves	0.09	1.38
Depreciation Charge of earlier years	-	0.25
Proposed Dividend	3.00	2.76
Corporate Dividend Tax	0.61	0.57
Leaving balance to be carried forward to the next year	6.61	5.71

Ratio Analysis	Year ended March 31, 2016	Year ended March 31, 2015
Credit Deposit Ratio	63.30%	61.67%
Business per Employee*	4.61	4.30
Return on Equity (pre-tax)	19.47%	24.60%
Capital Adequacy Ratio	17.20%	15.22%
Non-Performing Assets(Net)*	5.13	1.19
Paid up Capital*	23.02	17.27
Net Worth*	114.84	89.51
Book Value Per Share (₹)	49.89	51.85
Earnings Per Share (₹)	6.70	7.23**

(\*₹ in crores)

\*\*Restated EPS

## No. of Branches

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Rural	22	17
Semi Urban	19	15
Urban	4	4
Metropolitan	2	2
<b>Total</b>	<b>47</b>	<b>38</b>

- Total Deposits of the Bank increased from ₹1506.78 crores as on March 31, 2015 to ₹1814.13 crores as on March 31, 2016 resulting in a growth of 20.40%.
- Total Advances (gross) increased to ₹1148.40 crores as on March 31, 2016 from ₹929.30 crores as on March 31, 2015, showing a growth of 23.58%.
- Total business of the Bank has increased to ₹2962.53 crores as on March 31, 2016 as against ₹2436.18 crores as on March 31, 2015, resulting in a growth of 21.61%.
- Total Gross revenue has increased to ₹202.33 crores as on March 31, 2016 as against ₹171.99 crores as on March 31, 2015, resulting in a growth of 17.64%.
- Net Interest income has increased to ₹62.68 crores as on March 31, 2016 as against ₹54.62 crores as on March 31, 2015, resulting in a growth of 14.76%.
- Net Profit decreased to ₹13.74 crores as on March 31, 2016 as against ₹14.22 crores as on March 31, 2015, resulting in a decline of 3.38%.
- Fixed Assets (Net) of the Bank increased to ₹3642.50 lacs as on March 31, 2016 as against ₹3254.13 lacs as on March 31, 2015.

- Net Worth of the bank has increased to ₹114.84 crores as on March 31, 2016 as against ₹89.51 crores as on March 31, 2015.
- Reserves & Surplus increased to ₹91.82 crores as on March 31, 2016 against ₹72.25 crores as on March 31, 2015.

The Bank values its customer satisfaction and we base our every endeavor around it. The Bank has been continuously striving to provide world class banking services under single roof at low cost since day one. Envisioned to establish long lasting relationship with the local communities, the Bank focuses towards personalized banking and strives to create an innovative and responsive approach in its area of operation with an ultimate objective to further financial inclusion in its area of operation since inception. Our business model has been designed such, that it enhances our performance and backs us up in tough times. It has been set up and strengthened over the years with the faith and trust of local communities.

The performance of the Bank is characterized by strong brand equity, well diversified loan portfolio, customer delight, efficient and effective risk management with a mission of bringing modern banking services at low cost to the rural areas.

## Capital Adequacy Ratio (CAR)

To enhance the Capital Adequacy Ratio, the Bank during the financial year 2015-16 issued Upper Tier II Basel - I compliant Bonds 2015-16 in the nature of debenture of face value ₹1.00 lakh each, to the extent of ₹25.00 crores on March 30, 2016, which are listed in the Bombay Stock Exchange. During the year, the Bank issued Lower Tier II Subordinated Debt Bonds in the nature of debentures of face value of ₹1,00,000/- each to the extent of ₹12.00 Crores.

## Rights Issue

To further strengthen the Capital base and enhance Capital Adequacy, the Bank during the financial year 2015-16 came out with a Rights Issue of 57,54,922 Equity Shares of ₹10 each for cash at a price of ₹30 per equity share (including share premium of ₹20 per equity share) aggregating to ₹17,26,47,660.00 to the members of the Bank on Rights Basis. The equity shares were offered to the existing shareholders on rights basis in the ratio of one equity share for every three equity shares held. With the infusion of additional equity, the Bank has surpassed the benchmark net worth of ₹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 as on March 31, 2016 was ₹2301.99 lacs. The Capital Adequacy of the Bank as on March 31, 2016 was 17.20%. Securities and Exchange Board of India (SEBI) on September 2, 2015 issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') with the aim to consolidate and streamline the provisions of existing listing



agreements for different segments of capital markets such as equity shares (including convertibles), non-convertible debt securities, etc. and disclosure norms in relation thereto, thereby ensuring better enforceability. Your Bank has duly adopted these regulations and all the required compliances have made.

### Great Place to Work

Capital Local Area Bank has been ranked no 1 in Banking Sector amongst India's 100 Best Companies to work for 2015 by 'Great Place to Work institute' in India. In 2015 it was the largest study in the country on workplace culture, attracting participation from over 700 organisations spanning over 20 industries. 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 25 years of research, recognising 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 12 years ago. Every year, they conduct a research of more than 600–700 organisations working in India.

### Dividend

The year gone by has been monumental in several respects. The Bank has generational opportunity to expand in newer geographies and reap the benefits of its brand equity. The years of hard efforts have provided this golden opportunity to the Bank. The Bank constantly endeavors to share the growth of the bank with the shareholders in the form

of dividend distribution and higher capital appreciation by retaining adequate quantum of profits to meet future expansion plans. A sum of ₹343.48 lakhs out of the profits has been transferred to statutory reserves, besides making provisions against standard assets as per norms of the Reserve Bank of India. Keeping in view the twin objectives to strengthen our capital base and reward the shareholders, the directors propose to plough back 78.19% of the profit and have recommended a dividend of 16% for the year 2015-16 i.e ₹1.60 per share on prorata basis.

### Advance to Priority Sector and Weaker Section

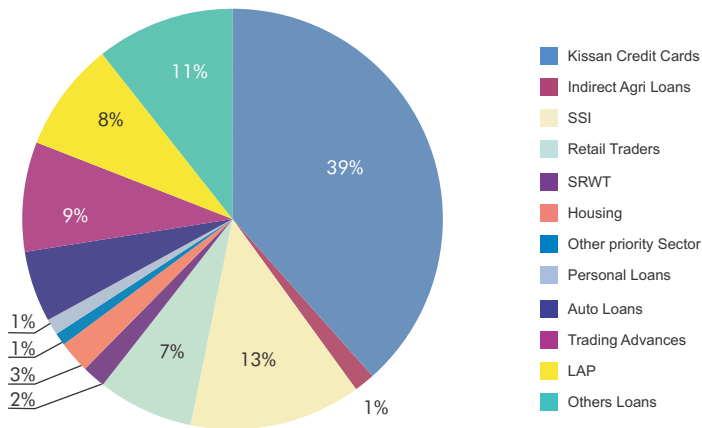
The basic model of the Bank has been built around catering to the financial needs of its clientele in the best possible way with continuous focus on facilitating Priority Sector Advances and to meet the banking needs of the weaker sections of the society. The Bank has always been striving for adequacy and genuineness of the facilities provided in the major thrust areas, namely Priority Sector and Weaker Sections. Priority sector advances increased to ₹755.99 crores as on March 31, 2016 as against ₹515.88 crores as on March 31, 2015, registering a growth of 46.54%. The Priority Sector Advances stood at 81.28% of the Adjusted Net Bank Credit of previous year i.e. March 31, 2015 and are above the 40% benchmark set by the Reserve Bank of India. The total credit to agriculture has increased to ₹460.94 crores as on March 31, 2016 as against ₹344.94 crores as on March 31, 2015 showing a growth of 33.63%, which stood at 49.56% of the Adjusted Net Bank Credit of previous year i.e. March 31, 2015. 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 ₹144.71 crores as on March 31, 2016. The advances to weaker sections stood at 15.59% of Adjusted Net Bank Credit of previous year i.e. March 31, 2015 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 completed 100% financial inclusion in the adopted 129 villages and 50 municipal wards, covering population of 2,64,323 and 50,282 households. The Bank has submitted the branch-wise progress report to the respective Lead District Managers. The Bank has opened 57,608 number of 'No Frill' accounts up to March 31, 2016 under financial inclusion of those households that did not have any access to banks/post offices.

The promoters with local background clearly, understood the problems faced by the rural population to avail banking services. From day one, Capital Local Area Bank, now converted to Capital Small Finance Bank w.e.f. April 24, 2016, introduced state-of-the-art branches in rural areas with 7 - Day Branch Banking and

### Advances Profile



uninterrupted extended banking hours from 10:00 am to 5:00 pm from Monday to Saturday and from 10:00 am to 2:00 pm on Sunday. This helps rural masses to avail banking services conveniently and efficiently.

The Bank has also provided credit linkage for micro lending under Joint Liability Group Model through Business Correspondent. As on March 31, 2016, total 1471 Groups consisting 7355 members were formed. The total disbursement of ₹1707.26 lacs was made to the beneficiaries under micro lending and total outstanding as on March 31, 2016 was ₹511.70 lacs.

### Investments

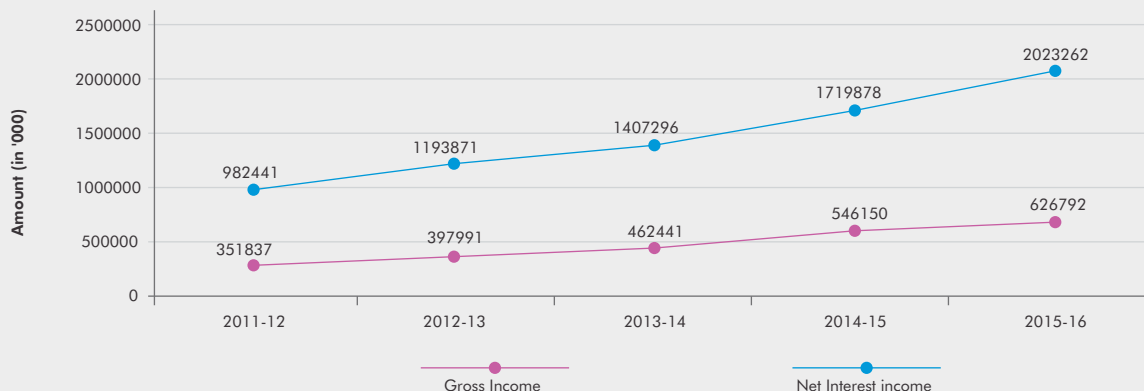
The Treasury Group, under the supervision and guidance of Investment Committee, is looking after the Assets and Liabilities, compliance of regulatory reserve requirements, market and liquidity risks. The core team strictly adheres to the established prudent norms for building suitable trading portfolio to make best of the available opportunities. The objective of the Treasury Desk is to constantly watch global and local developments, take proactive steps to make most of all the opportunities across asset classes and manage all the uncertainties and adverse moves prudently. Investments in SLR and Non- SLR

Securities are being carried out after taking safety and liquidity into consideration. Total investments of the Bank stood at ₹585.80 crores as on March 31, 2016 comprising ₹573.80 crores in sovereign Government Securities, ₹4.00 crores in debt based instruments and ₹8 crores in liquid schemes of mutual funds with a maturity mix of securities consistent with the risk perception and Investment Policy guidelines of the bank.

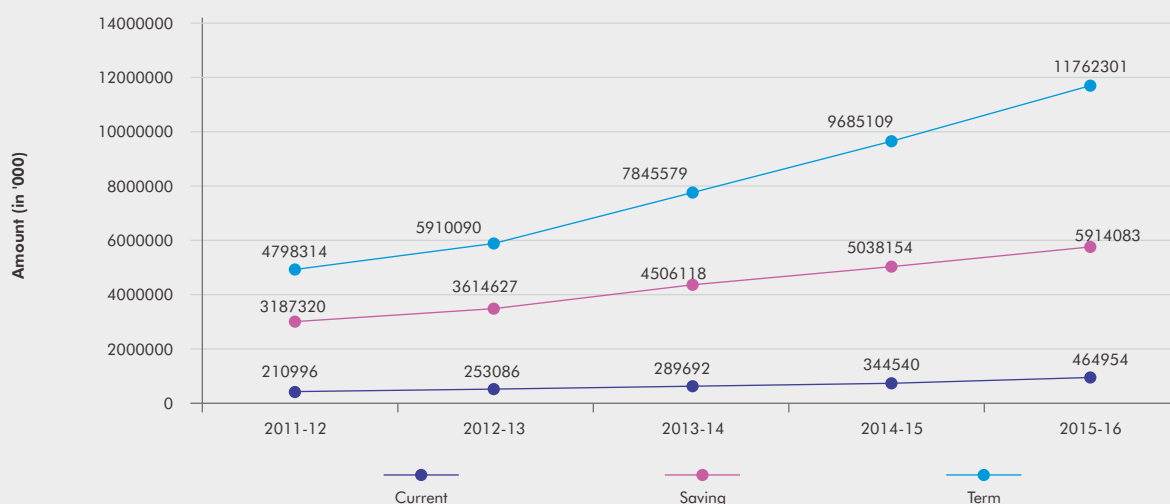
### Profitability

In the economic scenario where the banking sector is facing multifarious challenges with a subdued growth, heightening asset quality concerns amidst weakening corporate balance sheets, your bank has been able to maintain a reasonable net profit amounting to ₹13.74 crores. However the bank has incurred a lot of operational expenses in the current year due to the transitional phase from a Local Area Bank to Small Finance Bank. Also the bank has made high provisioning for NPA's in the FY 2015-16. Due to these contributory factors, the net profit of the bank has declined marginally as compared to the last financial year. Also the decrease in the Net Profit of the bank could be attributed to the reduction in the yield on advances which are not in consonance with the yield on funds.

### Income Profile



## Deposits Profile



However with the conversion to Capital Small Finance Bank, the business of the bank is expected to grow manifold, therefore the expected profits of the bank in FY 2016-17 look very promising. The opening of new branches will boost the profitability and growth with diversified portfolio and will cater to larger base of stake holders.

### Our Strategy

With the vision to be the most innovative and one of its kind in India, the Bank from its beginning has been implementing best of its strategies for serving the plethora of entrepreneurs, individuals as well as businesses. The Bank has made possible to bring world-class financial services at the doorsteps of unprivileged rural masses of India. Technology savvy, state-of-the-art branch network, one-stop financial-hub coupled with personal touch has been one of our strongest strategic tools to grow and optimize returns in the competitive environment. The Bank aspires to further enhance its profitability by adding new fund based and non-fund based products and reducing transaction costs by increasing transaction

volume through delivery channels. The strategy of the bank is empowered by competitive skills, valuable business principles, commitments and economic wisdom.

### Great Customer Service

The Bank strives to provide great customer services for customer delight. Your bank strives to continue to provide best-in-class service across all its category of customers which will help the Bank in protecting and growing its brand equity. The immense opportunities lie ahead with commensurate responsibility for living up to our vision for delivering world class financial services at the door steps of less catered rural masses as well as expanding urban clientele. Extending the highest quality in service to its customers attracts top priority in our scheme of things. A Standing Committee on Customer Service of the board has been duly constituted which reviews the level of customer service in the Bank including customer complaints and the nature of their resolution and also ensures implementation of directives received from RBI with respect to rendering services to customers of

the Bank. The bank has made all the efforts to provide maximum customer satisfaction and quick services. The implementation of customer services measures is monitored during the visit of the executives to branches and also an internal committee has been set up at branch level for ensuring high standards of customer services rendered by the bank. The Standing Committee on Customer Service met 4 times during the financial year 2015-16.

