

CSFB No. 2018-19/135

M/s Bombay Stock Exchange Limited
Listing Compliance
P.J Towers,
Dalal Street,
Mumbai 400001

Subject: Intimation in terms of Regulation 52 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

Dear Sir/Madam,

In accordance with the requirement of the aforesaid regulations, we hereby submit/ confirm/declare the following information:

1. Pursuant to the Regulation 52 (1) of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 Audited Financial results for the year ended March 31, 2018 is enclosed as **Annexure I**.
2. Pursuant to the Regulation 52 (3) of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015, Declaration is enclosed as **Annexure II**.
3. In term of Regulation 52 (4):
 - a) There is a change in credit rating and the same is enclosed as **Annexure III**.
 - b) Being a Banking Company, requirement of disclosures of Asset cover, debt service coverage ratio and interest services coverage ratio are not applicable.
 - c) The Bank follows the guidelines issued by RBI from time to time with regard to Capital Adequacy Ratio. Accordingly, the debt-equity ratio is not applicable to the Bank.
 - d) The Bank had made payment of interest on all the listed Bonds on time and there is no default in payment of interest. Detail of the same along with due dates of payment is enclosed as **Annexure IV**.
 - e) The Bank has not issued any Redeemable Preference shares.
 - f) As per Section 71(4) of Companies Act, 2013 read with Rule 18 (7) (b) of Companies (Share Capital and Debentures), Rules, 2014 requirement of creating Debentures Redemption reserve in not applicable on Banking Company.
 - g) Net worth of the Company as on March 31, 2018 was Rs. 232.72 Crores
 - h) Earnings per share as on March 31, 2018 was Rs. 6.86/-
4. Pursuant to the Regulation 52(5) Certificate signed by Debenture trustee (IDBI Trusteeship Services Limited) is enclosed as **Annexure V**.
5. Pursuant to the Regulation 52(7) there was no material deviations in the use of proceeds of issue of non-convertible debt securities from the objects stated in the offer document.

Yours faithfully,
For CAPITAL SMALL FINANCE BANK LTD.

Sahil Vijay
COMPANY SECRETARY
(Sahil Vijay)
Company Secretary

V. P. VIJH & CO.

CHARTERED ACCOUNTANTS

Tele : Office : 0181-2226922, 2452202, 4622922
E-mail : sandeepvijh3@gmail.com
vikramvijh@hotmail.com

Sandeep Vijh B. Com., F.C.A.
Vikram Vijh B. Com., F.C.A., DISA, FAFP
A.K. Wadhawa B. Com., F.C.A.
Amanat Ralhan B. Com., F.C.A.

1st & 2nd Floor, K. K. Tower,
Opp. Circuit House,
JALANDHAR-144 001.

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 at 31 March 2018, 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, 2018, and its profit & loss and its cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

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

(a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

(b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.

(c) the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.

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

i. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books

iii. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account .

iv. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended by companies (Accounting Standard) Amendment Rules 2016 to the extent they are not inconsistent with the accounting policies prescribed by RBI;

v. on the basis of written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act; and

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

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

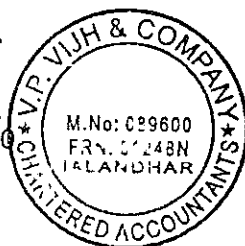
(a) the Bank does not have any pending litigations which would impact its financial position

(b) the Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as certified by the management and

(c) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

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

Vikram Vijh
(VIKRAM VIJH)
(Partner)
Membership Number 089600



9-5-18

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 2018 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

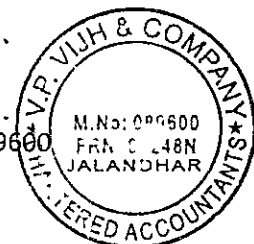
8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria 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)

Vikram Vijh
(Vikram Vijh)
(Partner)

Membership No : 089600

9-5-18



Capital Small Finance Bank Limited
MIDAS Corporate Park, 3rd Floor, 37 ,G.T. Road, Jalandhar
(Formerly known as Capital Local Area Bank Limited)
BALANCE SHEET AS ON MARCH 31, 2018

(₹ IN THOUSANDS)

PARTICULARS	SCHEDULE	As on 31/03/2018	As on 31/03/2017
<u>CAPITAL & LIABILITIES</u>			
Capital	1	284807	269871
Reserve and Surplus	2	2051029	1632299
Deposits	3	28505200	23782133
Borrowings	4	2222008	1162300
Other Liabilities and provisions	5	455276	361606
Total		33518320	27208209
<u>ASSETS</u>			
Cash and Balances with Reserve Bank of India	6	1543004	1521356
Balances With banks and Money at call and short notice	7	3748261	3352434
Investments	8	8707321	7825950
Advances	9	18472911	13653997
Fixed assets	10	645723	502493
Other Assets	11	401100	351979
Total		33518320	27208209
Contingent Liabilities	12	272776	223044
Bills for Collection		-	-
Significant Accounting Policies	18		

[Signature]
**CHIEF OPERATING OFFICER
& CHIEF FINANCIAL OFFICER**

Sahel Vijay
COMPANY SECRETARY

[Signature]
MANAGING DIRECTOR

DIRECTORS

[Signature]

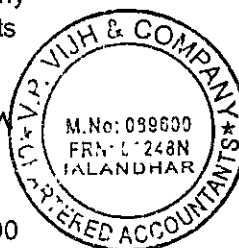
As per our separate report appended

For V.P.Vijh & Company
Chartered Accountants

Ram Sami

Date : May 09, 2018
Place: Jalandhar

Vikram Vijh
(VIKRAM VIJH)
(PARTNER)
Membership No. 089600
FRN : 001248N



Capital Small Finance Bank Limited
MIDAS Corporate Park, 3rd Floor, 37 , G.T. Road, Jalandhar
(Formerly known as Capital Local Area Bank Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2018

(₹ IN THOUSANDS)

PARTICULARS	SCHEDULE	Year ended 31/03/2018	Year ended 31/03/2017
<u>INCOME</u>			
Interest Earned	13	2710046	2236896
Other Income	14	228611	198906
Total		2938657	2435802
<u>EXPENDITURE</u>			
Interest Expended	15	1664866	1496622
Operating Expenses	16	946838	706922
Provisions and Contingencies		136751	81858
Total		2748455	2285402
<u>PROFIT/LOSS</u>			
Net profit for the year		190202	150400
Profit brought forward		590605	501209
Total		780807	651609
<u>APPROPRIATIONS</u>			
Transfer to Statutory Reserves		47551	37600
Transfer to Special Reserve		1705	1228
Transfer to/from Investment Reserve Account		(4)	-
Transfer to Proposed Dividend		-	18425
Tax on Proposed Dividend		-	3751
Balance carried over to Balance sheet		731555	590605
Total		780807	651609
<u>EARNING PER SHARE</u>			
Basic (Rupees)		6.86	6.53
Diluted (Rupees)		6.86	6.53
(Face value) (Rupees)		10.00	10.00

