

12 years of
Trust & Performance

BANKING UNBANKED RURAL

Capital Local Area Bank 

ANNUAL REPORT 2011 - 12

Redefining Rural Banking



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BOARD MEMBERS

Auditors

V.P. Vijn & Co.
Chartered Accountants
Jalandhar

Chairman

Inder Krishan Sardana

Managing Director

Sarvjit Singh Samra

Directors

Bhagwant Singh Sangha

Dinesh Gupta

Madan Gopal Sharma

Ranbir Singh

Santokh Singh Chhokar

Sham Singh Bains

Sukhpal Singh Gill, IAS (Retd.)

Vijay Kumar Bhandari

Executive Vice President & Company Secretary

Munish Jain

BOARD COMMITTEES

Management Committee

Sarvjit Singh Samra
Inder Krishan Sardana
Vijay Kumar Bhandari
Dinesh Gupta

Credit Sanctioning Committee

Sarvjit Singh Samra
Dinesh Gupta
Vijay Kumar Bhandari

Audit Committee

Madan Gopal Sharma
Dinesh Gupta
Bhagwant Singh Sangha
Sukhpal Singh Gill

Risk Management Committee

Sarvjit Singh Samra
Dinesh Gupta
Vijay Kumar Bhandari
Sukhpal Singh Gill

Nomination Committee

Sukhpal Singh Gill
Bhagwant Singh Sangha
Sham Singh Bains

Remuneration Committee

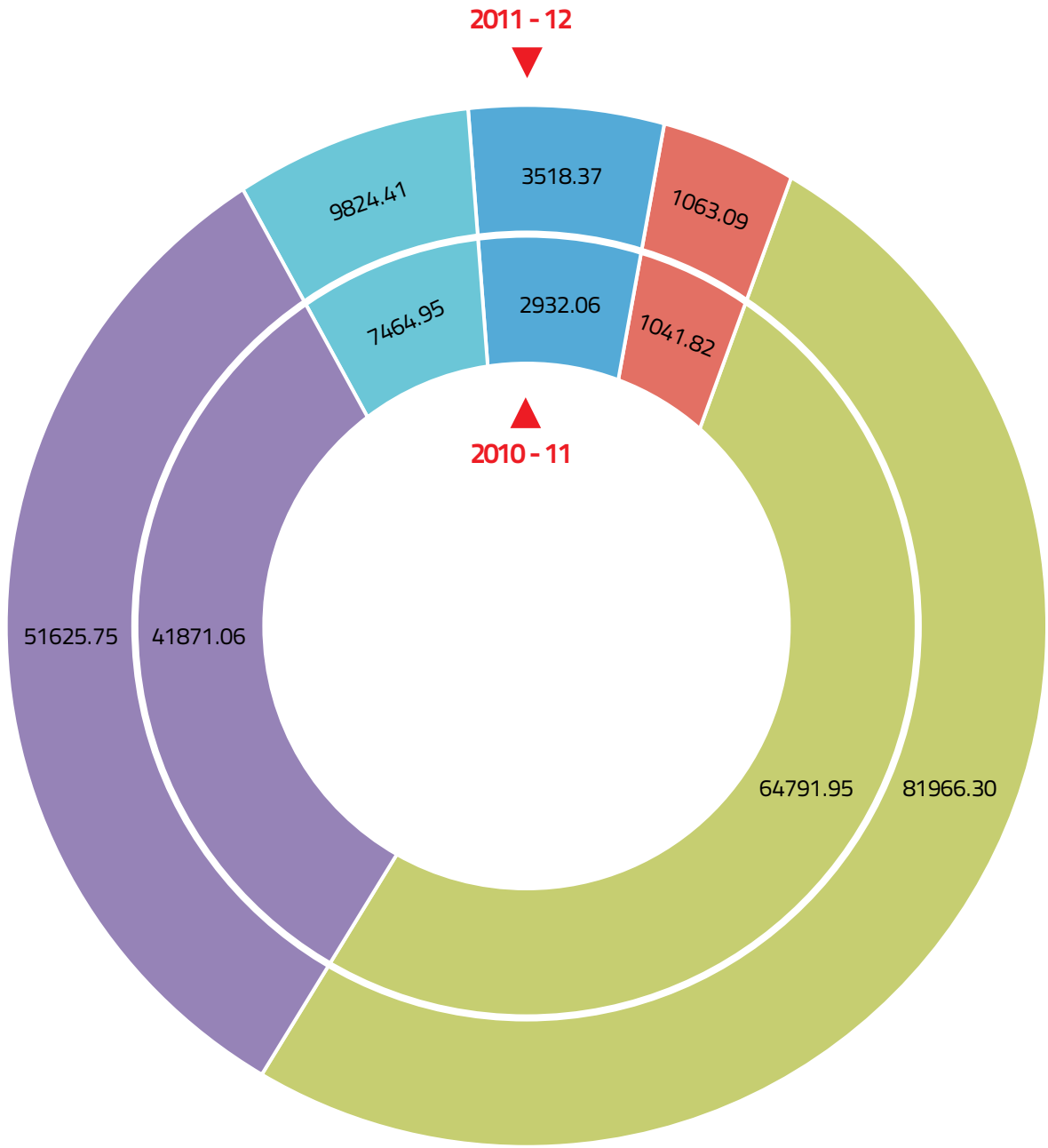
Inder Krishan Sardana
Bhagwant Singh Sangha
Dinesh Gupta