Complaint Database	
No. of complaints pending at the beginning of the year	1
No. of complaints received during the year	4
No. of complaints redressed during the year	5
No. of complaints pending at the end of year	Nil

### Statutory Disclosures

- 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 ₹60.00 lacs per annum or ₹5.00 lac per month or more; and none of the employees are relatives of Directors. Moreover, none of the employees of the company other than Managing Director hold by himself or along with his spouse or dependent children two percent 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 2007-08 is due for remittance on October 15, 2015 to the Investor Education and Protection Fund established by the Central Government. The Bank has duly transferred the requisite amount to Investor Education and Protection Fund as on March 31, 2016.
  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 Secretarial Auditors M/s. B Mathur & Company Secretaries, New Delhi in their reports.
  5. **Extract of the Annual Return**  
The Extract of the Annual Return in Form No. MGT – 9 shall form part of the Board's report.
  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**  
The Bank has converted itself from Capital Local Area Bank Limited to Capital Small Finance Bank Limited. The Reserve Bank had granted Banking License no. MUM : 116 dated March 4, 2016 to Capital Small Finance Bank. The Bank as Capital Small Finance Bank started its operation on April 24, 2016. Except this significant change or as disclosed elsewhere in this report, there have been no material changes and commitments which can affect the financial position of the company occurred between the end of the financial year of the company and date of this report.
  8. **Details of significant & material orders passed by the regulators or courts or tribunals**  
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)(i) of the Companies Act, 2013**  
For the financial year ended March 31, 2016, the Bank has transferred ₹343.48 lacs to the Statutory Reserve Fund (maintained under section 17(1) of RBI Act, 1934). The Bank has transferred ₹8.71 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 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 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. State of the Company's Affairs of the company in terms of Section 134(3)(II) of the Companies Act 2013**

The state of affairs of the company in details has been given separately in different

sections of the Board Report and also under Management Discussion and Analysis.

**14. 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 Ch IX – Company (Account) Rules, 2014**

The Bank does not have any Subsidiary, Joint venture or Associate Company.

**15. Disclosure Under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redresseal) Act, 2013 in terms of The Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redresseal) Act, 2013**

The Bank has constituted an internal compliant committee for redressal of complaints for Sexual Harassment of women at the workplace. There is no pending complaint under the said act.

**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.

### **Directors**

The Board of the Bank is duly constituted in accordance with the provisions of Banking Regulation Act and Companies Act, 2013.

### **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.

### **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 of Directors in compliance to section 10(2A) (i) of the Banking Regulation Act, 1949**

Mr. Rakesh Soni and Mrs. Harmesh Khanna were appointed as Directors by the Board of Directors of the Bank in the meeting held on August 22, 2015.

Mr. Dinesh Gupta, Director and Mr. Sham Singh Bains, Director retired on April 21, 2015 in compliance to Section 10(2A)(ii) of Banking Regulation Act, 1949.

### **Directors Retiring by Rotation**

In terms of Section 152 of the Companies Act, 2013, Mr. Bhagwant Singh Sangha being longest in the office shall retire at the forthcoming Annual General Meeting and being eligible for re-appointment, offers 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**

The Bank puts utmost thrust on best corporate governance. Capital Small Finance Bank continues to believe in observing the best corporate governance practices and benchmarking itself against each practice on an ongoing basis. The Board of Directors and the Management of the Bank believe that a strong system of corporate governance is critically important to usher in a value-based organization that is socially responsible and commercially vibrant. The Bank is committed to adhering to the highest standards of corporate governance through constantly benchmarking itself against global best practices. The essence of the Bank's Corporate Governance philosophy flows from the following:

- The composition of the Board of Directors of the Bank is governed by the relevant provisions of the Companies Act, 2013, the Rules made thereunder and the provisions of the Banking Regulation Act, 1949 and as per the guidelines of the Reserve Bank of India.
- The Directors have distinguished themselves in different walks of life through experience and expertise.
- 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 Board is professional in character with a strong commitment to shareholder value, transparency, accountability, ethical standards and regulatory compliances.
- The Board's approach to and outlook on every aspect of governance is propelled by a keenness to further realization of the Bank's vision and mission. Capital Small Finance Bank has created robust global banking facilities and services in rural areas like 7-day banking, extended and uninterrupted working hours, anywhere and anytime banking, ATMs, mobile and internet banking, life and general insurance services which led to a shift in the financial services at a global level.

We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the company. We envisage attaining market leadership in our area and many of our branches have already become market leaders with respect to advances. We aim to be a banking industry bench mark in value creation and corporate citizenship. We believe that Corporate Governance becomes crucial for banks as they not only accept and deploy large amount of uncollateralized public funds in fiduciary capacity, but also leverage such funds through credit creation. In view of importance of the banking system for financial stability, sound corporate governance is not only relevant at the level of the individual bank, but is also a critical ingredient at the system level. As a part of good Corporate Governance practice, the Board reviews the various reports/returns as per the calendar of reviews set by the Reserve Bank

of India in addition to other reports on the working of our bank. The Board is responsible for approving the strategic direction, plans and priorities of the Bank, monitoring corporate performance against strategic business plans, including overseeing operating results on a regular basis to evaluate whether the business is being properly managed, overseeing the Bank's Corporate Governance framework.

### **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
12. 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:

- a) 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;
- b) Relationship between remuneration and performance is clear and meets appropriate performance benchmarks; and
- c) 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 Operating 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.

- Oversight of 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.**

Believing in the philosophy that society is not just another stakeholder in its business, but the prime purpose of our existence, your bank, in its various operations is committed to making a positive contribution in a number of ways. The Bank views Corporate Social Responsibility as its commitment to operate ethically and contributing to economic development while improving the quality of life of its employees as well as that of the local communities and society at large. 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. In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Bank has established Corporate Social Responsibility (CSR) Committee. The Bank has also designed a board approved Corporate Social Responsibility policy through which the bank aims to align our CSR strategy

with the solution to critical social, environmental and economic needs of the marginalized/ underprivileged sections of the society in order to benefit the communities at large and create social and environmental impact.

The Bank's planned CSR initiatives involve setting up a solid foundation of various programmes. For your bank, it is of paramount importance that the funds of the bank are utilized prudently to ensure maximum social benefit and development. So the initial time was taken to put in place processes, evaluate various projects and their execution timelines. Therefore all the CSR initiatives were in the pipeline in the last financial year the Bank could spend ₹14.15 lacs against ₹36.05 lacs being 2% of Average Net Profits for last 3 years. However as the ground work has been done, the bank is positive that the execution of the projects will begin in this financial year and the bank would spend the prescribed amount on the CSR initiatives. The Annual Report on Corporate Social Responsibility for the FY 2015-16 is attached as Annexure B to this report.

## e) Meeting of the Board and Committees

The details of the meetings of the Board and the committees are as under:

<b>Board of Directors</b>	
Total Meetings	9
Dates of Meetings	April 25, 2015; August 1, 2015; August 22, 2015; September 19, 2015; November 5, 2015; December 30, 2015; January 25, 2016; February 17, 2016 and March 17, 2016.
<b>Number of Meetings attended by Directors</b>	
1. Mr. Inder Krishan Sardana	9
2. Mr. Sarvjit Singh Samra	9
3. Mr. Santokh Singh Chhokar	6
4. Mr. Bhagwant Singh Sangha	9
5. Mr. Sukhpal Singh Gill	9
6. Mr. Ranbir Singh	7
7. Mr. Madan Gopal Sharma	5
8. Mr. Rakesh Soni	7 (w.e.f. August 22, 2015)
9. Mrs. Harmesh Khanna	3 (w.e.f. August 22, 2016)

<b>Management Committee</b>	
Total Meetings	4
Dates of Meetings	April 15, 2015; August 1, 2015; November 5, 2015 & February 16, 2015
<b>Number of Meetings attended by Directors</b>	
1. Mr. Sarvjit Singh Samra	4
2. Mr. Inder Krishan Sardana	4
3. Mr. Bhagwant Singh Sangha	4

<b>Audit Committee</b>	
Total Meetings	6
Dates of Meetings	April 20, 2015; August 6, 2015; September 28, 2015; November 12, 2015; February 26, 2016 and March 30, 2016
<b>Number of Meetings attended by Directors</b>	
1. Mr. Madan Gopal Sharma	5
2. Mr. Bhagwant Singh Sangha	6
3. Mr. Sukhpal Singh Gill	6
4. Mr. Ranbir Singh	6

Risk Management Committee	
Total Meetings	4
Dates of Meetings	April 20, 2015; August 1, 2015; November 5, 2015 & February 16, 2015
Number of Meetings attended by Directors	
1. Mr. Sarjit Singh Samra	4
2. Mr. Bhagwant Singh Sangha	4
3. Mr. Sukhpal Singh Gill	4

Credit Sanctioning Committee	
Total Meetings	6
Dates of Meetings	April 20, 2015; May 16, 2015; July 29, 2015; September 17, 2015; December 16, 2015; March 19, 2016
Number of Meetings attended by Directors	
1. Mr. Sarjit Singh Samra	6
2. Mr. Dinesh Gupta	1 (retired on April 21, 2015)
3. Mr. Sham Singh Bains	1 (retired on April 21, 2015)
4. Mr. Bhagwant Singh Sangha	5 (w.e.f. April 25, 2015)
5. Mr. Ranbir Singh	4 (w.e.f. April 25, 2015)

Securities Transfer Committee	
Total Meetings	6
Dates of Meetings	May 20, 2015; August 6, 2015; September 29, 2015; November 16, 2015; February 4, 2016 and March 25, 2016.
Number of Meetings attended by Directors	
1. Mr. Sarjit Singh Samra	6
2. Mr. Bhagwant Singh Sangha	6
3. Mr. Sukhpal Singh Gill	6

Nomination and Remuneration Committee	
Total Meetings	6
Dates of Meetings	April 18, 2015, July 20, 2016, September 11, 2015, September 18, 2015, October 31, 2015 and January 12, 2016
Number of Meetings attended by Directors	
1. Mr. Madan Gopal Sharma	4
2. Mr. Dinesh Gupta	1 (retired w.e.f. April 21, 2015)
3. Mr. Sham Singh Bains	1 (retired w.e.f. April 21, 2015)
4. Mr. Bhagwant Singh Sangha	6
5. Mr. Sukhpal Singh Gill	5 (w.e.f. April 25, 2015)

Securities Allotment Committee	
Total Meetings	1
Dates of Meetings	March 30, 2016
Number of Meetings attended by Directors	
1. Mr. Inder Krishan Sardana	1
2. Mr. Sarvjit Singh Samra	1
3. Mr. Bhagwant Singh Sangha	1
4. Mr. Rakesh Soni	1

Corporate Social Responsibility Committee	
Total Meetings	2
Dates of Meetings	August 22, 2015 and February 17, 2016
Number of Meetings attended by Directors	
1. Mr. Sarvjit Singh Samra	2
2. Mr. Bhagwant Singh Sangha	2
3. Mr. Ranbir Singh	2

### Vigil Mechanism

The Bank has implemented a Whistle Blower Policy pursuant to which Whistle Blowers can raise concerns relating to Reportable Matters (as defined in the policy) 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. Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower who avail of such mechanism 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 Whistle Blowers 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 2015-16 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.

### Auditors & Auditors' Report

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 2015-16 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**

Secretarial Auditors 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 it's 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, 2016, 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, 2016.
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

Place: Jalandhar  
Date : April 30, 2016

**Bhagwant Singh Sangha**  
Director

**Sarvjit Singh Samra**  
Managing Director



**FORM NO. MR 3****SECRETARIAL AUDIT REPORT  
for the financial year ended march 31, 2016**

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,

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, 2016 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, 2016 according to the provisions of:

- |     |  |    |   |    |   |
|-----|--|----|---|----|---|
| i   | The Companies Act, 2013 (the Act) and the rules made thereunder;   | a. | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable                | e. | The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;  |
| ii  | The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;  | b. | The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; Not Applicable                                 | 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 |
| iii | The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;   | c. | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not Applicable                   | g. | The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and Not Applicable   |
| 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; | d. | The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable | h. | The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable  |
| v   | The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):   |    |   |    |   |

- (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 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 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 as applicable w.e.f. 01st July, 2015).
- (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.

Date : 30<sup>th</sup> April, 2016  
Place: New Delhi

Adequate notices were given to all directors to schedule the Board Meetings along with 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 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 converted itself from Local Area Bank to Small Finance Bank on April 24, 2016. The Reserve Bank had granted Banking License no. MUM:116 dated March 4, 2016 to Capital Small Finance Bank Limited to carry on small finance bank business in India.
- (ii) The Company had applied for changing its name from "Capital Local Area Bank Limited" to "Capital Small

Finance Bank Limited" and the same has been approved by the Registrar of Companies. Certificate of Incorporation pursuant to change in the name has been issued by The Registrar of Companies dated April 15, 2016.

- (iii) The Company has made a Rights Issue of 57,54,922 Equity Shares of ₹10 each for cash at a price of ₹30 per equity share (including share premium of ₹20 per equity share) aggregating to ₹17,26,47,660.00 to the Members of the Bank on Rights Basis on December 30, 2015.
- (iv) The Company has issued 1,200 (One Thousand and Two Hundred) unsecured redeemable Non Convertible subordinated (Lower Tier II) bonds in the nature of debentures on Private Placement Basis of ₹1,00,000 (Rupees One Lac Only) each amounting ₹12,00,00,000 (Rupees Twelve Crore Only) on February 17, 2016.
- (v) The Company has issued 2,500 (Two Thousand Five Hundred) Unsecured Redeemable non convertible (Upper Tier II), Basel I compliant bonds in the nature of debenture on Private Placement Basis of ₹1,00,000 (Rupees One Lac Only) each amounting ₹25,00,00,000 (Rupees Twenty Five Crore Only) and Listed on BSE Limited on March 30, 2016.

**For B Mathur & Co.,**  
Company Secretaries

**Brijeshwar Dayal Mathur**  
Managing Partner; FCS: 5734; CP No.: 5334

## ANNUAL REPORT ON CSR ACTIVITIES

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 would pertain to all activities undertaken by the Bank towards fulfilling its corporate social responsibility objectives. The policy would also ensure compliance with section 135 of the Companies Act, 2013 and would include 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 and it will be further reviewed and updated annually. 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 will have 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 will be 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 would consider and approve the projects or programmes that the Bank should undertake as CSR. The Bank's focus shall be 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 2016 as a part of its Corporate Social Responsibility

- Eradicating extreme hunger and poverty
- Promotion of Education
- Promoting Gender equality and empowering women
- Reducing child mortality and improving maternal health
- Combating various diseases
- Environmental Sustainability

and maintaining ecological balance

- Socio- Economic Growth
- Health care and Family Welfare
- Employment enhancing vocational skills
- Contribution to the Prime Ministers National Relief fund and or any other fund set up by Central or State Government.

The Bank shall ensure a transparent monitoring mechanism for CSR activities.