[Signature]
**CHIEF OPERATING OFFICER
& CHIEF FINANCIAL OFFICER**

[Signature]
COMPANY SECRETARY

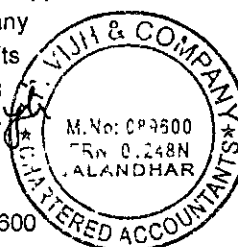
[Signature]
MANAGING DIRECTOR

[Signature]
DIRECTORS

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

[Signature]
(VIKRAM VIJH)
(PARTNER)

Membership No. 089600
FRN : 001248N



[Signature]
Rohit Sami

Date: May 09, 2018
Place : Jalandhar

Capital Small Finance Bank Limited
MIDAS Corporate Park, 3rd Floor, 37, G.T. Road, Jalandhar

(Formerly known as Capital Local Area Bank Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ IN THOUSANDS)

PARTICULARS	Year ended 31/03/2018	Year ended 31/03/2017
<u>CASH FLOW FROM OPERATING ACTIVITIES:</u>		
Net Profit before Taxes	297149	217249
<u>Adjustment For:</u>		
Depreciation Charge on Fixed Assets for The Year	85148	62617
Loan Loss Provision	29796	15139
(Profit)\Loss on Sale of Fixed Assets	1485	(442)
Depreciation on investments	8	-
Other Provision	-	(130)
	413586	294433
<u>Adjustment For:</u>		
(Increase)/Decrease in Term Deposits with other Banks	(405044)	(1149780)
(Increase)/Decrease In Investments	(241783)	(2137935)
(Increase)/Decrease In Advances	(4833932)	(2211910)
Increase/(Decrease) In Deposits	4723067	5640795
(Increase)/Decrease In Other Assets	(88566)	(102905)
Increase/(Decrease) In Other Liabilities & Provision	101068	137083
	(331604)	469781
Refund/(Payment) of Direct Taxes	(67503)	(76959)
NET CASH FLOW FROM OPERATING ACTIVITIES	(399107)	392822
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	(230668)	(204388)
Proceeds from Sale of Fixed Assets	805	3970
NET CASH FLOW FROM INVESTING ACTIVITIES	(229863)	(200418)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Net Proceeds from equity shares issued on private placement basis under preferential allotment	243465	629922
Net Proceeds from the issue of Unsecured Redeemable Non Convertible Bonds	-	155421
Refinance from SIDBI	500000	-
Fees paid to enhance Authorized Capital	-	(750)
Dividend Payment (Including C D T)	(22176)	(36063)
NET CASH FLOW FROM FINANCING ACTIVITIES	721289	748530
Net Increase / (Decrease) In Cash & Cash Equivalent	92319	940934
Cash & Cash Equivalents In the Beginning	1726952	786018
Cash & Cash Equivalents At the end	1819271	1726952

**CHIEF OPERATING OFFICER
& CHIEF FINANCIAL OFFICER**

COMPANY SECRETARY

MANAGING DIRECTOR

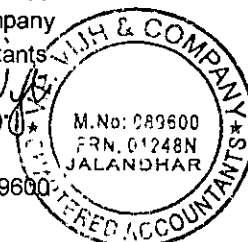
DIRECTORS

As per our separate report appended

For V.P. Vijh & Company
Chartered Accountants

Vikram Vijh
(VIKRAM VIJH)
(PARTNER)

Membership No. 089600
FRN : 001248N



Date: May 09, 2018
Place : Jalandhar

Capital Small Finance Bank Limited
MIDAS Corporate Park, 3rd Floor, 37, G.T. Road, Jalandhar
(Formerly known as Capital Local Area Bank Limited)
Schedules forming part of the Balance Sheet As On March 31, 2018

(₹ IN THOUSANDS)

PARTICULARS	Year Ended 31/03/2018	Year Ended 31/03/2017
SCHEDULE - 1 CAPITAL		
Authorized Capital	350000	350000
35000000 equity shares of Rs. 10 each		
Issued, Subscribed and Paid-up Capital		
28480743 equity shares issued of Rs. 10 each fully paid-up (Previous year 26987093 equity shares of Rs. 10 each) (Of the above shares 1200000 shares are allotted as fully paid-up equity shares by way of bonus shares)	284807	269871
Total	284807	269871
SCHEDULE 2 - RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening Balance	311683	274083
Additions during the year	47551	37600
II. Capital Reserves		
Opening Balance	159	159
Additions during the year	-	-
III. Special Reserves		
Opening Balance	7934	6706
Additions during the year	1705	1228
IV. Investment Reserves Account		
Opening Balance	13181	13181
Additions during the year	-	-
Deductions during the year	4	-
V. Security Premium Account		
Opening Balance	708737	122816
Additions during the year	228528	606982
Deductions during the year		21061
VI. Balance in Profit & Loss Account	731555	590605
Total	2051029	1632299
SCHEDULE 3 - DEPOSITS		
A I Demand Deposits		
From banks	23691	58
From others	1083134	782221
II Saving Bank Deposits	10293200	8621712
III Term deposits		
From banks	534395	187359
From others	16570780	14190783
Total	28505200	23782133
B I Deposits of branches in India	28505200	23782133
II Deposits of branches outside India	-	-
Total	28505200	23782133

SCHEDULE 4 - BORROWINGS

I.	Borrowings in India	-	-
	-Reserve Bank of India	-	-
	-Other Banks	-	-
	-Other Financial Institutions	1059708	
	-Unsecured Redeemable Non-Convertible Bonds (Subordinated debt - Tier II Capital)	772300	613300
	-Unsecured Redeemable Non-Convertible Tier II Bonds	-	159000
	-Hybrid debt Capital instrument issued as debentures	390000	390000
II.	Borrowings outside India	-	-
	Total	2222008	1162300

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I.	Bills Payable	256742	181331
II.	Inter-office adjustments (net)	-	201
III.	Interest accrued	31915	26936
IV.	Others (including provisions)	166619	130962
V.	Proposed Dividend(includes tax on Dividend)	-	22176
	Total	455276	361606

SCHEDULE 6 - CASH AND BALANCE WITH RESERVE BANK OF INDIA

I.	Cash in hand	312276	457607
II.	Balance with Reserve Bank of India		
	a) in current accounts	1230728	1063749
	b) in other deposits accounts	-	-
	Total	1543004	1521356

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

I.	In India		
i)	Balance with banks		
	a) in current accounts	276267	205596
	b) in other deposit accounts	3221994	2816950
II)	Money at call and short notice	-	-
	a) With Banks		
	b) With other Institutions	250000	329888
	Total (I)	3748261	3352434
II.	Outside India		
	a) in current accounts	-	-
	b) in other deposits accounts	-	-
	c) Money at call and short notice	-	-
	Total (II)	-	-
	G. Total(I+II)	3748261	3352434