1. The CSR Committee shall review the progress of CSR activities at least twice a year, including the annual review.
2. The Board of Directors shall review 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:
  - Mr. Sarvjit Singh Samra( Chairman)
  - Mr. Bhagwant Singh Sangha, (member)
  - Mr. Ranbir Singh (member)
2. Average net profit of the Company for last three financial years:
 

**Rs. 1802.59 lacs**
3. Prescribed CSR expenditure (i.e.two percent of the amount as in 3 above)
 

**Rs. 36.05 lacs**

4. Details of CSR spent during FY 2015-16:

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 <b>Sub- heads:</b> (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: direct or through implementing agency
1	Contribution towards relief and welfare in calamity affected areas	Contribution to CII Foundation for earthquake Relief Fund for Nepal	Nepal	-	₹1 lac	₹1 lac	Direct
2	Eradicating extreme hunger and poverty	Contribution to All India Pingalwar Charitable Society, Amritsar	Amritsar	-	₹0.20 lacs	₹0.20 lacs	Direct
3	Environmental Sustainability and maintain ecological balance	Green Belt Maintenance for Public Places	Jalandhar	-	₹12.95 lacs	₹12.95 lacs	Direct

a) Total amount to be spent for FY 2015-16 - ₹36.05 lakh

b) Amount unspent, if any - ₹21.90 lakh

**5. Reasons for not spending the 2% of average net profit of last three financial years:**

The Bank's planned CSR initiatives involve setting up a solid foundation of various programmes. For your bank, it is of paramount importance that the funds of the bank are utilized prudently to ensure maximum social benefit and development. So the initial time

was taken to put in place processes, evaluate various projects and their execution timelines. Therefore all the CSR initiatives were in the pipeline in the last Financial year and the Bank could spend ₹14.15 lacs against ₹36.05 lacs being 2% of Average Net Profits for last 3 years. However as the ground work has been done, the bank is positive that the execution of the projects will begin in this

financial year and the bank would spend the prescribed amount on the CSR initiatives.

**6. Responsibility statement of the CSR Committee:**

The CSR Committee confirms that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Place: Jalandhar  
Date : April 30, 2016

**Bhagwant Singh Sangha**  
Director

**Sarvjit Singh Samra**  
Chairman CSR Committee  
and Managing Director

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**as on financial year ended on 31.03.2016**

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

REGISTRATION & OTHER DETAILS:		
1	CIN	U65110PB1999PLC022634
2	Registration Date	31-05-1999
3	Name of the Company	Capital Small Finance Bank Limited (Formerly known as Capital Local Area Bank Limited)
4	Category/Sub-category of the Company	Company Limited by shares/Indian Non Government Company
5	Address of the Registered office & contact details	Midas Corporate Park, 3rd floor 37, G.T. Road, Jalandhar - 144001 Tel. 91-181-505 1111 / 2222
6	Whether listed company	Listed (Debt Segment)
7	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

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
All the business activities contributing 10% or more of the total turnover of the company shall be stated			
SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Banking and Financial Service	64191	100%

PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES					
SL No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	NA	NA	NA	NA	NA

**SHAREHOLDING PATTERN (Equity Share Capital break up as % to total Equity)**

Category of Shareholder	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	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	4103716	4103716	23.77	0	7540198	7540198	32.76	83.74
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
<b>SUB TOTAL (A) (1):</b>	<b>0</b>	<b>4103716</b>	<b>4103716</b>	<b>23.77</b>	<b>0</b>	<b>7540198</b>	<b>7540198</b>	<b>32.76</b>	<b>83.74</b>
<b>(2) Foreign</b>									
a) NRI- Individuals	0	0	0	-	0	0	0	0	0.00
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	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
<b>SUB TOTAL (A) (2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>0</b>	<b>4103716</b>	<b>4103716</b>	<b>23.77</b>	<b>0</b>	<b>7540198</b>	<b>7540198</b>	<b>32.76</b>	<b>83.74</b>
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
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) FIs	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
<b>SUB TOTAL (B) (1):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(2) Non Institutions</b>									
<b>a) Bodies corporates</b>									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	0	0	0	0	0	0	0	0	0
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
<b>SUB TOTAL (B) (2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>									
<b>Non Promoters</b>	<b>0</b>	<b>13161255</b>	<b>13161255</b>	<b>76.23</b>	<b>0</b>	<b>15479695</b>	<b>15479695</b>	<b>67.24</b>	<b>17.62</b>
<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>17264971</b>	<b>17264971</b>	<b>100.00</b>	<b>0</b>	<b>23019893</b>	<b>23019893</b>	<b>100.00</b>	<b>33.33</b>



## SHAREHOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end 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	Parkash Kaur	66293	0.38	NIL	88391	0.38	NIL	33.33
2	Amarjit Singh Samra	844800	4.89	NIL	1640864	7.13	NIL	94.23
3	Sarvjit Singh Samra	793320	4.59	NIL	1742904	7.57	NIL	119.70
4	Amardeep Singh Samra	592680	3.43	NIL	790240	3.43	NIL	33.33
5	Amarpreet Kaur	33000	0.19	NIL	44000	0.19	NIL	33.33
6	Gagan Samra	99000	0.57	NIL	132000	0.57	NIL	33.33
7	Kuljit Singh	79970	0.46	NIL	106627	0.46	NIL	33.33
8	Navneet Kaur	158400	0.92	NIL	858400	3.73	NIL	441.92
9	Surinder Kaur Samra	369600	2.14	NIL	936486	4.07	NIL	153.38
10	Brig. Swarn Singh Saini	475513	2.75	NIL	475513	2.07	NIL	-
11	Gursharan Kaur	222420	1.29	NIL	240720	1.05	NIL	8.23
12	B.S. Sangha	39600	0.23	NIL	39600	0.17	NIL	-
13	Chanan Singh Dhillon	35200	0.20	NIL	38200	0.17	NIL	8.52
14	Randeep Dhillon	66000	0.38	NIL	81000	0.35	NIL	22.73
15	Dinesh Gupta-HUF	22000	0.13	NIL	29333	0.13	NIL	33.33
16	Dinesh Gupta	205920	1.19	NIL	295920	1.29	NIL	43.71
	<b>Total</b>	<b>4103716</b>	<b>23.77</b>		<b>7540198</b>	<b>32.76</b>		<b>83.74</b>

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

SI No.	Shareholders Name	Shareholding at the beginning of the year		Cumulative Share holding during the year		
		No of shares	% of total shares of the company	No of shares	% of total shares of the company	
1	Parkash Kaur	At the beginning of the year	66,293	0.38	66,293	0.38
		Right shares allotted on 30.12.2015	22098	0.10	88,391	0.38
		At the end of the year	88,391	0.38	88,391	0.38
2	Amarjit Singh Samra	At the beginning of the year	844,800	4.89	844,800	4.89
		Right shares allotted on 30.12.2015	796064	3.46	1,640,864	7.13
		At the end of the year	1,640,864	7.13	1,640,864	7.13
3	Sarvjit Singh Samra	At the beginning of the year	793,320	4.59	793,320	4.59
		Right shares allotted on 30.12.2015	949584	4.13	1,742,904	7.57
		At the end of the year	1,742,904	7.57	1,742,904	7.57
4	Amardeep Singh Samra	At the beginning of the year	592,680	3.43	592,680	3.43
		Right shares allotted on 30.12.2015	197560	0.86	790,240	3.43
		At the end of the year	790,240	3.43	790,240	3.43
5	Amarpreet Kaur	At the beginning of the year	33,000	0.19	33,000	0.19
		Right shares allotted on 30.12.2015	11000	0.05	44,000	0.19
		At the end of the year	44,000	0.19	44,000	0.19

SI No.	Shareholders Name		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
6	Gagan Samra	At the beginning of the year	99,000	0.57	99,000	0.57
		Right shares allotted on 30.12.2015	33000	0.14	132,000	0.57
		At the end of the year	132,000	0.57	132,000	0.57
7	Kuljit Singh	At the beginning of the year	79,970	0.46	79,970	0.46
		Right shares allotted on 30.12.2015	26657	0.12	106,627	0.46
		At the end of the year	106,627	0.46	106,627	0.46
8	Navneet Kaur	At the beginning of the year	158,400	0.92	158,400	0.92
		Right shares allotted on 30.12.2015	700000	3.04	858,400	3.73
		At the end of the year	858,400	3.73	858,400	3.73
9	Surinder Kaur Samra	At the beginning of the year	369,600	2.14	369,600	2.14
		Right shares allotted on 30.12.2015	566886	2.46	936,486	4.07
		At the end of the year	936,486	4.07	936,486	4.07
10	Brig. Swarn Singh Saini	At the beginning of the year	475,513	2.75	475,513	2.75
		At the end of the year	475,513	2.07	475,513	2.07
11	Gursharan Kaur	At the beginning of the year	222,420	1.29	222,420	1.29
		Right shares allotted on 30.12.2015	18300	0.08	240,720	1.05
		At the end of the year	240,720	1.05	240,720	1.05
12	B.S. Sangha	At the beginning of the year	39,600	0.23	39,600	0.23
		At the end of the year	39,600	0.17	39,600	0.17
13	Chanan Singh Dhillon	At the beginning of the year	35,200	0.20	35,200	0.20
		Right shares allotted on 30.12.2015	3000	0.01	38,200	0.17
		At the end of the year	38,200	0.17	38,200	0.17
14	Randeep Dhillon	At the beginning of the year	66,000	0.38	66,000	0.38
		Right shares allotted on 30.12.2015	15000	0.07	81,000	0.35
		At the end of the year	81,000	0.35	81,000	0.35
15	Dinesh Gupta -HUF	At the beginning of the year	22,000	0.13	22,000	0.13
		Right shares allotted on 30.12.2015	7333	0.03	29,333	0.13
		At the end of the year	29,333	0.13	29,333	0.13
16	Dinesh Gupta	At the beginning of the year	205,920	1.19	205,920	1.19
		Right shares allotted on 30.12.2015	90000	0.39	295,920	1.29
		At the end of the year	295,920	1.29	295,920	1.29

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

Sl No.	Name	Shareholding at the beginning of the year		Changes in the shareholding due to Right issue on 30.12.2015		Shareholding at the end of the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Balbir Singh & Joginder Kaur	862400	5.00	-	-	862400	3.75
2	Rashpal Singh Virk & Surinder Kaur Virk	662047	3.83	22682	0.10	684729	2.97
3	Mohan Singh Johal	547800	3.17	-	-	547800	2.38
4	International Township Developers Pvt. Ltd.	520080	3.01	-	-	520080	2.26
5	Karnail Singh & Ramesh Kaur / Harbinder Singh	467500	2.71	-	-	467500	2.03
6	Gurinder Mann	293333	1.70	97778	0.42	391111	1.70
7	Tarlochan Singh Hyare	385000	2.23	-	-	385000	1.67
8	Piara Singh	362230	2.10	-	-	362230	1.57
9	Gurdev Singh Samra & Balbir Kaur Samra	258500	1.50	100000	0.43	358500	1.56
10	Gurnam Singh	358435	2.08	-	-	358435	1.56
	<b>Total</b>	<b>4717325</b>	<b>27.32</b>	<b>220460</b>	<b>0.96</b>	<b>4937785</b>	<b>21.45</b>

**SHAREHOLDING OF DIRECTORS & KMP**

Sl No.	Name of the Directors	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	19800	0.11	19,800	0.11
		Right shares allotted on 30.12.2015	31600	0.14	51,400	0.22
		At the end of the year	51400	0.22	51,400	0.22
2	M. G. Sharma	At the beginning of the year	16500	0.10	16,500	0.10
		Right shares allotted on 30.12.2015	5600	0.02	22,100	0.10
		At the end of the year	22100	0.10	22,100	0.10
3	Sarvjit Singh Samra (Managing Director)	At the beginning of the year	793320	4.59	793,320	4.59
		Right shares allotted on 30.12.2015	949584	4.13	1,742,904	7.57
		At the end of the year	1742904	7.57	1,742,904	7.57
4	B. S. Sangha	At the beginning of the year	39600	0.23	39,600	0.23
		At the end of the year	39600	0.17	39,600	0.17
5	Dinesh Gupta	At the beginning of the year	205920	1.19	205,920	1.19
		Right shares allotted on 30.12.2015	90000	0.39	295,920	1.29
		At the end of the year	295920	1.29	295,920	1.29
6	Santokh Singh Chhokar	At the beginning of the year	1320000	7.65	1,320,000	7.65
		Right shares allotted on 30.12.2015	440000	1.91	1,760,000	7.65
		At the end of the year	1760000	7.65	1,760,000	7.65
7	Munish Jain (Company Secretary)	At the beginning of the year	90568	0.52	90,568	0.52
		Transfer on 11.08.2014	3071	0.01	93639	0.41
		Right shares allotted on 30.12.2015	57462	0.25	151101	0.66
		At the end of the year	151101	0.66	151,101	0.66
8	Sahil Vijay (Chief Financial Officer)	At the beginning of the year	0	-	-	-
		Right shares allotted on 30.12.2015	4226	0.02	4,226	0.02
		At the end of the year	4226	0.02	4,226	0.02

<b>INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT</b>				
	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	0	633300000	0	633300000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	45068	0	45068
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>633345068</b>	<b>0</b>	<b>633345068</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	0	370000000	0	370000000
Reduction	0	45068	0	45068
Net Change	0	369954932	0	369954932
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	1003300000	0	1003300000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	160958	0	160958
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>1003460958</b>	<b>0</b>	<b>1003460958</b>

<b>REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL</b>			
<b>Remuneration to Managing Director, Whole time director and/or Manager:</b>			
1	Gross salary	Sarvjit Singh Samra (Managing Director)	<b>Total Amount</b>
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	4074534	<b>4074534</b>
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	634243	<b>634243</b>
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	<b>0</b>
2	Stock option	0	<b>0</b>
3	Sweat Equity	0	<b>0</b>
4	Commission	0	<b>0</b>
	as % of profit		
	others (specify)		
5	Others, please specify		
	<b>Total (A)</b>	<b>4708777</b>	<b>4708777</b>

Ceiling as per Act: Being a Banking Company, the provisions of Banking Regulation 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 an annual remuneration with the approval of RBI.

## 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	Dinesh Gupta	S.S Bains	Rakesh Soni	Harmesh Khanna	Total Amount
1 Independent Directors											
(a) Fee for attending board committee meetings		79000			82500	145500		6000	78000	30000	421000
(b) Commission											
(c) Others, please specify											
<b>Total (1)</b>		<b>79000</b>			<b>82500</b>	<b>145500</b>		<b>6000</b>	<b>78000</b>	<b>30000</b>	<b>421000</b>
2 Other Non Executive Directors											
(a) Fee for attending board committee meetings	100500		172500	55000			22500				350500
(b) Commission											
(c) Others, please specify.											
<b>Total (2)</b>	<b>100500</b>		<b>172500</b>	<b>55000</b>			<b>22500</b>				<b>350500</b>
<b>Total (B)=(1) + (2)</b>	<b>100500</b>	<b>79000</b>	<b>172500</b>	<b>55000</b>	<b>82500</b>	<b>145500</b>	<b>22500</b>	<b>6000</b>	<b>78000</b>	<b>30000</b>	<b>771500</b>
<b>Total Managerial Remuneration (A) + (B)</b>											<b>5480277</b>

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

## REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	0	5116967	1158552	<b>6275519</b>
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0	280351	19406	<b>299757</b>
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0	<b>0</b>
2.	Stock Option	0	0	0	<b>0</b>
3.	Sweat Equity	0	0	0	<b>0</b>
4.	Commission as % of profit others, specify	0	0	0	<b>0</b>
5.	Others, please specify	0	0	0	<b>0</b>
	<b>Total</b>	<b>0</b>	<b>5397318</b>	<b>1177958</b>	<b>6575276</b>

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)	
<b>A. COMPANY</b>						
Penalty	NIL	NIL	NIL	NIL	NIL	
Punishment	NIL	NIL	NIL	NIL	NIL	
Compounding	NIL	NIL	NIL	NIL	NIL	
<b>B. DIRECTORS</b>						
Penalty	NIL	NIL	NIL	NIL	NIL	
Punishment	NIL	NIL	NIL	NIL	NIL	
Compounding	NIL	NIL	NIL	NIL	NIL	
<b>C. OTHER OFFICERS IN DEFAULT</b>						
Penalty	NIL	NIL	NIL	NIL	NIL	
Punishment	NIL	NIL	NIL	NIL	NIL	
Compounding	NIL	NIL	NIL	NIL	NIL	



# Management Discussion and Analysis

## GLOBAL ECONOMIC PERSPECTIVE

The world economy continues to grow at a modest pace. The growth divergence between various regions has further widened in 2015, owing to differing impacts from the recent decline in the prices of oil and other commodities, as well as country-specific factors. While the recovery in developed economies is visible, many countries still face considerable headwinds from the legacies of the global financial crisis. The overall subdued performance of the world economy in recent years has raised concerns of a “new normal” of lower growth. The broad-based weakness in investment worldwide not only holds back current growth, but also reduces potential growth in the future.

Stagnant investment across economies remains the main drag on growth. Clouding the outlook is the continuing loss of momentum in EMEs, overlaid by the anticipated slowdown in China and tightening financial conditions. Global economic activity has slackened further and international trade remains subdued, while downside risks have increased. Weak demand and soft commodity prices have rekindled fears of deflation in some key AEs, prompting renewed divergence in monetary policy stances. With fragile domestic economic fundamentals, EMEs remain vulnerable to swings in market sentiments and capital outflows.

The major downside risks to the baseline outlook are related to the impact of the ongoing monetary policy normalization in the United States, ongoing uncertainties in the euro area, potential spillovers from geopolitical conflicts, and persistent vulnerabilities in emerging economies. To mitigate these risks and ensure a return to strong, sustainable and balanced growth, a broad set of policy measures at the domestic, regional and global level is needed.

### Global Inflation

Overall global inflation continues to decline amid persistent negative output gaps and the drop in oil and food prices. This aggregate picture encompasses a wide range of diverse dynamics. In developed countries, inflation rates - and inflation expectations - have drifted downwards despite unprecedented expansionary monetary policies. Deflation risks remain in place, particularly in the euro area and Japan. In developing countries, lower oil prices have generally reduced inflationary and balance-of-payment pressures, giving central banks more room to tackle slowing growth. The overall impact on inflation differs widely across countries, depending on exchange rate trends, the importance of oil in consumer baskets, monetary policy stances and the extent of fuel subsidies.

### International Trade

While prospects for global trade are improving, several factors will continue to limit the possibilities for trade to return to higher growth

patterns. These include lingering subdued global demand; limited prospects for large increases in trade growth as a result of trade agreements; and perhaps more limited scope for further integration of developing countries into the global trading system.

### Global Employment

Against the backdrop of modest GDP growth, employment creation remains too weak to recover the jobs lost during the crisis and to absorb new market entrants. Unemployment is thus expected to remain elevated in many developed countries, while part-time jobs and lower labour force participation will remain major challenges.

### International Capital Flows

The global financial markets continue to be driven by highly accommodative monetary policies in a low-inflation or deflationary environment in developed economies and weakening growth. The trade off between accommodative monetary policies and fear of fragile and dwindling economic growth has caused wide gyrations in asset prices during various phases of greed and fear. As a result, at times, sovereign and corporate bond yields have plummeted to record lows, while stock markets have reached new highs and then all of a sudden capital flight dragged stock prices sharply lower and hardened bond yields. Cross-border bank lending has also started to recover, but is still below the levels observed before the financial crisis. Capital flows to developing economies and

economies in transition have retreated, with persistent volatility. Given a subdued growth outlook for many of these economies and the US monetary policy normalization, the international capital flows have been negative with wide fluctuations and the trend is expected to be downwards going forward as well.

### Global Exchange Rates

Global foreign exchange markets broadly tracked the equity markets, policy measures of central banks in systemically important economies and shifts in investors' risk assessments. The major trend on global foreign exchange markets has been the strength of the dollar. The overall trend of US dollar has been on the rising side during whole of the year, reaching multi-year highs against many currencies. Given uncertainties over the euro area outlook, the effects of a rise in US interest rates and the weakness in some emerging economies, foreign exchange volatility will likely remain elevated.

### Global Monetary Policy

Monetary policy stances have been diverging across both AEs and EMEs. Growing divergence in the monetary policy stances of the United States and much of the rest of the world presents considerable macroeconomic policy challenges for many countries.

In December 2015, the Fed raised its policy rate after almost a decade – to a target range for the fed funds rate of 0.25-0.5 per cent. For the Fed, the key challenge is to manage the pace and sequence of normalizing the policy rate so as to maintain macroeconomic stability,

and support growth and employment, while at the same time preventing an unwarranted build-up in asset prices. For most other developed economies, risk of stagnation amid prolonged low inflation, sluggish growth, protracted weak aggregate demand and slow-paced structural reforms continue to warrant pro-active monetary policy stances, particularly in the euro area and Japan. The European Central Bank (ECB) expanded its QE programme in March, reduced the deposit rate further into negative territory (-0.4 per cent) and cut its policy rate to zero. While the aim of countries pursuing negative interest rates has been to improve domestic growth and inflation outlook, it has given rise to global concerns about financial stability. Monetary policy in EMEs has also been diversely stanced, reflective of varied macroeconomic conditions. China has aggressively cut deposit and lending rates and relaxed required reserves, to modulate the pace of economic slowdown. By contrast, South Africa raised its policy rate in November 2015 and January 2016 to curb inflationary pressures. Brazil and Russia continue to maintain high policy rates despite recession, as inflationary pressures remain elevated by large currency depreciation. India stands out as clear winner in terms of clarity and continuity in terms of targeting and adhering to sound macroeconomic principles. The Reserve Bank of India has done a commendable job, to first target inflation and bring it back within target zone of 6% in January 2016 and then take calibrated accommodative monetary policy stance and proactively cut interest rates to augment growth after having tamed down inflation.

### Global Financial Markets

Global financial markets witnessed a roller coaster ride during the whole year 2015-16. The year gone by witnessed the first US Fed rate hike in almost a decade and it was accompanied with wide fluctuations in sentiment thanks to multiplicity of factors such as fears of crackdown of Chinese economy, dwindling global recovery and stagnating investments. The last quarter of FY 2015-16 started on a terrible note specially for global equity markets. Since the beginning of calendar year 2016, fears about weakening global growth have re-emerged, especially about China. Global equity markets dipped into 'bear' territory during January-February 2016, with equity prices retreating across all major markets. Bank equities, in particular, were hit hard in AEs and have fallen significantly since the beginning of the year. Net foreign portfolio flows to EME bond markets were mostly negative which kept yield rates high. In Q4 of 2015-16, financial market turbulence and a further sharp fall in oil prices aggravated worries about global growth, and government bond yields fell into negative territory in some AEs. The introduction of a negative deposit rate by Japan pushed its 10-year bond yield into negative zone, which spurred demand for other positive yielding treasuries and depressed their yields.

In sum, the global recovery has been slow and diverse with downside risks to global economic activity having increased. With global commodity prices and inflation expected to remain soft, monetary policy stances continue to be highly accommodative, but divergent. Financial markets remain vulnerable to volatility and flux in

capital flows and investor sentiment. There is urgent need of calibrated policy actions from decision makers all over the world to take consistent and objective steps to achieve price stability, curb heightened fluctuations in financial markets, achieve sustainable economic development and build strong socio-economic model for future success.

## INDIAN ECONOMIC PERSPECTIVE

Despite a tough year for the economy and financial markets and limited progress on headline reforms during the FY 2015-16, India will remain one of the strongest growth stories in the world. The current cyclical recovery – coupled with improvements in the ease of doing business that have largely flown beneath the radar– as positive signs for India's long-term growth and corporate earnings environment.

The global macroeconomic and financial risks shifted from advanced to emerging economies with the latter facing pressures from weakening prospects of growth, falling commodity prices and strengthening of the dollar. However, the Indian economy appears quite resilient, given a modest recovery in the economy, declining inflation and buoyant capital flows. The long-term growth prospects 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. 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 landscape.

With decline in oil and commodity prices, the Indian economy is expected to grow by 7.5 percent in 2015-16, 7.9 percent the next fiscal and 8 percent in 2017-18 as per the India Development Update report of the World Bank. Aided by a supportive external environment, in particular the sharp decline in oil and commodity prices, the Indian economy has taken strong strides towards higher growth and enhanced stability. Growth has picked up, inflation has declined, the current account deficit has narrowed, and external reserves have increased. However, the growth acceleration is conditional on the growth of investment picking up. Higher economic growth calls for fiscal reforms that protect public capital spending; financial sector reforms; and reforms in the business environment – all of which can help unlock private investments. The current situation offers an opportunity to further strengthen the business environment and enhance the quality of public spending. Continuous strong momentum in these reforms will further unleash the productivity that Indian firms need in order to create jobs and become globally competitive.

### **Demand and Output**

Aggregate demand was restrained by stalling fixed investment, weak rural consumption and the ongoing fiscal consolidation. Domestic economic activity lost pace in the second half of 2015-16, slowed down by muted investment and a

prolonged contraction in exports. While private consumption has been the mainstay in holding up aggregate demand, it has largely been an urban phenomenon; rural consumption have generally remained weak or in negative territory. On the supply side though, some silver linings are discernible. Despite consecutive deficient monsoons and unseasonal weather more recently, foodgrains production is on course to post a modest improvement over the levels recorded a year ago. For industry, the deceleration in the volume of production has been more than offset by the decline in input costs. While service sector activity has been expanding at a reasonable pace.

### **Inflation and Inflationary Expectations**

The swift fall in commodity prices specially crude oil prices has helped Indian Economy in taming down inflation and focus more rigorously on accelerating growth. The Reserve Bank of India has taken several commendable steps starting from targeting inflation and taking clear and consistent monetary policy action to achieve price stability and sustainable growth. The inflation targeting and taming inflation to below 6% by January 2016 has given the central bank leeway to push for growth and the RBI has taken proactive measures as well for quick and systematic transmission of policy action, to safe guard against external shocks of US interest rate decisions or global commodity prices as well as providing ample liquidity in the system so that business do not find any dearth of liquidity at any time. With the expectations of lower commodity

and crude oil prices along with confidence in consistent and mature policy action by the reserve bank of India, the inflationary expectations have also been pruned down.

### Financial Sector

The regulatory and supervisory policy responses during the year included the initiatives for de-stressing the banking sector, reforming and recapitalization of the public sector banks (PSBs), strengthening the liquidity standards of the banks, monitoring the buildup of leverage in the banking system, convergence with the international accounting standards, policies relating to licensing and expansion of UCBs and making the banking sector more inclusive.

India's financial system remains stable and the relatively stronger macroeconomic fundamentals lend resilience to face the still prevailing uncertainty and emerging risks in the global economy and financial markets. However, the policy makers and stakeholders will need to remain watchful about the potential adverse impact of developments in the global scenario particularly increased volatility in financial markets and further slowdown in global trade.

### Financial Markets and Liquidity Conditions

Various segments of the domestic financial market spectrum have been impacted by bouts of turmoil in global financial markets and heightened volatility. In view of the disruptions in normal functioning of these markets and the implications for monetary policy transmission, identifying, measuring and

managing spillovers has become a major challenge for domestic macroeconomic policies. In India, both domestic factors and global spillovers have conditioned movements in financial markets, though increasingly domestic factors appear to have played a more prominent role.

Money, bond and credit markets have been largely insulated from global spillovers, while foreign exchange and equity markets have experienced bouts of volatility. Liquidity conditions generally tightened in the second half of the year and proactive liquidity management alleviated pressure on money market rates. Long-term yields exhibited a tightening bias till February and risk spreads reflected both corporate sector stress and asset quality concerns in banks. Among domestic factors, liquidity conditions, market micro structure, inflation and fiscal outlook, and market concerns relating to asset quality of banks and corporate balance sheets have a prominent influence on market activity. Proactive liquidity management is critical to transmission, but by itself cannot prevent disruptions arising from overwhelming global developments.

### Monetary Policy Stance

Two great achievements at the monetary policy front have taken place in the FY 2015-16. First, the inflation target of 6 per cent for January 2016 set for itself by the Reserve Bank and subsequently adopted formally under the Monetary Policy Framework Agreement (MPFA) was achieved. Since then, the Reserve Bank of India has shift its monetary policy stance to accommodative. The RBI

has cut interest rates and managed quick and universal transmission of the same in the system and has abated the inflation and inflationary expectations. Accordingly, the next milestone is set at 5 per cent for inflation by the end of 2016-17. Second, the Union Finance Minister announced, in his speech presenting the Union Budget for 2016-17, that the Reserve Bank of India Act is being amended to provide basis for a monetary policy framework and a Monetary Policy Committee (MPC). It is a big step which will add value and transparency to the monetary policy decisions.

### Challenges to Economic Growth

There are challenges both at domestic and global level to cope with. On the global front:

- The biggest challenge remains to be the risks from potential tightening of the US monetary policy and the pace at which the US raises its interest rates. While the Reserve Bank of India has taken preventive measures to reduce external vulnerability, and has built international buffers as a first line of defense, the risk remains, warranting vigilance.
- With the developments in China and sluggish global trade growth would define the global economy going forward.
- The so called currency war which started with China devaluing its currency multiple times to augment its exports which had catastrophic impact of other emerging market currencies, can serious affect domestic price stability and international trade competitiveness.

- The fluctuations in global commodity prices and international capital flows can create downside risks going forward.

On the domestic front, risks arising from erratic climatic conditions, limited policy space, corporate performance, asset quality of financial institutions and low investment growth, among other factors, could pose challenges. To mention a few:

- While India's macro-economic fundamentals are relatively stronger, domestic demand and private investment are still not picking up, underscoring the need to step up public investments.
- While the ratio of short term external debt to forex reserves has been moderating, attracting robust capital flows to finance the current account deficit will require continuous thrust on structural reforms and improving the ease of doing business.
- In the corporate sector, declining profitability, high leverage and low debt servicing capacity continue to cause concern with their attendant adverse impact on the financial sector, notwithstanding a marginal improvement observed during the first half of current financial year.

Overall, India's relatively stronger macroeconomic fundamentals in terms of growth, inflation, current account and fiscal deficits provide a reasonable degree of resilience to Indian economy and financial system in the event of spill-over effects from global factors. However, with the continued uncertainty over global growth and

in the absence of effective international monetary policy coordination, there can be no room for complacency.

India stands at a once in a generational take off stage where the structural reforms including but not limiting to the timely implementation of the Goods and Services Tax (GST); rationalizing current expenditures, especially on subsidies; delivering on divestment plans, ensuring greater tax buoyancy, encouraging PPP projects; and addressing balance sheet issues of public sector banks are must to kick off to ten percent plus growth rate on a sustainable basis.

### Human Capital

Capital Small Finance Bank – is India's first small finance bank and takes pride on its expansion to Pan India. As an organization 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 behavioural 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 two consecutive years 2014 - 2015 and continues to cultivate a self-motivated team, enriched with a spirit of belonging and oneness.

### **Internal Control and Audit**

The bank is committed and believes in absolute functional autonomy and well-being of internal control and audit so that the functioning of the bank is proper and all the regulatory and internal standards are met with. To be in line with the changing economic environment, Capital Bank has resorted towards enhancing its risk management systems. Utmost importance is given to proper maintenance and safety of public money, while providing all the banking services and fulfilling prudent risk-mitigation and risk management principles. We believe in maintaining highest standards of internal control and taking proactive steps and rigorous monitoring of the bank's overall operations. A well-developed committed Internal Audit Team and Compliance department is working at an independent level for evaluating the adequacy of all internal controls and ensuring adherence to internal procedures as well as regulatory and legal requirements. The Internal Audit

and Compliance department has direct reporting to the Managing Director. The Team has initiated a few new improvements in FY 2016 that are expected to further assist in proactively identifying risks in changing business dynamics and assist in improving overall control environment. All the branches are subject to regular inspections along with short inspections in between two regular inspections and various other audits, viz; concurrent audit of FFMC, revenue audit, IS audit etc. Further, concurrent audit of branches is also being done as per concurrent audit policy of our bank. The Bank has a system of rating the quantitative and qualitative performance of the branches in all the critical functional areas. The Audit Committee of the Board reviews the performance of the effectiveness of controls and compliances with regulatory guidelines and reviews the internal audit reports. The Bank has also introduced an irregularities eradication system for prompt rectification of irregularities and avoidance of recurrence. The system is reviewed and revised from time to time depending on the changing business conditions. As a result of the improvements initiated last year, Internal Control and Audit is continuously emerging as a unit providing valuable inputs for improving the overall risk management and controls.