SCHEDULE 8 - INVESTMENTS

I	Investments in India in		
i)	Government securities	8667321	7785950
ii)	Other approved securities	-	-
iii)	Shares	-	-
iv)	Debentures and Bonds	40000	40000
v)	Subsidiaries and/or joint ventures	-	-
vi)	Others(Certificate of deposits, money market based mutual Funds)	-	-
	Total (I)	8707321	7825950
II	Investments outside India in		
i)	Government securities	-	-
ii)	Subsidiaries and/or joint ventures abroad	-	-
iii)	Other Investments	-	-
	Total (II)	-	-
	G. Total(I+II)	8707321	7825950

SCHEDULE 9 - ADVANCES

A i)	Bills purchased and discounted	3	138
ii)	Cash credits, overdrafts and loans repayable on demand	11953149	9290861
iii)	Term Loans	6519759	4362998
	Total	18472911	13653997
B I)	Secured by Tangible Assets	18199069	13438184
ii)	Covered by Bank / Government Guarantees	-	-
iii)	Unsecured	273842	215813
	Total	18472911	13653997
C I)	Advances in India		
i)	Priority Sector	11464104	9766981
ii)	Public Sector	-	-
iii)	Banks	-	-
iv)	Other	7008807	3887016
	Total (I)	18472911	13653997
II)	Advances outside India		
i)	Due from Banks	-	-
ii)	Due from Others	-	-
a)	Bills Purchased & Discounted	-	-
b)	Syndicated Loans	-	-
c)	Others	-	-
	Total (II)	-	-
	G.Total (I+II)	18472911	13653997

SCHEDULE 10 - FIXED ASSETS

I. Premises		
At cost as on 31st March of the preceeding year	64524	64524
Add : Additions during the year		
Less : Deductions during the year		
	64524	64524
<u>Depreciation</u>		
As at 31st March of the preceeding year	-	-
Charge for the year	-	-
Total	-	-
Net Block I	64524	64524
II. Other Fixed Assets (including furniture & fixtures)		
At cost as on 31st March of the preceeding year	788491	592007
Add : Additions during the year	230668	204388
Less : Deductions during the year	8098	7904
Total	1011061	788491
<u>Depreciation</u>		
As at 31st March of the preceeding year	350522	292281
Charge for the year	85148	62617
Less : Reversed on sale	5808	4376
	429862	350522
Net Block II	581199	437969
Grand Total (I & II)	645723	502493

SCHEDULE 11 - OTHER ASSETS

i) Inter-office adjustments (net)	-	-
ii) Interest accrued	325368	266448
iii) Stationary & Stamps	7726	7359
iv) Others	68006	78172
Total	401100	351979

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	241015	190906
(b) Outside India	-	-
v) Acceptances, endorsements and other obligations	12051	18054
vi) Other items for which bank is contingently liable.	19710	14084
Total	272776	223044

SCHEDULE 13 - INTEREST EARNED

I. Interest/discount on advances/bills	1783577	1448056
II. Income on investments	649274	581272
III. Interest on balance with Reserve Bank of India and inter-bank funds	276088	207568
IV. Others	1107	-
Total	2710046	2236896

SCHEDULE 14 - OTHER INCOME

I.	Commission, exchange and brokerage	175826	129585
II.	Profit/Loss on sale of investments(Net)	33001	46316
III.	Profit/Loss on revaluation of investments(Net)	-	-
IV.	Profit/Loss on sale of Land, building& other assets(Net)	(1485)	442
V.	Profit/Loss on Exchange Transactions(Net)	21222	22232
VI.	Income earned by way of dividends etc.	-	-
VII.	Miscellaneous income	47	331
	Total	228611	198906

SCHEDULE 15 - INTEREST EXPENDED

I.	Interest on deposits	1523305	1374483
II.	Interest on inter-bank borrowings	7433	4285
III.	Others	134128	117854
	Total	1664866	1496622

SCHEDULE 16 - OPERATING EXPENSES

I.	Payments to and provisions for employees	459234	378158
II.	Rent, taxes and lighting	139438	103168
III.	Printing and stationery	18832	17100
IV.	Advertisement and publicity	8822	8736
V.	Depreciation on bank property	85148	62617
VI.	Directors fees, allowances & expenses	760	554
VII.	Auditors fees and expenses	1208	956
VIII.	Law charges	175	107
IX.	Postage, telegrams, telephones etc.	18207	13488
X.	Repairs and maintenance	23220	19214
XI.	Insurance	35317	27788
XII.	Other expenditure	156477	75036
	Total	946838	706922

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

OVERVIEW

Capital Small Finance Bank Limited ('The Bank') a banking company incorporated under The Companies Act, 1956, is engaged in providing a wide range of banking and financial services including retail & commercial banking and treasury operations. The Bank is governed by the Banking regulation Act, 1949. The name of the bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide RBI notification dated February 16, 2017.

Basis of Preparation

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

The preparation of financial statements requires the management to make estimates and assumptions that are considered in the reported amounts 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.

Notes:

- Investment in quoted G-Sec and SDLs are valued as per the prices declared by Financial Benchmark India Pvt. Ltd. (FBIL) in terms of the circular issued by Reserve Bank of India vide reference number RBI/2017-18/146 FMRD.DIRD.7/14.03.025/2017-18 dated March 31, 2018
- Investment in debentures is valued on YTM basis or the Highest Volume Rated Average Price in the last 15 days (if traded) whichever is less.
- Units of mutual funds are valued at the latest net asset value declared by the mutual fund.

- Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost and stated at acquisition cost.

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% 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%
Motor Vehicle:	
Motor Car	11.88%
Two Wheeler	9.50%
Cycle	9.50%

- d. Depreciation on Assets sold or disposed off 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 asset value.

4. TRANSACTIONS INVOLVING FOREIGN EXCHANGE

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

5. REVENUE RECOGNITION

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

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

6. NET PROFITS

The Net Profits have been arrived at after:-

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

7. RETIREMENT BENEFITS

- a. Defined Contribution towards Provident Fund is provided for as per statutory requirements and 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 effective from year ended March 31, 2008. 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 Rs 5 crores as defined by Reserve Bank of India. Retail banking also includes liability products and NRI services.

c. Corporate/Wholesale Banking

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

d. Other Banking Business

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

9. LEASES

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

10. EARNING PER SHARE

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

11. INCOME TAX

Income Tax Expense (Current & Deferred) is accounted for in accordance with AS 22 - "Accounting for Taxes on Income", issued by ICAI. Current Tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax is recognized, subject to the consideration of prudence on Timing differences, being the difference

between the taxable income & accounting income that originate in one period and is capable of reversal in one or more subsequent years.