### **Energy Conservation and Information Technology**

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.



6. Process Planning & Implementation under Business Continuity Plan and disaster recovery.
7. Project planning and implementation on new management goals.
8. Functional and level 1 support to end users on Intellect CBS, Foreign exchange transactions, Payroll, Mail Server, Money Transfer & Pulse Framework.

4. The Bank completed Phase-II of the Go-Linux project with UBUNTU Operating System for Desktop Systems.
5. The Bank is the 1st sub-member bank in India to start e-commerce on RuPay Network
6. The PMS (Performance Measurement System) was developed in-house using the PULSE framework.
7. The Bank is the 1st sub-member bank in India to issue EMV cards on RuPay Network.
8. The Bank in-principle has finalized for a CBS upgrade on the new CANVAS technology from Intellect Design Arena Limited.

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.

### New Developments in Technology Field

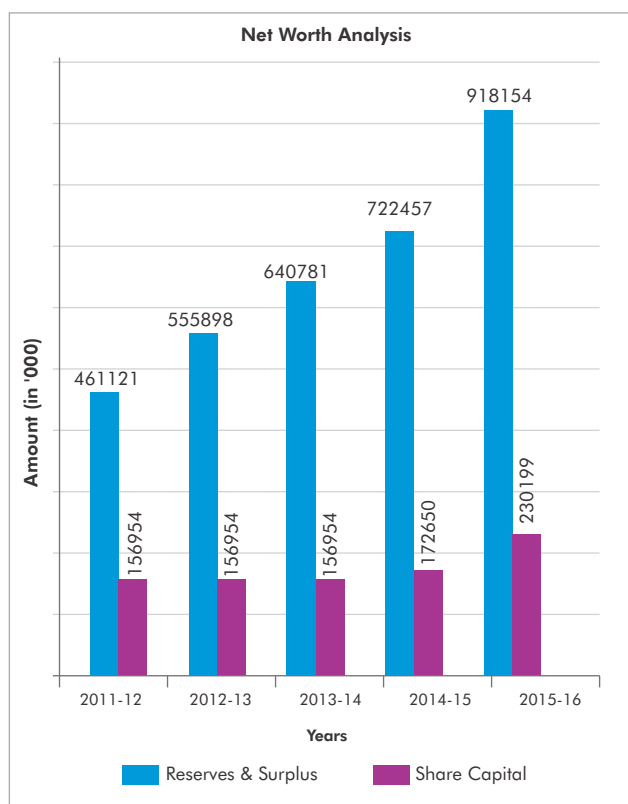
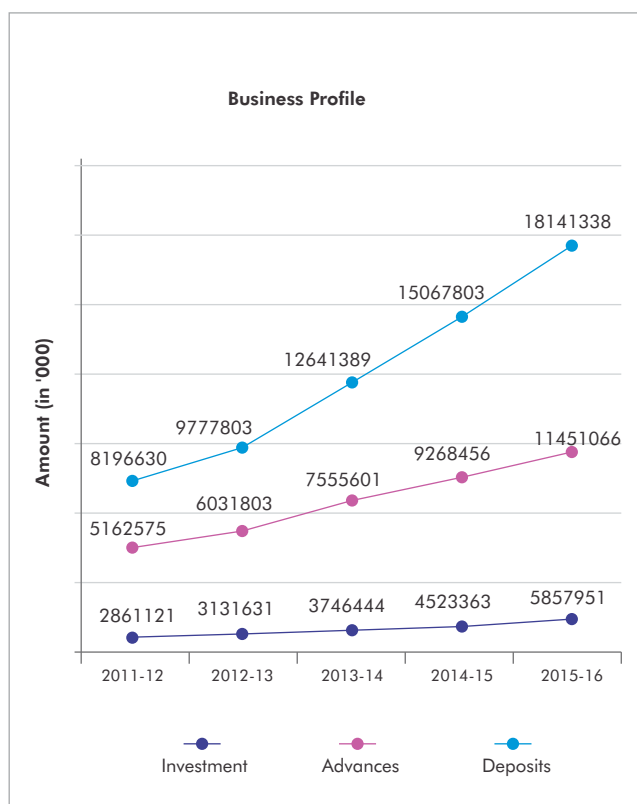
1. The Bank went live with the AML (Anti-Money Laundering System).
2. The Bank launched the Classic RuPay Debit Card for its customers.
3. The Bank completed the in-house development of the Software Framework called "PULSE".

### Brief Technical Functionality – CBS

Under "Intellect CBS" the application, database & the storage servers are placed centrally in the Data Centre at the Head Office. The Application runs on Linux Operating System at the server end using Oracle as database (RDBMS). Branches are connected to the central servers through WAN links using standard Internet browser for secure and reliable communication. The DR site is hosted at Tata Communications, Pune.

### Technology Architecture Content - Application for CBS in all Branches and Head Office

The Bank is using Core Banking



*We are India's 1st*





*16* years of  
*Trust & Performance*

# *Small Finance Bank*



# Products & 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 ₹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
- Travelers 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.

# Independent Auditor's Report

## 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 on 31 March 2016, 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, 2016, 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 as amended by Companies (Accounting Standards) Amendment Rules, 2016.

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 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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 has disclosed the impact of pending litigations on its financial position in its financial statements -  
Refer Schedule 18 - Note 11(a) to the financial statements;
- (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 Education and Protection Fund by the Bank.

## For V.P. VIJH & CO

Chartered Accountants  
(Firm's Registration No.001248 N)  
(R.K.GUPTA)(Partner)  
Membership Number 016274

Place: Jalandhar  
Date : April 30, 2016



**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 2016 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 31 March 2016, 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)

### **(R.K. Gupta)**

(Partner)  
Membership N016274

Date : 30TH April, 2016  
Place: Jalandhar



16 years of  
Trust & Performance

# Redefining Rural Banking





# Annual Accounts

## BALANCE SHEET AS ON MARCH 31, 2016

(₹ in '000)

PARTICULARS	SCHEDULE	As on 31/03/2016	As on 31/03/15
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	1	230199	172650
Reserve and Surplus	2	918154	722457
Deposits	3	18141338	15067803
Borrowings	4	1003300	633300
Other Liabilities and provisions	5	232379	205304
<b>Total</b>		<b>20525370</b>	<b>16801514</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	683727	562927
Balances with banks and Money at call and short notice	7	1929412	1921358
Investments	8	5857951	4523363
Advances	9	11451066	9268456
Fixed assets	10	364250	325413
Other Assets	11	238964	199997
<b>Total</b>		<b>20525370</b>	<b>16801514</b>
Contingent Liabilities	12	184202	152992
Bills for Collection		-	-
Significant Accounting Policies	17		
Notes to Accounts	18		

Munish Jain  
Chief Operating Officer  
& Company Secretary

Sahil Vijay  
Chief Financial Officer

Sarvjit Singh Samra  
Managing Director

Bhagwant Singh Sangha  
Madan Gopal Sharma  
Sukhpal Singh Gill  
Directors

As per our separate report appended  
For V.P. Viji & CO.  
Chartered Accountants

R.K.GUPTA  
(Partner)  
Membership No. 016274  
FRN : 01248N

Date : 30TH April, 2016  
Place: Jalandhar

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in '000)

PARTICULARS	SCHEDULE	Year ended 31/03/2016	Year ended 31/03/2015
<b>INCOME</b>			
Interest Earned	13	1880055	1604112
Other Income	14	143207	115766
<b>Total</b>		<b>2023262</b>	<b>1719878</b>
<b>EXPENDITURE</b>			
Interest Expended	15	1253263	1057962
Operating Expenses	16	557410	469275
Provisions and Contingencies		75198	50445
<b>Total</b>		<b>1885871</b>	<b>1577682</b>
<b>PROFIT/LOSS</b>			
Net profit for the year		137391	142196
Profit brought forward		435069	378021
<b>Total</b>		<b>572460</b>	<b>520217</b>
<b>APPROPRIATIONS</b>			
Transfer to Statutory Reserves		34348	35549
Transfer to Special Reserve		871	685
Transfer to/from Investment Reserve Account		-	13181
Depreciation charge on fixed assets for earlier years		-	2453
Transfer to Proposed Dividend		29964	27624
Tax on Proposed Dividend		6068	5656
Balance carried over to Balance sheet		501209	435069
<b>Total</b>		<b>572460</b>	<b>520217</b>
<b>EARNING PER SHARE</b>			
Basic (Rupees)		6.70	7.23*
Diluted (Rupees)		6.70	7.23*
(Face value) (Rupees)		10.00	10.00

\*Restated EPS

Munish Jain  
Chief Operating Officer  
& Company Secretary

Sahil Vijay  
Chief Financial Officer

Sarjit Singh Samra  
Managing Director

Bhagwant Singh Sangha  
Madan Gopal Sharma  
Sukhpal Singh Gill  
Directors

As per our separate report appended  
For V.P. Vijh & CO.  
Chartered Accountants

R.K.GUPTA  
(Partner)  
Membership No. 016274  
FRN : 01248N

Date : 30TH April, 2016  
Place: Jalandhar

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in '000)

PARTICULARS	Year ended 31/03/2016	Year ended 31/03/2015
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Taxes	198916	208243
<b>Adjustment for:</b>		
Depreciation Charge on Fixed Assets for The Year	54564	53048
Loan Loss Provision	13543	9203
Loss on Sale of Fixed Assets	88	940
Other Provision	130	1820
Depreciation on Investment	-	(26625)
	<b>267241</b>	<b>246629</b>
<b>Adjustment For:</b>		
(Increase)/Decrease in Term Deposits with other Banks	28883	(46012)
(Increase)/Decrease In Investments	(1494539)	(750294)
(Increase)/Decrease In Advances	(2191086)	(1716843)
Increase/(Decrease) In Borrowings	-	(69588)
Increase/(Decrease) In Deposits	3073535	2426414
(Increase)/Decrease In Other Assets	(23190)	(9594)
Increase/(Decrease) In Other Liabilities & Provision	19095	26169
	<b>(320061)</b>	<b>106881</b>
Refund/(Payment) of Direct Taxes	(77302)	(72863)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(397363)</b>	<b>34018</b>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(94500)	(64491)
Proceeds from Sale of Fixed Assets	1010	1862
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(93490)</b>	<b>(62629)</b>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from Right Issue of Equity Shares to existing shareholders	172648	0
Net Proceeds from the new issue of Unsecured Redeemable Non-Convertible Bonds	349239	225608
Dividend Payment ( Including C D T)	(33248)	(18363)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>488639</b>	<b>207245</b>
Net Increase / (Decrease) In Cash & Cash Equivalent	(2214)	178634
Cash & Cash Equivalents In the Beginning	788232	609598
Cash & Cash Equivalents At the end	786018	788232

Munish Jain  
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& Company Secretary

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As per our separate report appended  
For V.P. Viji & CO.  
Chartered Accountants

R.K.GUPTA  
(Partner)  
Membership No. 016274  
FRN : 01248N

Date : 30TH April, 2016  
Place: Jalandhar



# Schedules forming part of the Balance Sheet As On March 31, 2016

(₹ in '000)

	As on 31/03/16	As on 31/03/15
<b>SCHEDULE - 1 CAPITAL</b>		
<b>Authorised Capital</b>	250000	250000
25000000 equity shares of Rs. 10 each		
<b>Issued, Subscribed and Paid-up Capital</b>		
23019893 (Previous year 17264971) equity shares issued of Rs.10 each fully paid-up (Of the above shares 2769543 shares are allotted as fully paid-up equity shares by way of bonus shares)	230199	172650
<b>Total</b>	<b>230199</b>	<b>172650</b>

<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>I. Statutory Reserves</b>		
Opening Balance	239735	204186
Additions during the year	34348	35549
<b>II. Capital Reserves</b>		
Opening Balance	159	159
Additions during the year		
<b>III. Special Reserves</b>		
Opening Balance	5835	5150
Additions during the year	871	685
<b>IV. Investment Reserves Account</b>		
Opening Balance	13181	-
Additions during the year	-	13181
Deductions during the year	-	-
<b>V. Security Premium Account</b>		
Opening Balance	28478	53265
Additions during the year	115099	-
Deductions during the year	20761	24787
<b>VI. Balance in Profit &amp; Loss Account</b>	501209	435069
<b>Total</b>	<b>918154</b>	<b>722457</b>

<b>SCHEDULE 3 - DEPOSITS</b>		
<b>A I Demand Deposits</b>		
From banks	25	26
From others	464929	344514
<b>II Saving Bank Deposits</b>	5914083	5038154
<b>III Term deposits</b>		
From banks	-	-
From others	11762301	9685109
<b>Total</b>	<b>18141338</b>	<b>15067803</b>

	As on 31/03/16	As on 31/03/15
<b>B I</b> Deposits of branches in India	18141338	15067803
II Deposits of branches outside India	-	-
<b>Total</b>	<b>18141338</b>	<b>15067803</b>

#### SCHEDULE 4 - BORROWINGS

<b>I. Borrowings in India</b>		
- Reserve Bank of India	-	-
- Other Banks	-	-
- Unsecured Redeemable Non-Convertible Bonds (Subordinated debt - Tier II Capital)	613300	493300
- Hybrid debt Capital instrument issued as debentures	390000	140000
<b>II. Borrowings outside India</b>	-	-
<b>Total</b>	<b>1003300</b>	<b>633300</b>

#### SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I. Bills Payable	67711	61552
II. Inter-office adjustments (net)	1979	20
III. Interest accrued	26551	22404
IV. Others (including provisions)	100075	88048
V. Proposed Dividend (includes tax on Dividend)	36063	33280
<b>Total</b>	<b>232379</b>	<b>205304</b>

#### SCHEDULE 6 - CASH AND BALANCE WITH RESERVE BANK OF INDIA

I. Cash in hand	290528	264624
II. Balance with Reserve Bank of India		
a) in current accounts	393199	298303
b) in other deposits accounts	-	-
<b>Total</b>	<b>683727</b>	<b>562927</b>

#### SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL & SHORT NOTICE

I. In India		
I) Balance with banks		
a) in current accounts	102291	225305
b) in other deposit accounts	1667170	1696053
II) Money at call and short notice	-	-
a) With Banks		
b) With other Institutions	159951	-
<b>Total (I)</b>	<b>1929412</b>	<b>1921358</b>

	As on 31/03/16	As on 31/03/15
II. Outside India		
a) in current accounts	-	-
b) in other deposits accounts	-	-
c) Money at call and short notice	-	-
<b>Total (II)</b>	-	-
<b>G. Total (I+II)</b>	<b>1929412</b>	<b>1921358</b>

## SCHEDULE 8 - INVESTMENTS

I	Investments in India in		
i)	Government securities	5737951	4483363
ii)	Other approved securities	-	-
iii)	Shares	-	-
iv)	Debentures and Bonds	40000	40000
v)	Subsidiaries and/or joint ventures	-	-
vi)	Others (Certificate of deposits, money mkt based mutual funds)	80000	
	<b>Total (I)</b>	<b>5857951</b>	<b>4523363</b>
II	Investments outside India in		
i)	Government securities	-	-
ii)	Subsidiaries and/or joint ventures abroad	-	-
iii)	Other Investments	-	-
	<b>Total (II)</b>	-	-
	<b>G. Total(I+II)</b>	<b>5857951</b>	<b>4523363</b>