12. IMPAIRMENT OF ASSETS

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

13. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

14. Cash and cash equivalents

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

15. Corporate social responsibility

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

SCHEDULE 18: NOTES ON ACCOUNTS APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Capital

1.1. Capital to risk-weighted asset ratio ('Capital Adequacy Ratio') of The Bank, as on March 31, 2018 has been calculated by using the capital measurement approaches as detailed below:

1.1.1 Credit Risk has been measured by using Basel II Standardized Approach for credit risk, in accordance with RBI circular no DBR. NBD. No.26/ 16.13.218/2016-17, dated October 06, 2016 on "Operating Guidelines for Small Finance Banks".

1.1.2 Market Risk and Operation Risk have not been considered for measurement of Capital Adequacy Ratio as per the letter issued by Reserve Bank of India vide reference number DBR.NBD.No.4502/ 16.13.218/2017-18 dated November 08, 2017 to all the small finance banks.

However, for calculation of Capital Adequacy Ratio for Previous Year, market risk has been measured by using measurement approach prescribed under Basel II.

Ratio of capital to risk-weighted assets	Current Year	Previous Year
i) CRAR (%)	19.66%	22.95%
ii) CRAR - Tier I capital (%)	13.47%	14.47%
iii) CRAR - Tier II Capital (%)	6.19%	8.48%
iv) Leverage Ratio	6.68%	6.88%

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

(Rs in '000)

Items	Current Year	Previous Year
i) Amount of equity (Face Value) raised on private placement under preferential allotment	14936	39672
ii) Amount of debt raised as Upper Tier-II capital	Nil	Nil
iii) Amount of subordinated debt raised as Tier-II capital (Lower Tier II capital)	Nil	159000

1.3. Tier I Capital Infusion

During the current year, the Bank has raised 14,93,650 Equity Shares of Rs.10/- (Rupees Ten) each at a premium of Rs.153/- (Rupees One Hundred and Fifty-Three) (i.e. at the total issue price of Rs.163/- (Rupees One Hundred and Sixty-Three) per Equity Share) aggregating to Rs. 24,34,64,950 (Rupees Twenty-Four Crores Thirty-Four Lakhs Sixty-Four Thousand Nine Hundred and Fifty) on a private placement basis under preferential allotment.

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

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

(Rs in '000)

Particulars	Current Year	Previous Year
Opening Balance	269871	230199
Addition pursuant to Amount of equity raised on private placement basis under preferential allotment	14936	39672

Closing Balance	284807	269871
-----------------	--------	--------

1.4 The Board of Directors of the Bank at its meeting held on May 09, 2018 has recommended a dividend of Rs 0.80 per equity share for the year ended March 31, 2018 (March 31, 2017: Rs 0.80 per equity share). The declaration and payment of dividend is subject to requisite approvals.

According to the revised AS 4 - 'Contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted proposed dividend (including tax) as a liability for the year ended March 31, 2018. However, the Bank has reckoned proposed dividend in determining capital funds for computing capital adequacy ratio as on March 31, 2018.

1.5 Tier 2 Capital

Tier 2 Capital raised during the current year:

Nil

Tier 2 Capital raised during the previous year:

The bank has raised Unsecured Redeemable Non-Convertible Tier II Bonds amounting to Rs 159000 ('000) during the current year , as per detail given here under:

(Rs in '000)			
<i>Date of Allotment</i>	<i>Coupon (%)</i>	<i>Tenure</i>	<i>Amount</i>
November 25, 2016	9.75%	10 years	159000

Maturity Profile of total debentures outstanding as on March 31, 2018:

Lower Tier II Bonds:

(Rs 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
9.75% TIER II BONDS SERIES-XIV	159000	25-11-2026
TOTAL	772300	

Unsecured Redeemable Non Convertible Upper Tier II Bonds

(Rs 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
TOTAL	390000	

1.6 The Bank has drawn Rs Nil (Previous Year Rs. 21061 ('000)) from securities premium account as per the following details:

(Rs in '000)

Particulars	Current Year	Previous Year
Expenditure incurred on issue of Equity shares on private placement basis under preferential allotment	-	16732
Expenditure incurred to increase the Authorized Share Capital	-	750
Expenditure incurred on issue of Tier II Bonds	-	3579
TOTAL	-	21061

- 1.7 During the Current year, the Bank has reversed an amount of Rs. 4 ('000) from **Investment Reserve Account** to Profit and Loss Appropriation Account, being the amount of provision for depreciation on investment created, net of applicable taxes and statutory reserve requirement, during the year ending March 31, 2018.

2 Investments

(Rs in '000)

Items	Current Year	Previous Year
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	8707329	7825950
(b) Outside India,	Nil	Nil
(ii) Provisions for Depreciation		
(a) In India	8	Nil
(b) Outside India,	Nil	Nil
(iii) Net Value of Investments		
(a) In India	8707321	7825950
(b) Outside India.	Nil	Nil
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	Nil	Nil
(ii) Add: Provisions made during the year	8	310
(iii) Less: Write-off/ write-back of excess provisions during the year	Nil	310
(iv) Closing balance	8	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

(Rs in '000)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i).	PSUs	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	Nil	Nil	Nil	Nil	Nil
(vii).	Provision held towards depreciation	Nil	Nil	Nil	Nil	Nil
	Total	40000	Nil	Nil	Nil	Nil

ii) Non performing Non-SLR investments

(Rs in '000)

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

2.3 During the Current Year

In pursuance to RBI circular dated December 10, 2015, under Fourth Bi-monthly Monetary Policy 2015-16 to reduce the SLR holdings under Held to Maturity Category from 22% to 20.50% in a graduated manner, The Bank has, after approval of the Board of Directors vide board resolution number 23 passed in the meeting held on May 06, 2017, transferred government securities with a book value of Rs159562 ('000) from HTM category (Held to Maturity) to AFS category (Available for Sale) which constitutes 3.44% of the HTM category

During the Previous Year

In pursuance to RBI circular dated December 10, 2015, under Fourth Bi-monthly Monetary Policy 2015-16 to reduce the SLR holdings under Held to Maturity Category from 22% to 20.50% in a graduated manner, The Bank had, after approval of the Board of Directors vide board resolution number 21 passed in the meeting held on April 30, 2016, transferred government securities with a book value of Rs147700 ('000) from HTM category (Held to Maturity) to AFS category (Available for Sale) which constitutes 4.56% of the HTM category

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

2.5 The Bank does not hold any investments in Security Receipts.

3 Asset Quality

3.1 Non-Performing Asset

(Rs in '000)

Items	Current Year	Previous Year
(i) Net NPAs to Net Advances (%)	0.84%	0.72%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	139856	84295
(b) Additions during the year	191576	121146
(c) Reductions during the year	120146	65585
(d) Closing balance	211286	139856
(ii) Movement of NPAs (Net)		
(a) Opening balance	97902	51319
(b) Additions during the year	153831	97156
(c) Reductions during the year	97419	50573
(d) Closing balance	154314	97902
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	41954	32976
(b) Provisions made during the year	37745	23990
(c) Write-off/ write-back of excess provisions	22727	15012
(d) Closing balance	56972	41954

3.2 Particulars of Accounts Restructured

(Rs In '000)

Sr No.	Type Of Restructuring	Under CDR Mechanism				Under SME Debt restructuring Mechanism				Others				Total							
		Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total				
1	Asset Classification																				
	Restructured Accounts as on April 1, 2017	No. of Borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil		
		Amount Outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
2	Fresh restructuring during the year	No. of Borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
		Amount Outstanding	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		Provision thereon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
			Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3	Upgradations to	No. of Borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
			Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- 3.3 The bank has not sold any financial asset during the year to Securitisation / Reconstruction Company for Asset Reconstruction.
- 3.4 The Bank has not purchased/sold any Non-performing financial assets from/to other banks.
- 3.5 Provisions on Standard Asset

(Rs in '000)

Particulars	Current Year	Previous Year
Provisions towards Standard Assets	14778	6161

The cumulative provision towards standard assets held by the bank as at the year end amounting to Rs 58541 thousands (previous year Rs 43763 thousands) is included under Other Liabilities and Provisions in Schedule 5 to the Balance Sheet.

4. Business Ratio

Items	Current Year	Previous Year
(i) Interest Income as a percentage to Working Funds \$	8.97%	9.15%
(ii) Non-interest income as a percentage to Working Funds	0.76%	0.81%
(iii) Operating Profit as a percentage to Working Funds \$	1.08%	0.95%
(iv) Return on Assets@	0.63%	0.62%
(v) Business (Deposits plus advances) # per employee^ (Rs In '000)	48263	48241
(vi) Profit per employee (Operating Profit)^(Rs In '000)	340	300

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

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

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

^ Productivity ratios are based on average number of employees.

5. Asset Liability Management

Maturity Pattern of Certain items of Assets & Liabilities as on March 31, 2018

(Rs in'000)

	Next Day	2-7 Days	8-14 days	15 to 30 Days	31 days and Upto 2 Months	over 2 months and upto 3 months	over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Above 5 Years	Total
Loans and (CY) Advances (PY)	3141721	43917	40507	111238	207027	411052	761911	1286719	10960434	1103193	405192	18472911
	2417174	32216	24157	86157	144008	280135	475012	914292	8170740	632634	477472	13653997
Investment(CY) (PY)	400097	8168	11767	184557	53774	97683	1147022	411350	2601033	1341501	2450369	8707321
	253577	5777	10521	77293	74164	61770	341611	279158	2310280	1085738	3326061	7825950
Deposits (CY) (PY)	1204707	43386	62505	130454	285646	518885	1019338	2116940	10818163	190847	12114329	28505200
	981059	28420	51754	160151	315634	303858	778479	906581	8897907	59970	11298320	23782133
Borrowing(CY) (PY)	559708	-	-	-	-	-	-	-	669600	147700	845000	2222008
	-	-	-	-	-	-	-	-	169600	87300	905400	1162300
Foreign Currency Assets (CY) (PY)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-

6 Exposures

6.1 Exposure to Real Estate Sector

(Rs In '000)

Category	Current Year	Previous Year
<i>a) Direct exposure</i>		
(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	674402	408681
> Others	1219921	937598
(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;	571263	431724
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –	Nil	Nil
a. Residential,	Nil	Nil
b. Commercial Real Estate.		
<i>b) Indirect Exposure</i>	Nil	Nil
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		

<i>Total Exposure to Real Estate Sector</i>	2465586	1778003

6.2 Exposure to Capital Market

(Rs 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.	-	-
(iv) advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected	-	-

equity flows/issues;	-	-
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) financing to stockbrokers for margin trading;	-	-
(x) all exposures to venture capital funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	-	-

6.3 Risk Category Wise Country Exposure

The bank is presently operating in the state of Punjab, Union Territory of Chandigarh, Haryana and Delhi, 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, 2018 as per directives of RBI.

6.5 Unsecured Advances against Intangible Assets

Particulars	Current Year	Previous Year
Total amount of advances for which intangible securities such as charge over the rights, licenses, 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

(Rs In '000)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	1678178	1155439
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	5.89%	4.86%

b) Concentration of Advances

(Rs In '000)

Particulars	Current Year	Previous Year
Total Advances to twenty largest borrowers	1975071	1595997
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	9.41%	9.54%

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

c) Concentration of Exposures

(Rs In '000)

Particulars	Current Year *	Previous Year
Total Exposure to twenty largest borrowers/customers	1975071	1595997
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the Bank on Borrowers/ customers	9.41%	9.54%

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

d) Concentration of NPAs

(Rs In '000)

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	76305	64026

e) Movement of NPAs

(Rs In '000)

Particulars	Current Year	Previous Year
Gross NPAs as on 1 st April 2017	139856	84295
Additions(fresh NPAs) during the year	191576	121146
Sub Total (A)	331432	205441
Less:-		
(i) Upgradations	100055	59239
(ii) Recoveries(excluding recoveries made from upgraded accounts)	20091	4785
(iii) Write-offs	Nil	1561
Sub Total (B)	120146	65585
Gross NPAs as on 31st March 2018(A-B)	211286	139856

f) Sector-wise Advances

(Rs In '000)

S. No.	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A) Priority Sector							
1	Agriculture & allied activities	7583850	57360	0.76	5982280	36386	0.61
2	Industry(Micro & small, Medium and large)	917413	-	-	489691	8062	1.65
3	Services	3853162	76310	1.98	2414855	5009	0.21
4	Personal Loans	-	-	-	-	-	-
5	Others	1244645	973	0.08	866722	28777	3.32
	Sub-total (A)	13599070	134643	0.99	9753548	78234	0.80

B) Non - Priority Sector									
1	Agriculture & allied activities	-	-	-	-	-	-	-	-
2	Industry(Micro & small, Medium and large)	-	-	-	-	-	-	-	-
3	Services	991086	-	-	54335	-	-	-	-
4	Personal Loans	182728	2042	1.12	140078	1303	0.93		
5	Others	3756999	74601	1.99	3747990	60319	1.61		
	Sub-total (B)	4930813	76643	1.55	3942403	61622	1.56		
	TOTAL (A+B)	18529883	211286	1.14	13695951	139856	1.02		

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

(Rs In '000)

Particulars	Current Year	Previous Year
Fee/remuneration received:		
(a) Life insurance	33724	19916
(b) General Insurance	11926	6522

9. Provisions and Contingencies

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

(Rs In '000)

Particulars	Current Year	Previous Year
Provisions towards taxes	106947	66849

Provisions towards standard Assets	14778	6161
Provision towards Non performing Advances	15018	8978
Depreciation on Investments	8	-
Others	-	(130)*
Total	136751	81858

*Provision reversed on final order and payout.