## SCHEDULE 9 - ADVANCES

A i)	Bills purchased and discounted	1714	-
ii)	Cash credits, overdrafts and loans repayable on demand	7856669	6230831
iii)	Term Loans	3592683	3037625
	<b>Total</b>	<b>11451066</b>	<b>9268456</b>
B i)	Secured by Tangible Assets	11286999	9148780
ii)	Covered by Bank / Government Guarantees	-	-
iii)	Unsecured	164067	119676
	<b>Total</b>	<b>11451066</b>	<b>9268456</b>
C i)	Advances in India		
ii)	Priority Sector	7533379	5158772
iii)	Public Sector	-	-
iv)	Banks	-	-
v)	Other	3917687	4109684
	<b>Total (I)</b>	<b>11451066</b>	<b>9268456</b>

	As on 31/03/16	As on 31/03/15
II) Advances outside India		
i) Due from Banks	-	-
ii) Due from Others	-	-
a) Bills Purchased & Discounted	-	-
b) Syndicated Loans	-	-
c) Others	-	-
<b>Total (II)</b>	-	-
<b>G.Total (I+II)</b>	<b>11451066</b>	<b>9268456</b>

## SCHEDULE 10 - FIXED ASSETS

I. <b>Premises</b>		
At cost as on 31st March of the preceding year	64399	61256
Add : Additions during the year	125	3143
Less : Deductions during the year		
<b>Total</b>	<b>64524</b>	<b>64399</b>
<b>Depreciation</b>		
As at 31st March of the preceding year	-	-
Charge for the year	-	-
<b>Total</b>	-	-
<b>Net Block I</b>	<b>64524</b>	<b>64399</b>
<b>Other Fixed Assets (including furniture &amp; fixtures)</b>		
At cost as on 31st March of the preceding year	499590	444805
Add : Additions during the year	94375	61348
Less : Deductions during the year	1958	6563
<b>Total</b>	<b>592007</b>	<b>499590</b>
<b>Depreciation</b>		
As at 31st March of the preceding year	238576	186836
Charge for the year	54564	55501
Less : Reversed on sale	859	3761
<b>Total</b>	<b>292281</b>	<b>238576</b>
<b>Net Block II</b>	<b>299726</b>	<b>261014</b>
<b>Grand Total ( I &amp; II )</b>	<b>364250</b>	<b>325413</b>

## SCHEDULE 11 - OTHER ASSETS

i) Inter-office adjustments (net)	-	-
ii) Interest accrued	169933	154476
iii) Stationary & Stamps	6009	6628
iv) Others	63022	38893
<b>Total</b>	<b>238964</b>	<b>199997</b>

## 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	153891	131629
(b) Outside India	-	-
v) Acceptances, endorsements and other obligations	21032	16363
vi) Other items for which bank is contingently liable.	9279	5000
<b>Total</b>	<b>184202</b>	<b>152992</b>

As on 31/03/16

As on 31/03/15

**SCHEDULE 13 - INTEREST EARNED**

I.	Interest/discount on advances/bills	1300286	1086226
II.	Income on investments	424680	336632
III.	Interest on balance with Reserve Bank of India and inter-bank funds	154708	181254
IV.	Others	381	-
	<b>Total</b>	<b>1880055</b>	<b>1604112</b>

**SCHEDULE 14 - OTHER INCOME**

I.	Commission, exchange and brokerage	101233	83888
II.	Profit/Loss on sale of investments(Net)	19068	18239
III.	Profit/Loss on revaluation of investments(Net)	-	-
IV.	Profit/Loss on sale of land, building & other assets(Net)	(88)	(940)
V.	Profit/Loss on Exchange Transactions(Net)	22872	14454
VI.	Income earned by way of dividends etc.	-	-
VII.	Miscellaneous income	122	125
	<b>Total</b>	<b>143207</b>	<b>115766</b>

**SCHEDULE 15 - INTEREST EXPENDED**

I.	Interest on deposits	1175828	1003245
II.	Interest on inter-bank borrowings	4428	2258
III.	Others	73007	52459
	<b>Total</b>	<b>1253263</b>	<b>1057962</b>

**SCHEDULE 16 - OPERATING EXPENSES**

I.	Payments to and provisions for employees	282334	233843
II.	Rent, taxes and lighting	77274	64878
III.	Printing and stationery	11700	10247
IV.	Advertisement and publicity	7597	6596
V.	Depreciation on bank property	54564	53048
VI.	Directors fees, allowances & expenses	772	661
VII.	Auditors fees and expenses	841	781
VIII.	Law charges	196	46
IX.	Postage, telegrams, telephones etc.	11027	9148
X.	Repairs and maintenance	17421	15267
XI.	Insurance	23344	19305
XII.	Other expenditure	70340	55455
	<b>Total</b>	<b>557410</b>	<b>469275</b>

# Schedule 17: Significant Accounting Policies Appended to and Forming Part of the Financial Statements for the Year Ended March 31, 2016

## Overview

Capital Local Area 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.

Capital Local Area Bank Limited has been converted into Capital Small Finance Bank Limited on April 24, 2016 pursuant to License number MUM: 116 granted by Reserve Bank of India. Further Registrar of Companies has issued pursuance to change of name, Certificate of Incorporation on April 15, 2016.

## 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 require 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 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%, commercial real estate – residential housing sector at 0.75% 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 and 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%
<b>Motor Vehicle:</b>	
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 (FEDA).

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 low value individual exposures not exceeding the threshold limit of ₹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, 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 recognized 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.

# Schedule 18:

## Notes on Accounts

### Appended to and Forming Part of the Financial Statements for the Year Ended March 31, 2016

#### 1. Capital

##### 1.1

Sl No.	Items	Current Year	Previous Year
i)	CRAR (%)	17.20	15.22
ii)	CRAR - Tier I capital (%)	9.16	8.89
iii)	CRAR - Tier II capital (%)	8.04	6.33
iv)	Amount of equity capital raised as Bonus Issue	Nil	₹ 15696 ('000)
v)	Amount of equity raised as Right Issue	₹ 57549 ('000)	Nil
vi)	Amount of debt raised as Upper Tier-II capital	₹ 2500 lacs	₹ 1400 lacs
vii)	Amount of subordinated debt raised as Tier-II capital (Lower Tier II capital)	₹ 1200 lacs	₹ 947 lacs

##### 1.2 Right Issue

The Bank has issued right equity shares to the existing shareholders at a price of ₹30 per equity share (Face Value ₹10) during the year as per the following details:

Date of Allotment	December 30, 2015
Equity Capital before Right Issue (17264971 shares of face value ₹10 each)	<b>172650</b>
Right Issue	<b>1:3</b>
Equity shares issued as right (5754922 shares of face value ₹10 each)	<b>57549</b>
Total equity capital after Right issue (23019893 shares of face value ₹10 each)	<b>230199</b>

##### 1.3 Tier 2 Capital

###### Tier 2 Capital raised during the year:

The Bank has raised Unsecured Redeemable Non-Convertible Upper Tier II Bonds amounting to ₹250000 (₹ in '000) during the year given here under:

(₹ in '000)

Particulars	Date of Allotment	Coupon (%)	Tenure	Amount
Upper Tier II	March 30, 2016	11.75% p.a.	15 years	₹250000

The bank has also raised subordinated debt qualifying for Tier II Capital amounting to ₹120000 ('000) during the year given here under:

(₹ in '000)

Particulars	Date of Allotment	Coupon (%)	Tenure	Amount
Lower Tier II	February 17, 2016	10.50% p.a.	10 years	₹120000

**Maturity Profile of total debentures issued as on March 31, 2016:**

**Lower Tier II Bonds:**

(₹ in '000)

SERIES	Amount	Maturity date
11% TIER II BONDS SERIES-I	50300	17-09-2019
11% TIER II BONDS-SERIES II	36000	29-09-2019
11% TIER II BONDS SERIES-III	27800	24-10-2019
10% TIER II BONDS SERIES- IV	55500	27-03-2020
11% TIER BONDS SERIES- V	57100	04-06-2021
11% TIER II SERIES VI	30200	18-06-2021
11% TIER BONDS SERIES VII	60400	25-08-2022
11% TIER II BONDS SERIES VIII	50300	04-05-2023
11% TIER II BONDS SERIES-IX	31000	20-05-2023
11% TIER II BONDS SERIES-X	94700	24-05-2024
10.50% TIER II BONDS SERIES-XII	120000	17-02-2026
<b>TOTAL</b>	<b>613300</b>	

**Upper Tier II Bonds:**

(₹ in '000)

SERIES	Amount	Maturity date
11.75% Upper TIER II BONDS SERIES-XI	140000	31-03-2030
11.75% Upper TIER II BONDS SERIES-XIII	250000	30-03-2031
<b>TOTAL</b>	<b>390000</b>	

**1.4 The Bank has drawn ₹ 20761 ('000) from securities premium account as per the following details:**

(₹ in '000)

Particulars	Current Year	Previous Year
Expenditure incurred on issue of Upper/Lower Tier II Bonds	20761	9091
Bonus Issue	-	15696
<b>TOTAL</b>	<b>20761</b>	<b>24787</b>

## 2 Investments

(₹ in '000)

Items	Current Year	Previous Year
<b>1. Value of Investments</b>		
(i) Gross Value of Investments		
a) In India	5857951	4523363
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	5857951	4523363
b) Outside India	Nil	Nil
<b>2. Movement of provisions held towards depreciation on investments.</b>		
(i) Opening balance	Nil	26625
(ii) Add: Provisions made during the year	1165	820
(iii) Less: Write-off/ write-back of excess provisions during the year	1165	27445
(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

Sl No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
i	PSUs	30000	Nil	Nil	Nil	Nil
ii	FIs	10000	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	80000	Nil	Nil	Nil	Nil
vii	Provision held towards depreciation	Nil	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>120000</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

## 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
<b>Total provisions held</b>	<b>Nil</b>

## 2.3

The Bank in pursuance to RBI circular issued on October 7, 2014 under Fourth Bi-monthly Monetary Policy 2014-15 to reduce the SLR holdings under Held to Maturity Category from 24% to 22% in a graduated manner, has, after approval of the Board of Directors vide board resolution number 31 passed in the meeting held on April 25, 2015, transferred government securities with a book value of ₹145699 ('000) from HTM category (Held to Maturity) to AFS category (Available for Sale) which constitutes 4.62% 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

(₹ in '000)

SI No.	Items	Current Year	Previous Year
i)	Net NPAs to Net Advances (%)	0.45%	0.13%
ii)	Movement of NPAs (Gross)		
	a) Opening balance	36435	27430
	b) Additions during the year	71567	25917
	c) Reductions during the year	23707	16912
	d) Closing balance	84295	36435
iii)	Movement of NPAs (Net)		
	a) Opening balance	11936	6919
	b) Additions during the year	56646	17672
	c) Reductions during the year	17263	12655
	d) Closing balance	51319	11936
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance	24499	20511
	b) Provisions made during the year	14921	10253
	c) Write-off/ write-back of excess provisions	6444	6265
	d) Closing balance	32976	24499



### 3.2 Particulars of Accounts Restructured

SI No	Type of Restructuring		Under CDR Mechanism			
	Asset Classification		Standard	Sub-Standard	Doubtful	Total
1	Restructured Accounts as on April 1, 2015	No. of Borrowers	Nil	Nil	Nil	Nil
		Amount Outstanding	Nil	Nil	Nil	Nil
		Provision thereon	Nil	Nil	Nil	Nil
2	Fresh restructuring during the year	No. of Borrowers	Nil	Nil	Nil	Nil
		Amount Outstanding	Nil	Nil	Nil	Nil
		Provision thereon	Nil	Nil	Nil	Nil
3	Upgradations to restructured standard category during the year	No. of Borrowers	Nil	Nil	Nil	Nil
		Amount Outstanding	Nil	Nil	Nil	Nil
		Provision thereon	Nil	Nil	Nil	Nil
4	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	Nil	Nil	Nil	Nil
		Amount Outstanding	Nil	Nil	Nil	Nil
		Provision thereon	Nil	Nil	Nil	Nil
5	Down gradations of restructured accounts during the year	No. of Borrowers	Nil	Nil	Nil	Nil
		Amount Outstanding	Nil	Nil	Nil	Nil
		Provision thereon	Nil	Nil	Nil	Nil
6	Write-offs of restructured accounts during the year	No. of Borrowers	Nil	Nil	Nil	Nil
		Amount Outstanding	Nil	Nil	Nil	Nil
		Provision thereon	Nil	Nil	Nil	Nil
7	Restructured Accounts as on March 31, 2016	No. of Borrowers	Nil	Nil	Nil	Nil
		Amount Outstanding	Nil	Nil	Nil	Nil
		Provision thereon	Nil	Nil	Nil	Nil



3.3 The Bank has not sold any financial asset during the year to Securitization / 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

(₹ in '000)

Particulars	Current Year	Previous Year
Provisions towards Standard Assets	5067	5214

The cumulative provision towards standard assets held by the bank as at the year-end amounting to ₹37602 thousands (previous year ₹32535 thousands) is included under Other Liabilities and Provisions in Schedule 5 to the Balance Sheet.

#### 4. Business Ratio

Particulars	Current Year	Previous Year
(i) Interest Income as a percentage to Working Funds <sup>§</sup>	9.97%	10.25%
(ii) Non-interest income as a percentage to Working Funds	0.76%	0.74%
(iii) Operating Profit as a percentage to Working Funds <sup>§</sup>	1.13%	1.23%
(iv) Return on Assets <sup>@</sup>	0.73%	0.91%
(v) Business (Deposits plus advances) <sup>#</sup> per employee <sup>^</sup> (₹ In '000)	46074	43040
(vi) Profit per employee (Operating Profit) <sup>^</sup> (₹ In '000)	331	340

§ 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 interbank 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 31,2016

(₹ 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	2208079	19257	16785	64388	231557	349463	651622	7103482	625467	180966	11451066
	PY	1592428	15793	24796	47695	220417	343657	615594	5695308	531854	180914	9268456
Investment	CY	203978	514280	162374	28409	421889	124507	302294	1750519	304098	2045603	5857951
	PY	146097	7032	252877	22755	79658	326029	156192	1681972	117077	1733674	4523363
Deposits	CY	673229	79574	44806	96549	506442	466266	706349	5988609	27194	9552320	18141338
	PY	557368	33889	38083	109659	345327	357997	655577	5072404	37867	7859632	15067803
Borrowing	CY	-	-	-	-	-	-	-	-	169600	833700	1003300
	PY	0	0	0	0	0	0	0	0	169600	463700	633300
Foreign Currency Assets	CY	-	-	-	-	-	-	-	-	-	-	-
	PY	-	-	-	-	-	-	-	-	-	-	-

## 6 Exposures

### 6.1 Exposure to Real Estate Sector

(₹ in '000)

Category	Current Year	Previous Year
<b>a) Direct exposure</b>		
(i) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
• Individual Housing Loans eligible for inclusion in Priority Sector advances	311602	279443
• Others	836778	615804
(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;	443470	379124
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil
<b>Total Exposure to Real Estate Sector</b>	<b>1591850</b>	<b>1274371</b>

### 6.2 Exposure to Capital Market

(₹ in '000)

Items	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 mutual funds;	-	-
(iii) 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.	-	-

Items	Current Year	Previous Year
(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)	-	-
<b>Total Exposure to Capital Market</b>	-	-

### 6.3 Risk Category Wise Country Exposure

The Bank is presently operating in five districts of the state of Punjab 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, 2016 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