10. Staff Retirement benefits

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

(Rs In '000)

Particulars	Current Year	Previous Year
Defined benefit obligation liability at March 31,2018		
Opening Obligations	26502	18769
Service Cost	4715	3740
Interest Cost	1988	1502
Actuarial (gain)/Loss	(218)	3310
Liabilities extinguished on settlement		
Benefits Paid	(504)	(819)
Obligations at March 31,2018	32483	26502
Plan Assets at March 31,2018,at fair value		
Opening Plan Assets, at fair value	26757	18829
Expected return on plan assets	2074	1459
Actuarial gain/(Loss)	(718)	364
Assets distributed on settlement		
Contributions	4873	6669
Benefits Paid	(504)	(819)
Plan Assets at March 31,2018,at fair value		
Fair Value of Plan Assets at the end of the year	32735	26757
Present Value of the defined benefit obligation at the end of the year	32483	26502
Asset/(Liability) at March 31,2018	252	255
Cost for the period		
Service Cost	4715	3740
Interest Cost	1988	1502

Expected Return on Plan Assets	(2074)	(1459)
Actuarial (gain)/Loss	500	2946
Net Cost	5129	6729
Investment details of Plan Assets		
Plan assets are invested in insurer managed funds.		
Assumptions		
Interest Rate	7.84%	7.50%
Salary escalation rate	6.00%	6.00%
Estimated rate of return on plan assets	8.00%	7.75%

The estimate 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 (Rs In '000)

Particulars	Current Year	Previous Year
Income Tax	107264	71292
Deferred Tax	(317)	(4443)

(b) Disclosure of Penalties Imposed by RBI

The Bank raised equity share capital through Rights Issue in December 2015 which includes subscription by the non-resident shareholders of the Bank, under automatic route. Due to oversight, there was a delay in filing of requisite forms with Reserve Bank of India, Foreign Exchange Department. Reserve Bank of India, vide its order number CHD FICG/FID/524/03.01.053/2017-18 dated December 21, 2017 imposed a fine in the form of Compounding Option, amounting to Rs. 50,832 (Rupees Fifty Thousand and Eight Hundred Thirty Two only). The same was duly paid on December 22, 2017 by the Bank.

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

(Rs 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	957585	835107	143959	134515	1762677	1411242	74436	54938	2938657	2435802
Result	195102	132673	34860	22265	348542	299973	64042	45864	642546	500775
Unallocated Expenses									345397	283526
Operating Profit									297149	217249
Income Taxes									106947	66849
Extraordinary profit/Loss	-	-	-	-	-	-	-	-	-	-
Net Profit									190202	150400

Other Information :										
Segment Assets	12382344	11142796	2061904	1553640	18711396	14180022	131065	108691	33286709	26985149
Unallocated Assets									231611	223059
Total Assets									33518320	27208208
Segment Liabilities	559708	-	883287	643487	28000146	23410808	-	-	29443141	24054295
Unallocated Liabilities									1739343	1251743
Total Liabilities									31182484	25306038

Note:

- a) Bank is operating in Domestic Segment so there is only one Geographic Segment.
- b) Inter Segment transactions are based on transfer pricing as determined by the management.
- c) Inter Bank placements by the Bank has been re-segmented into Treasury Operations from Other Banking Operations and the previous year number has been restated accordingly.

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 & Chief Financial Officer
- 3) Mr. Sahil Vijay – Company Secretary

Relatives of Key Management Personnel

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

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

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

- a) The balances payable to/receivable from the related parties of the Bank as on March 31, 2018 are given below:

(Rs in '000)

Items/ Related Party	Parent	Subsidiary	Associates/ Joint Ventures	Key Management Personnel	Relatives of key management Personnel	Total	
Borrowings	CY	-	-	-	1400	9700	11100
	PY	-	-	-	-	6400	6400
Deposits	CY	-	-	-	4186	29449	33635
	PY	-	-	-	3763	20610	24373
	CY	-	-	-	-	-	-

Placement of Deposits						
PY	-	-	-	-	-	-
Advances				3446	1	3447
CY						
PY	-	-	-	3906	1	3907
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, 2018 are given below:

(Rs in '000)

Items/ Related Party	Parent	Subsidiary	Associates / Joint Ventures	Key Management Personnel	Relatives of key management Personnel	Total
Borrowings				1400	9700	11100
CY	-	-	-			
PY	-	-	-	-	6400	6400

Deposits	CY	-	-	-	5888	40442	46330
	PY	-	-	-	6557	28803	35360
Placement of Deposits	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Advances	CY	-	-	-	4422	356	4778
	PY	-	-	-	5689	199	5888
Investments	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Non funded commitments	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Leasing / HP arrangements availed	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-
Leasing / HP arrangements provided	CY	-	-	-	-	-	-
	PY	-	-	-	-	-	-

d) The details of transactions of the Bank with its related parties during the year ended 31 March, 2018 are given below:

(Rs in '000)

Items/ Related Party	Parent	Subsidiary	Associates/ Joint Ventures	Key Management Personnel	Relatives of key management Personnel	Total
CY	-	-	-	-	-	-

Purchase of fixed assets PY	-	-	-	-	-	-
CY	-	-	-	-	-	-
Sale of fixed assets PY	-	-	-	-	-	-
CY	-	-	-	401	2780	3181
Interest paid PY	-	-	-	122	7219	7341
CY	-	-	-	219	3	222
Interest received PY	-	-	-	281	7	288
CY	-	-	-	-	-	-
Rendering of services PY	-	-	-	-	-	-
CY (Lease Rent)	-	-	-	3768	14461	18229
(Salary) CY	-	-	-	14016	-	14016
Receiving of Services PY (Lease Rent)	-	-	-	2394	9651	12045
(Salary) PY	-	-	-	12257	-	12257
CY	-	-	-	-	-	-
Management Contracts 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.

(Rs in '000)

Particulars	Current year	Previous Year
Not later than one year	7853	8136
Later than One year and not later than five years	28936	31655
Later than five years	37653	44642
Total Minimum lease rental commitments	74442	84433

Total lease rental expenditure under cancellable and non cancellable operating leases debited to Profit & Loss Account in the current year is Rs 101358 ('000) (Previous Year Rs 71739 ('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 (Rs '000)	190202	150400
Weighted average number of equity shares	27744148	23030762
Weighted average number of equity shares For Diluted earning	27744148	23030762
Basic Earnings per share (In Rs)	6.86	6.53
Diluted Earnings per share (In Rs)	6.86	6.53
Face Value per share (In Rs)	10.00	10.00

During the Current Year (on September 28, 2017), the Bank has raised 14,93,650 Equity Shares of Rs.10/- (Rupees Ten) each at a premium of Rs.153/- (Rupees One Hundred and Fifty-Three) (i.e. at the total issue price of Rs.163/- (Rupees One Hundred and Sixty-Three) per Equity Share) aggregating to Rs. 24,34,64,950 (Rupees Twenty-Four Crores Thirty-Four Lakhs Sixty-Four Thousand Nine Hundred and Fifty) on a private placement basis under preferential allotment.