(₹ in '000)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	493991	403229
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	2.72%	2.68%

### b) Concentration of Advances

(₹ in '000)

Particulars	Current Year	Previous Year
Total Advances to twenty largest borrowers	1367457	1246657
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	9.70%	10.87%

### c) Concentration of Exposures

(₹ in '000)

Particulars	Current Year*	Previous Year
Total Exposure to twenty largest borrowers/customers	1367457	1246657
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the Bank on Borrowers/ customers	9.70%	10.87%

\*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

(₹ in '000)

Particulars	Current Year*	Previous Year
Total Exposure to top four NPA accounts	41265	17992

### e) Movement of NPAs

(₹ in '000)

Particulars	Current Year	Previous Year
Gross NPAs as on 1st April 2015	36435	27430
Additions(fresh NPAs) during the year	71567	25917
<b>SUB TOTAL (A)</b>	<b>108002</b>	<b>53347</b>
Less:-		
(i) Upgradations	19756	7861
(ii) Recoveries(excluding recoveries made from upgraded accounts)	3951	9051
(iii) Write-offs	Nil	Nil
<b>SUB TOTAL (B)</b>	<b>23707</b>	<b>16912</b>
Gross NPAs as on 31st March 2016(A-B)	84295	36435



**f) Sector-wise Advances**

(₹ in '000)

SI No	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A) Priority Sector</b>							
1	Agriculture & allied activities	4609427	22203	0.48	3657033	12731	0.35
2	Industry (Micro & small, Medium and large)	632925	8062	1.27	1399091	13926	1.00
3	Services	1912173	3901	0.20	0	0	0
4	Personal Loans	0	0	0	0	0	0
5	Others	396996	77	0.02	96527	0	0
<b>SUB-TOTAL (A)</b>		<b>7551521</b>	<b>34243</b>	<b>0.45</b>	<b>5152651</b>	<b>26657</b>	<b>0.52</b>
<b>B) Non - Priority Sector</b>							
1	Agriculture & allied activities	0	0	0	0	0	0
2	Industry (Micro & small, Medium and large)	0	0	0	151661	0	0
3	Services	62574	0	0	50344	0	0
4	Personal Loans	141175	1239	0.88	120067	76	0.06
5	Others	3728771	48813	1.31	3818233	9701	0.25
<b>SUB-TOTAL (B)</b>		<b>3932521</b>	<b>50051</b>	<b>1.27</b>	<b>4140305</b>	<b>9778</b>	<b>0.24</b>
<b>TOTAL (A+B)</b>		<b>11484041</b>	<b>84295</b>	<b>0.73</b>	<b>9292956</b>	<b>36435</b>	<b>0.39</b>

**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**

(₹ in '000)

Particulars	Current Year	Previous Year
Fee/remuneration received:		
(a) Life insurance	14014	10188
(b) General Insurance	4980	5025

## 9. Provisions and Contingencies

(₹ in '000)

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

Particulars	Current Year	Previous Year
Provisions towards taxes	61525	66047
Provisions towards standard Assets	5067	5214
Provision towards Non Performing Advances	8476	3989
Depreciation on Investments	Nil	(26625)
Others	130*	1820
<b>Total</b>	<b>75198</b>	<b>50445</b>

\* Provision created for sub-judice contingent liability.

## 10. Staff Retirement benefits

(₹ in '000)

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	Current Year	Previous Year
<b>Defined benefit obligation liability at March 31,2016</b>		
Opening Obligations	14984	10902
Service Cost	2593	2184
Interest Cost	1161	927
Actuarial (gain)/Loss	317	1880
Liabilities extinguished on settlement		
Benefits Paid	(286)	(909)
Obligations at March 31,2016	18769	14984
<b>Plan Assets at March 31,2016,at fair value</b>		
Opening Plan Assets, at fair value	15042	10951
Expected return on plan assets	1166	849
Actuarial gain/(Loss)	(220)	492
Assets distributed on settlement		
Contributions	3067	3601
Benefits Paid	(286)	(909)
<b>Plan Assets at March 31,2016,at fair value</b>		
Fair Value of Plan Assets at the end of the year	18700	15042
Present Value of the defined benefit obligation at the end of the year	18769	14984
<b>Asset/(Liability) at March 31,2016</b>	<b>(69)</b>	<b>58</b>

<b>Cost for the period</b>		
Service Cost	2594	2184
Interest Cost	1161	927
Expected Return on Plan Assets	(1166)	(849)
Actuarial (gain)/Loss	536	1388
<b>Net Cost</b>	<b>3125</b>	<b>3650</b>
<b>Investment details of Plan Assets</b>		
Plan assets are invested in insurer managed funds.		
<b>Assumptions</b>		
Interest Rate	8.00%	7.75%
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	66478	72807
Wealth Tax	Nil	102
Deferred Tax	(4953)	(6862)

Note: The Bank has paid an amount of ₹4456 (000) and ₹473 (000), being the amount of demand created under the assessment under section 143(1) for the Assessment Year 2012-13 and Assessment Year 2013-14 respectively, for which the appeals have been made before the Commissioner of Income Tax (Appeals). The amount has been shown as Tax paid under Protest and no provision have been made, since the issues involved in the cases have been decided in the favor of the Bank in earlier years.

### 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	450474	362498	217088	182600	1165014	966690	190686	208090	2023262	1719878
Result	33907	55546	45884	47420	293019	251233	57687	64011	430497	418210
Unallocated Expenses	-	-	-	-	-	-	-	-	231581	209967
Operating Profit	-	-	-	-	-	-	-	-	198916	208243
Income Taxes	-	-	-	-	-	-	-	-	61525	66047
Extraordinary profit/Loss	-	-	-	-	-	-	-	-	-	-
Net Profit	-	-	-	-	-	-	-	-	137391	142196
Other Information										
Segment Assets	6138013	4623390	2064838	1578478	10413034	8670579	1726907	1759442	20342792	16631889
Unallocated Assets	-	-	-	-	-	-	-	-	182578	169625
Total Assets	-	-	-	-	-	-	-	-	20525370	16801514
Segment Liabilities	-	-	647932	52914	17645277	15149098	-	-	18293209	15202012
Unallocated Liabilities	-	-	-	-	-	-	-	-	1083808	704395
Total Liabilities	-	-	-	-	-	-	-	-	19377017	15906407

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

- 1) Mr. Sarvjit Singh Samra – Managing Director
- 2) Mr. Munish Jain – Chief Operating Officer & Company Secretary
- 3) 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.

a) The balances payable to/receivable from the related parties of the Bank as on March 31, 2016 are given below:

(₹ in '000)

Items/ Related Party		Parent	Subsidiary	Associates/ Joint Ventures	Key Management Personnel	Relatives of key management Personnel	Total
Borrowings	CY	-	-	-	-	6000	6000
	PY	-	-	-	-	3900	3900
Deposits	CY	-	-	-	823	10682	11505
	PY	-	-	-	2875	13082	15957
Placement of Deposits	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Advances	CY	-	-	-	5345	(53)	5292
	PY	-	-	-	4323	-	4323
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 for the year ended March 31, 2016 are given below:

(₹ in '000)

Items/ Related Party		Parent	Subsidiary	Associates/ Joint Ventures	Key Management Personnel	Relatives of key management Personnel	Total
Borrowings	CY	-	-	-	-	6000	6000
	PY	-	-	-	-	3900	3900
Deposits	CY	-	-	-	30818	130244	161062
	PY	-	-	-	8095	20354	28449
Placement of Deposits	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Advances	CY	-	-	-	6088	99	6187
	PY	-	-	-	6987	323	7310
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, 2016 are given below:

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	-	-	-	369	5308	5677
	PY	-	-	-	230	1222	1452
Interest received	CY	-	-	-	282	0.34	282.34
	PY	-	-	-	269	8	277
Rendering of services	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Receiving of services (Lease rent)	CY	-	-	-	13043	9615	25137
	PY	-	-	-	10180	6667	16847
Management Contracts	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-

## 14. Leases

### 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.

(₹ in '000)

Particulars	Current Year	Previous Year
Not later than one year	7413	8579
Later than One year and not later than five years	30050	23182
Later than five years	17231	12210
Total Minimum lease rental commitments	54694	43971

Total lease rental expenditure under cancellable and non-cancellable operating leases debited to Profit & Loss Account in the current year is ₹44123 ('000) (Previous Year ₹37197 ('000)).

### 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)	137391	142196
Weighted average number of equity shares	20520016	17264971
Weighted average number of equity shares For Diluted earning	20520016	17264971
Basic Earnings per share (in ₹)	6.70	8.24
Diluted Earnings per share (in ₹)	6.70	8.24
Basic Earnings per share - Restated pursuant to Right issue (in ₹) (In terms of paragraph 25 of AS 20 issued by ICAI)	6.70	7.23
Diluted Earnings per share - Restated pursuant to Right issue (in ₹) (In terms of paragraph 25 of AS 20 issued by ICAI)	6.70	7.23
Face Value per share (in ₹)	10.00	10

## 16. Deferred Tax Asset

Other Assets includes an amount equal to 11988 thousands (Previous Year 7035 thousands) of deferred tax Assets as detailed below:

(₹ in '000)

	Current Year	Previous Year
<b>Deferred Tax Liabilities</b>	<b>13666</b>	<b>14649</b>
Depreciation on Fixed Assets	11345	12666
Special Reserve under section 36(i) (viii)	2321	1983
<b>Deferred Tax Assets</b>	<b>25654</b>	<b>21684</b>
Loan Loss Provisions	13013	11058
Investment Provisions	4755	4670
Others	7886	5956
<b>Deferred Tax Liabilities/(Assets) (Net)</b>	<b>(11988)</b>	<b>(7035)</b>

## 17. Provision Coverage Ratio

Particulars	Current Year	Previous Year
Ratio of Provisioning to Gross Non-Performing Assets	39.12%	67.24%

## 18. Disclosure Of Complaints

Customer Complaints pertaining to Automated Teller Machine (ATM)

Particulars	Current Year	Previous Year
No. of Complaints pending at the beginning of the year	NIL	NIL
No. of Complaints received during the year	76	55
No. of Complaints redressed during the year	76	55
No. of Complaints pending at the end of the year	Nil	Nil

Out of the above complaints, 50 complaints (18 previous year) are related to acquiring banks during the current year ending March 31, 2016.

Customer Complaints other than Automated Teller Machine (ATM) complaints

Particulars	Current Year	Previous Year
No. of Complaints pending at the beginning of the year	01	01
No. of Complaints received during the year	04	10
No. of Complaints redressed during the year	05*	10
No. of Complaints pending at the end of the year	Nil	01

\* One case is subjudice and accordingly excluded from complaints.

#### Awards Passed by the Banking Ombudsman

Particulars	Current Year	Previous Year
No of Unimplemented Awards at the beginning of the year	Nil	Nil
No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
No. of Awards implemented during the year	Nil	Nil
No. of Unimplemented Awards at the end of the year	Nil	Nil

## 19. Draw Down from Reserves

Particulars	Current Year	Previous Year
• Security Premium Account	20761	24787
Expenditure incurred on issue of Upper/Lower Tier II Bonds	20761	9091
Bonus Issue	Nil	15696
• Profit & Loss Appropriation Account	Nil	2453
Being the amount of depreciation on fixed assets whose useful life as on April 01, 2014 is Nil as per Companies Act, 2013)	Nil	2453
Being the amount of DTL created on opening balance of Special Reserve in pursuance to RBI circular no. DBOD.BP.BC.No.77/21.04.018/2013-14 dated December 20, 2013	Nil	Nil

## 20. Transfer to Depositor Education and Awareness Fund (DEAF)

The Bank has transferred ₹4567 ('000) (Previous Year ₹ 5000) to the Depositor Education and Awareness Fund (DEAF) during the year ended March 31, 2016 as per the details below:

Particulars	Current Year	Previous Year
Opening balance of amount transferred to DEAF	5000	Nil
ADD: Amount transferred to DEAF during the year	4567	5000
LESS: Amounts reimbursed by DEAF towards claims	288	-
Closing balance of amounts transferred to DEAF	9279	5000

## 21. Movement in Floating provisions

The Bank has not created or utilized any floating provisions during the year ended March 31, 2016 and March 31, 2015. The floating provisions was nil as at March 31, 2016 and March 31, 2015.

## 22. Securitization transactions

The Bank has not done any securitization transactions during the year ended March 31, 2016 and March 31, 2015.

## 23. Letter of comfort

The Bank has not issued any letter of comfort during the year ended March 31, 2016 and March 31, 2015.

## 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, 2016 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. Unamortized Pension and Gratuity Liabilities

Particulars	Current Year	Previous Year
Unamortized Pension and Gratuity Liabilities	Nil	Nil

## 28. Remuneration

### a) Qualitative Information

Information relating to the composition and mandate of the Remuneration Committee.	<p>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:-</p> <p>Members</p> <ol style="list-style-type: none"><li>1. Mr. Madan Gopal Sharma</li><li>2. Mr. Bhagwant Singh Sangha</li><li>3. Mr. Sukhpal Singh Gill</li></ol> <p>The committee has been constituted to oversee the framing, review and implementation of compensation policy of the Bank on behalf of the Board of CEO/Whole time directors.</p>
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Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	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 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	
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 : 6 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.	
(iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	

## 29. Credit Default Swaps

The Bank has not entered into any Credit Default swaps(CDS) during the year ended March 31, 2016 and March 31, 2015.

## 30. Liquidity coverage ratio

Since a local area bank is governed by Basel I compliance and not by Basel III compliance, liquidity coverage ratio is not applicable on the Bank.