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

16. Deferred Tax Asset

Other Assets include deferred tax asset of an amount equal to 8557 thousands (Previous Year 11797 thousands) as detailed below:

(Rs in '000)

	Current Year	Previous Year
Deferred Tax Liabilities	20345	19826
Depreciation on Fixed Assets	17009	17080
Special Reserve under section 36(i) (viii)	3336	2746
Deferred Tax Assets	28902	31623
Loan Loss Provisions	21766	21404
Others	7136	10219
Deferred Tax Liabilities/(Assets) (Net)	(8557)	(11797)

17. Provision Coverage Ratio

Particulars	Current Year	Previous Year
Ratio of Provisioning to Gross Non Performing Assets	26.96%	30.00%

18. Disclosure of Complaints

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

	Particulars	Current Year	Previous Year
(a)	No. of Complaints pending at the beginning of the year	16	Nil
(b)	No. of Complaints received during the year	295	146
(c.)	No. of Complaints addressed during the year	310	130
(d)	No. of Complaints pending at the end of the year	21	16

Out of the above complaints, 284 complaints (142 previous year) are related to acquiring banks during the current year ending March 31, 2018.

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

	Particulars	Current Year	Previous Year
(a)	No. of Complaints pending at the beginning of the year	Nil	Nil
(b)	No. of Complaints received during the year	15	06
(c.)	No. of Complaints addressed during the year	15	06
(d)	No. of Complaints pending at the end of the year	Nil	Nil

Awards Passed by the Banking Ombudsman

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

19. Draw Down from Reserves

(Rs in '000)

Particulars	Current Year	Previous Year
I. Security Premium Account	Nil	21061
Expenditure incurred on issue of Equity shares on private placement basis as a preferential allotment	Nil	16732
Expenditure incurred to increase the Authorized Share Capital	Nil	750
Expenditure incurred on issue of Upper/Lower Tier II Bonds	Nil	Nil
Expenditure incurred on issue of Tier II Bonds	Nil	3579
II. Investment Reserve Account	4	Nil

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

The Bank has transferred Rs6729 ('000) (Previous Year Rs5138) to the Depositor Education and Awareness Fund (DEAF) during the year ended March 31, 2018 as per the details below:

(Rs in '000)

Particulars	Current Year	Previous Year
Opening balance of amount transferred to DEAF	14084	9279
ADD: Amount transferred to DEAF during the year	6729	5138
LESS: Amounts reimbursed by DEAF towards claims	1103	333
Closing balance of amounts transferred to DEAF	19710	14084

21. Movement in Floating provisions

The Bank has not created or utilized any floating provisions during the year ended March 31, 2018 and March 31, 2017. The floating provisions were nil as on March 31, 2018 and March 31, 2017.

22. Securitization transactions

The Bank has not done any securitization transactions during the year ended March 31, 2018 and March 31, 2017.

23. Letter of comfort

The Bank has not issued any letter of comfort during the year ended March 31, 2018 and March 31, 2017.

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, 2018 stands to be nil.

26. Dues to Micro, Small and Medium Enterprises

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

27. Unamortised Pension and Gratuity Liabilities

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

28. Remuneration

a) Qualitative Information

Information relating to the composition and mandate of the Remuneration Committee.	The Board of Directors in the meeting held on February 20, 2018 has reconstituted the Nomination and Remuneration Committee. The committee has three members including one member from Risk Management Committee of the Board. The majority of the members of the committee are independent Non Executive Directors consisting of the following:- Members
--	--

	<ol style="list-style-type: none"> 1. Mr. Madan Gopal Sharma 2. Mr. Sukhpal Singh Gill 3. Mr. Sham Singh Bains <p>The committee has been constituted to oversee the framing, review and implementation of compensation policy of the Bank on behalf of the Board for CEO/Whole Time Directors.</p>
<p>Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.</p>	<p>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.</p>
<p>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.</p>	
<p>Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.</p>	
<p>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.</p>	
<p>Description of the different</p>	

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 : 2 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. (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.	NIL
(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. (ii) Total amount of deferred remuneration paid out in the financial year.	NIL
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. (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.	NIL NIL NIL

29. Credit Default Swaps

The Bank has not entered into any Credit Default swaps (CDS) during the year ended March 31, 2018 and March 31, 2017.

30. Corporate Social Responsibility

(Rs in '000)

Particulars	Current Year	Previous Year
Total amount to be spent	4167	4250
Amount spent	813	340
Amount unspent	3354	3910

31. Description of Contingent Liabilities

Particulars	Description
Guarantees given on behalf of constituents in India	As a part of its commercial banking activities, the Bank issues bank guarantees on behalf of its customers.
Acceptances, endorsements and other obligations	Includes Letters of credit issued on behalf of the customers that enhances the credit standing of the Bank's customers.
Other items for which bank is contingently liable.	Includes amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)

32. Liquidity Coverage Ratio

Liquidity Coverage Ratio (LCR) is a measure to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to survive in a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days.

As per the RBI directions, LCR framework is also applicable to small finance banks however, the transition period for the SFBs for achieving the prescribed level of LCR would be as follows:

	Till Dec 31, 2017	By Jan 1, 2018	By Jan 1, 2019	By Jan 1, 2020	By Jan 1, 2021
Minimum LCR	60%	70%	80%	90%	100%

The table below sets out the average LCR of the Bank for all the four quarters of financial year 2017-18:

Liquidity Coverage Ratio (LCR)	Quarter Ended June 30, 2017		Quarter Ended September 30, 2017		Quarter Ended December 31, 2017		Quarter Ended March 31, 2018	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets		688.37		673.94		685.85		683.63
1 Total High Quality Liquid Assets (HQLA)								
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	641.62	32.08	647.22	32.36	669.82	33.49	682.79	34.14
(ii) Less stable deposits	1590.87	159.09	1658.60	165.86	1755.13	175.51	1828.73	182.87
3 Unsecured wholesale funding, of which:								
(i) Operational deposits (all counterparties)	0.27	0.06	0.02	-	0.01	-	0.01	-
(ii) Non-operational deposits (all counterparties)	141.64	37.57	124.47	47.27	170.02	31.48	120.24	26.13
(iii) Unsecured debt								
4 Secured wholesale funding								
5 Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements								
(ii) Outflows related to loss of funding on debt products	168.50	9.62	118.74	9.28	141.25	10.62	142.14	11.86
(iii) Credit and liquidity facilities	0.71	0.71	4.42	4.42	-	-	20.01	20.09
6 Other contractual funding obligations	24.73	2.38	23.75	0.71	24.35	0.77	26.26	0.82
7 Other contingent funding obligations								

8	Total Cash Outflows		241.51		259.91	251.86	275.85
Cash Inflows							
9	Secured lending (e.g. reverse repos)	41.31	41.31	3.33	3.33	66.98	-
10	Inflows from fully performing exposures	12.30	12.30	13.10	13.10	13.29	15.50
11	Other cash inflows	40.62	10.24	61.19	25.44	65.07	24.61
12	Total Cash Inflows	94.24	63.86	77.62	41.87	145.35	32.04
13	Total HQLA		688.37		673.94	685.85	683.63
14	Total Net Cash Outflows		177.66		218.04	130.74	259.95
15	Liquidity Coverage Ratio (%)		387.47%		309.09%	524.59%	262.98%

The Bank during the quarter ended March 31, 2018 maintained average HQLA of 684 crores against the average net cash outflows of 260 crores. The entire HQLA was Level 1 HQLA. The average LCR of the Bank for the quarter ended March 31, 2018 was 262.98%, which is well above the regulatory threshold of 70%.

HQLA primarily included government securities in excess of minimum Statutory Liquidity Ratio (SLR), the extent allowed under the Marginal Standing Facility (MSF) and the Facility to Avail Liquidity for LCR (FALLCR). Additionally, cash, balances in excess of cash reserve requirement with RBI & the overseas central banks and marketable securities issued by foreign sovereigns form part of level 1 HQLA.

For the purposes of LCR computation, the Bank has considered all inflows and outflows that may have a quantifiable impact under the liquidity stress scenario.

33. Comparative Figures

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

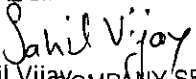
**DECLARATION UNDER REGULATION 52(3) SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING
OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION, 2015**

For the Year ended March 31, 2018

In accordance to the Regulation 52(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby declare that the Annual Audit report for the financial year ended March 31st, 2018 is with unmodified opinion.

For and on Behalf of
Capital Small Finance Bank limited

For CAPITAL SMALL FINANCE BANK LTD.


Sahil Vijay COMPANY SECRETARY
(Company Secretary)



SEBI Registered
RBI Accredited
NSIC Empanelled

BWR/NCD/HO/ERC/MM/0856/2017-18
March 19, 2018

Shri. Munish Jain
Chief Operating Officer
Capital Small Finance Bank Limited
Midas corporate park, 3rd Floor
37, G.T. Road, Jalandhar – 144001

Dear Sir,

Sub: Review of Rating of Upper Tier II Bonds Series XI and Series XIII of Rs. 15 Crores (Rupees Fifteen Crores Only) and Rs. 25 Crores (Rupees Twenty Five Crores Only) respectively with a tenor of 15 years by Capital Small Finance Bank Ltd (erstwhile Capital Local Area Bank Ltd)

On a review of Capital Small Finance Bank Ltd's performance, based on the information and clarifications provided by your company, as well as information available in public sources, we are pleased to inform you that Brickwork Ratings (BWR) has upgraded the rating of Capital Small Finance Bank Ltd's Upper Tier II Bonds Series XI and Series XIII as per table below:

Instrument	Amount (Rs. Crs)	Tenor	Rating History (April 2017)	Rating after Review
Upper Tier II Bonds Series XI	15.00	Long Term	BWR A (Pronounced BWR A) Outlook: Stable	BWRA+ (Pronounced BWR A Plus) Outlook: Stable
Upper Tier II Bonds Series XIII	25.00			
Total	40.00	INR Forty Crores Only		

Instruments with this rating are considered to have **Adequate degree of safety** regarding timely servicing of financial obligations. Such instruments carry **Low Credit Risk**.

The Rating is valid for one year from the date of assignment subject to the terms and conditions that were agreed in your mandate dated November 18, 2014 & March 14, 2016, BWR's initial as well as rating review letters, other correspondence, if any, and Brickwork Ratings' standard disclaimer appended below.



Brickwork Ratings India Pvt. Ltd.

3rd Floor, Raj Alkaa Park, Kalena Agrahara, Bannerghatta Road, Bengaluru - 560 076

Phone: +91 80 4040 9940 • Fax: +91 80 4040 9941 | info@brickworkratings.com • www.BrickworkRatings.com

Ahmedabad • Bengaluru • Chandigarh • Chennai • Guwahati • Hyderabad • Kolkata • Mumbai • New Delhi

CIN: U67190KA2007PTC043591



SEBI Registered
RBI Accredited
NSIC Empanelled

Capital Small Finance Bank Ltd

Brickwork Ratings would conduct surveillance periodically till maturity/redemption of the instrument. Please note that Brickwork Ratings would need to be kept informed of any information/development that may affect your Company's finances/performance without any delay.

Kindly acknowledge.

Best Regards,

MSR Manjunatha
Head – Ratings Administration
Brickwork Ratings India Pvt Ltd



Note: Rating Rationale of all valid Ratings are published on Brickwork Ratings website. All non-accepted ratings are also published on Brickwork Ratings website . Interested persons are well advised to refer to our website www.brickworkratings.com, If they are unable to view the rationale, they are requested to inform us on brickworkhelp@brickworkratings.com.

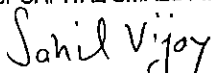
Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.

CSFB No. 2018-19/136

May 09, 2018

Disclosures in terms of clause (d) and (e) of Regulation 52 (4) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015:

NCD SERIES	ISIN NO.	COUPON RATE	Amount of Annual Interest	BENPOS date	Due date of Annual Interest payment	Actual Payment date	Next due date of Annual Interest Payment
(SERIES XI)	INE646H08012	11.75%	Rs. 1,64,50,000/-	12.03.2018	31.03.2018	29.03.2018	31.03.2019
(SERIES XIII)	INE646H08020	11.75%	Rs. 2,93,75,000/-	12.03.2018	30.03.2018	29.03.2018	30.03.2019

Yours faithfully
For CAPITAL SMALL FINANCE BANK LTD.
(Sahil Vijay) COMPANY SECRETARY
Company Secretary

No. 1212/ITSL/OPR/2018-19
May 7, 2018

To,
Capital Small Finance Limited,
MIDAS Corporate Park, 3rd Floor
37, G.T.Road, Jalandhar - 144001

Kind Attn: Sahil Vijay

Dear Sir,

Sub: Letter of Debenture Trustee pursuant to Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the half year ended March 31, 2018

This has reference to the privately placed Unsecured, Non-Convertible Debentures issued by Capital Small Finance Limited ("Issuer") wherein IDBI Trusteeship Services Limited is acting as the Debenture Trustee and listed on the National Stock Exchange of India Ltd. (NSE) and/or Bombay Stock Exchange (BSE) ("Listed Debt Securities").

Pursuant to Regulation 52(4) read with Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) 2015, the Issuer is required to submit the documents required there along with its half yearly/annual financial results to the Stock Exchange, with a letter of the Debenture Trustee (IDBI Trusteeship Services Limited) that the Debenture Trustee has noted the contents furnished by the Issuer as per Regulation 52(4).

In pursuance thereof, we hereby confirm that we have received the aforesaid information through your letter bearing no.CSFB.No.2018-19/111 dated May 2, 2018 and we have noted the contents provided therein.

Thanking you,

Yours faithfully
For IDBI Trusteeship Services Limited


Authorised Signatory

BN