## 31. Comparative Figures

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

**Capital Small Finance Bank** 

*Building Trust and Relationship  
Beyond Banking*



*16* years of  
Trust & Performance



# OUR NETWORK

## METROPOLITAN

### LUDHIANA

BXX3360, Gurdev Nagar (near Aarti Cinema), Ferozepur Road  
Ludhiana - 141001  
Tel. 0161-5014444, 5074444  
ludhiana@capitalbank.co.in

### AMRITSAR

Central Mall, 32, Mall Road  
Amritsar - 143001  
Tel. 0183-5093333, 5053333  
amritsar@capitalbank.co.in

### LUDHIANA\*

Miller Ganj, Ludhiana

### CHANDIGARH\*

SCO No.59-60, Sector 9D, Chandigarh

## URBAN

### HOSHIARPUR

204-L, Model Town, Near Bus Stand  
Hoshiarpur - 146001  
Tel. 01882-520314, 520316  
hoshiarpur@capitalbank.co.in

### JALANDHAR

Gobind Niwas, 36, G.T. Road  
Jalandhar - 144001  
Tel. 0181-5054444, 5050600  
jalandhar@capitalbank.co.in

### JALANDHAR (2)

143, Vijay Nagar, Near Football Chowk  
Mahavir Marg, Jalandhar - 14400  
Tel. 0181-5026666, 5027777  
jalandhar2@capitalbank.co.in

### KHANNA

G.T. Road, near Old Bus Stand,  
Khanna 141401, Distt. Ludhiana  
Tel. 01628-504446, 504447  
khanna@capitalbank.co.in

### JALANDHAR

M. Town, 504-R, Model Town,  
Jalandhar - 144001  
Tel. 0181-5020909, 5050909  
jalandhar3@capitalbank.co.in

### MOHALI\*

### PATIALA\*

Executive Tower, 5-C,  
Rajbaha Road, Patiala

### MOGA\*

G.T. Road, Moga

### JALANDHAR (Bypass Road)\*

New Gobind Nagar, Near Ram Dass Nagar,  
Amritsar Bypass Road,  
Jalandhar - 144009  
jalandhar4@capitalbank.co.in

## SEMI-URBAN

### NAKODAR

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

### PHAGWARA

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

### KAPURTHALA

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

### GORAYA

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

### NURMAHAL

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

### SHAHKOT

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

### SULTANPUR LODHI

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

### MUKERIAN

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

### TANDA

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

### PHILLAUR

Prithvi Tower, Near Bus Stand, G.T. Road,  
Phillaur - 144410, Distt. Jalandhar  
Tel. 01826-500888, 500777  
phillaur@capitalbank.co.in

### ADAMPUR

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

### DASUYA

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

### KARTARPUR

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

### JAGRAON

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

### RAYYA

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

### SAMRALA

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

### GARHSANKAR

Hoshiarpur Road, Near Civil Courts,  
Garhshankar - 144527, Distt. Hoshiarpur  
Tel. 01884-500010, 500011,  
500280-288  
garhshankar@capitalbank.co.in

### JANDIALA GURU

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

### DORAHA

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

### BANGA\*

Nawanshahr Road, Banga  
Distt. Nawanshahr  
banga@capitalbank.co.in

### NAWANSHAHR\*

New City Tower, Banga Road,  
Distt. Nawanshahr  
nawanshahr@capitalbank.co.in

### FATEHGARH SAHIB\*

Main Road, Fatehgarh Sahib

### MACHHIWARA\*

Samrala Road, Opp. Grain Market,  
Machhiwara, Distt. Ludhiana

## RURAL

### SAMRAI

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

### MAHILPUR

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

### MEHATPUR

Main Road, Near Bus Stand,  
Mehatpur - 144041, Distt. Jalandhar  
mehatpur@capitalbank.co.in

### MALSIAN

Shahkot Road, Near Bus Stand,  
Malsian - 144701, Distt. Jalandhar  
Tel. 1821-502744, 502745  
malsian@capitalbank.co.in



**SHANKAR**

Near Bus Stand, V&PO Shankar -144042  
Tehsil Nakodar, Distt. Jalandhar  
Tel. 01821-246489, 246490  
shankar@capitalbank.co.in

**BHOGPUR**

G.T. Road, Bhogpur - 144201  
Distt. Jalandhar  
Tel. 0181-5060280, 506028  
bhogpur@capitalbank.co.in

**LOHIAN**

Main Road, Lohian 144629,  
Tehsil Shahkot,  
Distt. Jalandhar  
Tel. 01821-501584, 501585  
lohian@capitalbank.co.in

**BEGOWAL**

Main Road, Opp. Bus Stand,  
V&PO Begowal - 144621,  
Tehsil Bholath, Distt. Kapurthala  
Tel. 01822-502370, 502371  
begowal@capitalbank.co.in

**JANDIALA**

Jalandhar Road  
V&PO Jandiala -144031  
Tehsil Phillaur, Distt. Jalandhar  
Mob. 0735553035, 07355548034  
jandiala@capitalbank.co.in

**BILGA**

Near Patti Nelowal Chowk  
V&PO Bilga -144036, Tehsil Phillaur  
Distt. Jalandhar  
Tel. 01826-245062, 245063  
bilga@capitalbank.co.in

**KALA SANGHIAN**

Jalandhar Road, V&PO Kala Sanghian-  
144623, Distt. Kapurthala  
Tel.:01822-258084, 258086  
kalasanghian@capitalbank.co.in

**RURKA KALAN**

Near Bus Stand, Goraya Road  
V&PO Rurka Kalan - 144031  
Tehsil Phillaur, Distt. Jalandhar  
Tel. 01826-276111, 276222  
rurkakalan@capitalbank.co.in

**CHABBEWAL**

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

**JAMSHER**

Jalandhar Cantt. Road,  
V&PO. Jamsher -144020,  
Distt. Jalandhar  
Tel. 0181-2775111, 2775011  
jamsher@capitalbank.co.in

**DAKHA**

Ferozepur Road, V&PO. Dakha -141101  
Distt. Ludhiana  
Tel. 0161-5068377, 5068477  
dakha@capitalbank.co.in

**NADALA**

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

**LAMBRA**

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

**HARIANA**

Main Road, Hariana - 144208,  
Distt. Hoshiarpur  
Tel. 01886-501555, 501666  
hariana@capitalbank.co.in

**PARJIAN**

Main Road, Mehatpur-Shahkot Road, Parjian  
- 144041, Tehsil Shahkot,  
Distt. Jalandhar  
Tel. 01821-274010, 274011  
parjian@capitalbank.co.in

**GARDHIWAL**

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

**UGGI**

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

**UNBANKED RURAL****RURKI**

Main Chowk, V&PO. Rurki - 141305,  
Tehsil Phillaur, Distt. Jalandhar  
Tel. 01826-276363, 271664  
rurkee@capitalbank.co.in

**BOOLPUR**

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

**RAZAPUR**

V&PO Razapur, Distt. Kapurthala  
Tel. 01822-654001  
razapur@capitalbank.co.in

**NAWANPIND DONEWAL**

V&PO Nawanpind Donewal - 144629  
Tehsil Shahkot, Distt. Jalandhar  
Tel. 01821- 276045, 276246  
nawanpinddonewal@capitalbank.co.in

**POONIA**

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

**SEECHEWAL**

Vil. Seechewal, PO. Chak Chela,  
Pin -144701, Tehsil Shahkot,  
Distt. Jalandhar  
Tel. 01821-270009, 270109  
seechewal@capitalbank.co.in

**KANGNA**

V&PO. Kangna - 144701,  
Tehsil Nakodar, Distt. Jalandhar  
Tel. 01821-271194, 271184  
kangna@capitalbank.co.in

**KANDOLA KALAN**

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

**DHALIWAL**

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

**BOPA RAI KALAN**

V&PO. Bopa Rai Kalan - 144630,  
Tehsil Nakodar, Distt. Jalandhar  
Tel. 01821-246253, 245253  
boparai@capitalbank.co.in

**MUDH\***

V&PO. Mudh, Tehsil Nakodar,  
Distt. Jalandhar - 144030  
mudh@capitalbank.co.in

**POWADRA\***

V&PO. Powadra, Tehsil Phillaur,  
Distt. Jalandhar - 144036  
powadra@capitalbank.co.in

**TALWANDI SANGHERA\***

V&PO. Talwandi Sanghera,  
Tehsil Shahkot, Distt. Jalandhar - 144703  
talwandisanghera@capitalbank.co.in

**KHANPUR DHADDA\***

V&PO. Khanpur Dhadra, Tehsil Nakodar,  
Distt. Jalandhar - 144701  
khanpurdhadra@capitalbank.co.in

**UPPAL JAGIR\***

V&PO. Uppal Jagir, Tehsil Phillaur,  
Distt. Jalandhar - 144039  
uppaljagir@capitalbank.co.in

**TAHLI\***

V&PO. Tahl, Tehsil Nakodar,  
Distt. Jalandhar - 144043  
tahl@capitalbank.co.in

**PHARWALA\***

V&PO. Pharwala, Tehsil Phillaur,  
Distt. Jalandhar - 144037  
pharwala@capitalbank.co.in

**BAJUHA KHURD\***

V&PO. Bajuha Khurd, Tehsil Nakodar,  
Distt. Jalandhar - 144033  
bajuhakurd@capitalbank.co.in

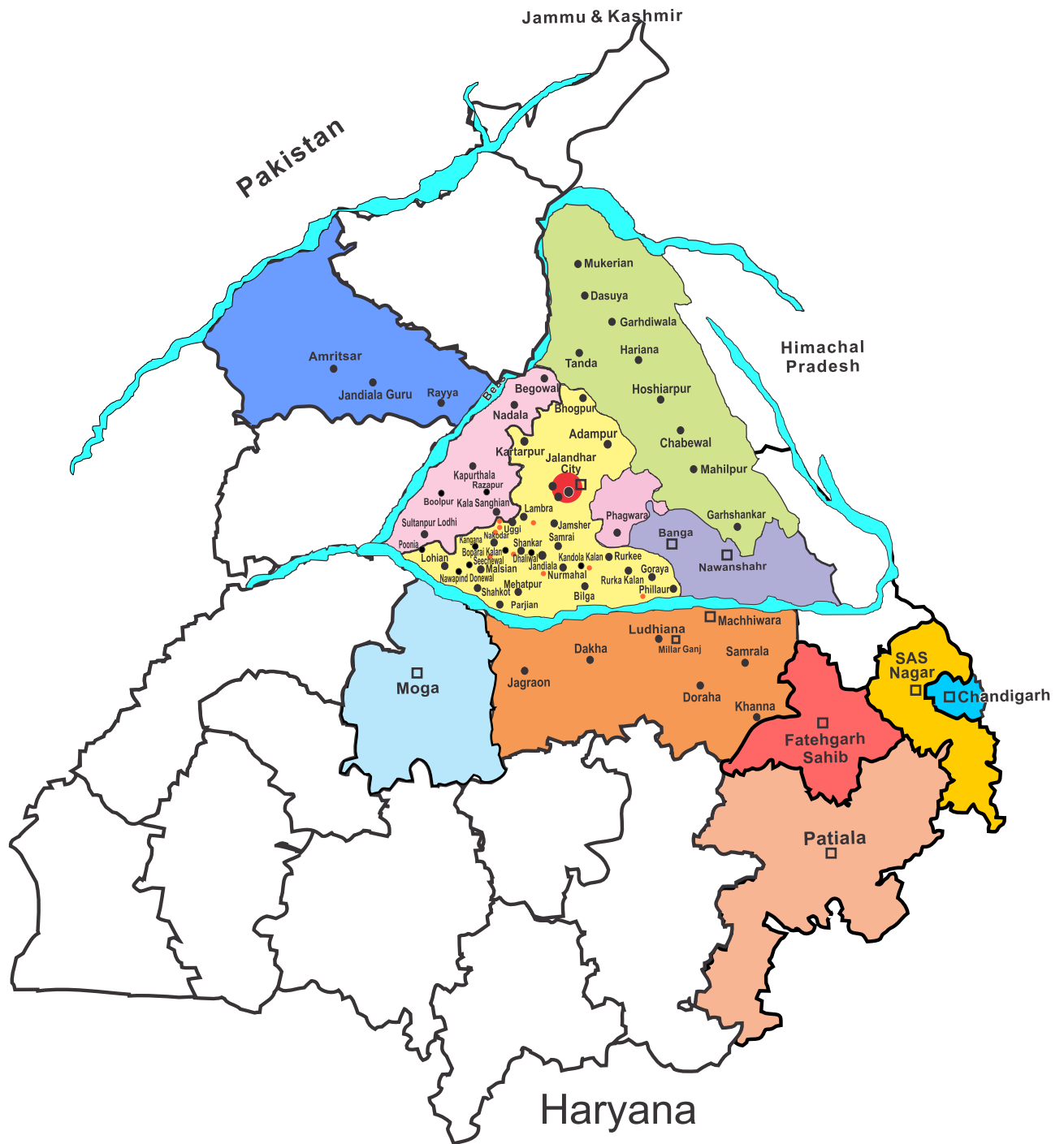
**TUT KALAN\***

V&PO. Tut Kalan, Tehsil Nakodar,  
Distt. Jalandhar - 144040  
tutkalan@capitalbank.co.in

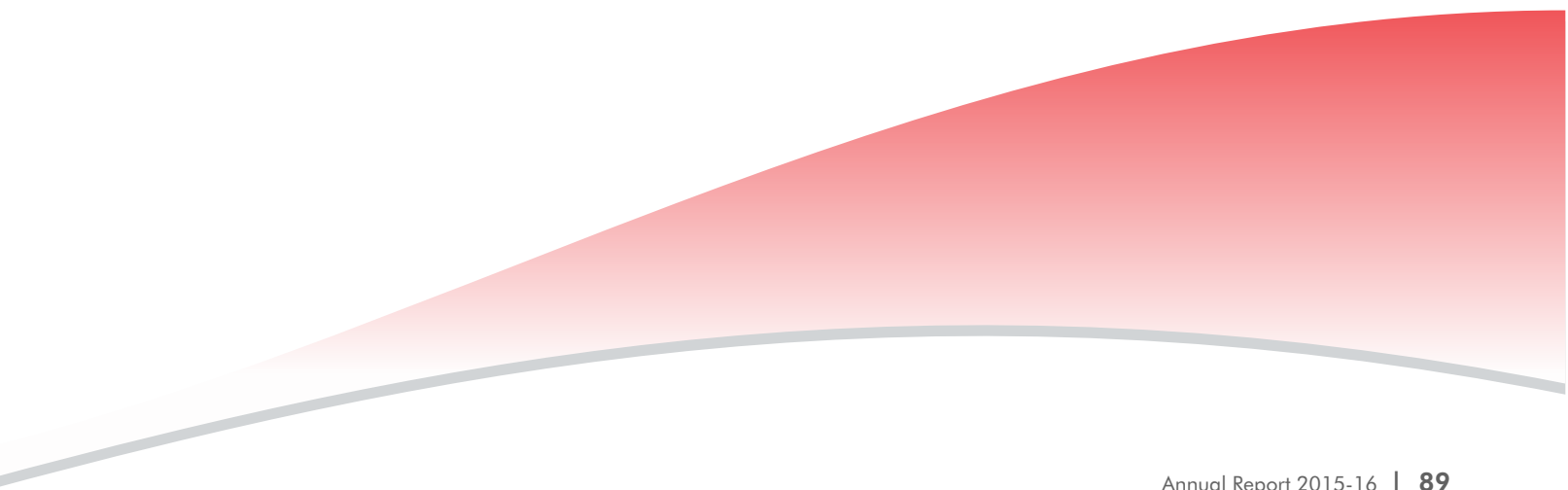
\* Upcoming Branches



# Area of Operation



- |  |  |   |
|--|--|---|
| <span style="display: inline-block; width: 15px; height: 15px; background-color: yellow; border: 1px solid black;"></span> Jalandhar District      | <span style="display: inline-block; width: 15px; height: 15px; background-color: purple; border: 1px solid black;"></span> Nawanshahr District   | <span style="display: inline-block; width: 15px; height: 15px; background-color: red; border: 1px solid black; border-radius: 50%;"></span> Head Office                                   |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: lightgreen; border: 1px solid black;"></span> Hoshiarpur District | <span style="display: inline-block; width: 15px; height: 15px; background-color: red; border: 1px solid black;"></span> Fatehgarh Sahib District | <span style="display: inline-block; width: 15px; height: 15px; background-color: black; border: 1px solid black; border-radius: 50%;"></span> Existing Branches                           |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: pink; border: 1px solid black;"></span> Kapurthala District       | <span style="display: inline-block; width: 15px; height: 15px; background-color: yellow; border: 1px solid black;"></span> SAS Nagar District    | <span style="display: inline-block; width: 15px; height: 15px; background-color: black; border: 1px solid black;"></span> Proposed Branches 2016-17                                       |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: blue; border: 1px solid black;"></span> Amritsar District         | <span style="display: inline-block; width: 15px; height: 15px; background-color: lightorange; border: 1px solid black;"></span> Patiala District | <span style="display: inline-block; width: 15px; height: 15px; background-color: orange; border: 1px solid black; border-radius: 50%;"></span> Proposed (Unbanked) Rural Branches 2016-17 |
| <span style="display: inline-block; width: 15px; height: 15px; background-color: orange; border: 1px solid black;"></span> Ludhiana District       | <span style="display: inline-block; width: 15px; height: 15px; background-color: cyan; border: 1px solid black;"></span> Chandigarh              | <i>Powadra, Mudh, Uppal Jagir, Tahli, Talwandi Sanghera, Khanpur Dhadda, Pharwala, Bajuha Khurd, Tut Kalan</i>  |







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## **Capital Small Finance Bank Limited**

(Formerly known as Capital Local Area Bank Limited)

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