Customer Service Committee

Sarvjit Singh Samra
Inder Krishan Sardana
Ranbir Singh

Securities Transfer Committee

Sarvjit Singh Samra
Dinesh Gupta
Sukhpal Singh Gill



■ Net Interest Income
 ■ Profit after Tax
 ■ Deposits
 ■ Loans
 ■ Gross Revenue

₹ In Lacs

KEY HIGHLIGHTS

FINANCIAL

Net profit

After tax
Rs.1063 Lacs

Deposits

Up by 27%
to Rs. 81966 lacs

Advances

Up by 23%
to Rs. 51625 lacs

Non Performing Assets (NET)

Zero

Reserves & Surplus

Up by 20% to Rs. 4611 lacs

Dividend

15%

SERVICES

Partners

Ongoing successful relationship
with alliances

New

Opened dedicated suvidha kendras
(Brick & Mortar - BC Outlets) in
unbanked rural areas

Products

Developed a range of new products
to Compliment our current range of
services and products

Branches

Rapidly growing branch network

CORPORATE

Brand

Increasing awareness of
Brand, with expanding
outreach

Investment

Ongoing Investment in
People Management and
Contributing to the economic
development of the area

"The bank is focusing on 'Inclusive Growth' by increasing outreach in unbanked rural areas."



MANAGING DIRECTOR'S NOTE

Dear Patrons,

Capital Local Area Bank is a new generation bank with focus on providing world class banking services in its area of operation at a low cost. The knowledge and understanding of the management about the region and localized human resources give the Bank an edge over its competitors in assessing the situation in a better way and cultivating a winning strategy. The Bank strongly believes in building personalized relationship with its clientele for a long term sustainable growth and has been able to develop a strong brand equity in its area of operation.

The Bank completed twelve glorious years of trust and performance during the financial year 2011-12. The Bank has performed remarkably well during the year under review in every sphere and has delivered a record performance so far as the business growth is concerned. The Bank is focusing on 'Inclusive Growth' by increasing outreach in unbanked rural areas. The Bank opened 5 new Suvridha Kendras (Brick & Mortar BC outlets) during the year in unbanked villages having population of 2000 or above. The Bank was sanctioned five new branch licenses in the month of March 2012 and these branches will become operational by December 31, 2012. With the opening of these five branches, the total branch network will increase to 29 along with 10 Suvridha Kendras (Brick & Mortar BC outlets).

The Bank is committed to provide world-class banking services under single roof to the common man at a affordable price and since inception the bank is successfully achieving the same by opening state-of-the-art branches in rural and semi urban areas. The Bank after successfully providing extension of Banking services for promoting savings and convenience

banking to the unbanked villages through Suvridha Kendras has now initiated to reach to the financially excluded poor section of the society by providing micro finance under the Joint Liability Group (JLG) model.

The financial year 2011-12 has been a remarkable year for the Bank. Deposits of the bank increased from ₹647.92 crores as on March 31, 2011 to ₹819.66 crores as on March 31, 2012 registering a growth of 26.51%. Advances of the bank increased to ₹516.26 crores as on March 31, 2012 as against ₹418.71 crores as on March 31, 2011 registering a growth of 23.30%. The strong position of the Bank to provide affordable, timely and adequate credit is well depicted by the handsome Credit Deposit Ratio of 63.20% as on March 31, 2012.

The Bank which is already a proud market leader in its operational centers endeavors to hold this similar position in the entire area of its operation. In order to sustain the present growth and with a long term perspective, the Bank is going forward to seek extension in the area of operation. I am thankful from the core of my heart to the Promoters, Directors, Government Authorities and Reserve Bank of India for their guidance and support. I appreciate and thank the committed, loyal and honest family of the Bank for making this day a reality and giving me the assurance to scale new heights in future.

Sarvjit Singh Samra
Managing Director

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Bank have great pleasure in presenting the Thirteen Annual Report on the business and operations of the Bank along with the audited accounts for the year ended March 31, 2012.

The world economy is more closely knitted than ever before. The past decade and more so, the past couple of years have witnessed that economies grow and contract in tandem. The global village is narrowing than one could have thought. Since, the beginning of economic slowdown in 2008 led by US financial crisis, the world economy is staging a mild comeback, due to liquidity infusion and confidence building by developed economies.

Investment in infrastructure, urban development & rejuvenation, the growth of the rural economy and financial inclusion will be the key factors that will shape India in the coming decade.

Punjab is primarily known as agriculture economy and its hardworking people having strong interest in migrating abroad. Punjab is a state known primarily for its agriculture, livestock, forestry, and less for industries, minerals, tourism. Punjab has witnessed fast track economic development and structural shift over the past half century. There is a growing middle class with regular monthly income besides agriculture income. Punjab, in particular the Doaba belt 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. The hardworking and well educated youth is making a difference to the state by diversifying away from agriculture based occupation to urbanization and industrialization. Capital Local Area Bank endeavor to nurture the entrepreneurship of the

youth to accelerate the economic growth of the area through provision of credit at grass root level and employment generation.

'We are what we repeatedly do. Excellence, therefore, is not an act but a habit.'

Aristotle. Set up with the objective to augment credit for viable economic activities in the rural areas and bridging the credit gap, Capital Local Area Bank Limited, 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 a low cost. In order to remove institutional inhibition and create awakening among masses to avail banking facilities, the Bank endeavored for inclusive growth from the very inception and introduced very low cost deposit products and later no frill deposit accounts and has been instrumental in rural upliftment in the area of operation.

The Bank has been partnering growth with the rural population of Punjab and providing 7 day banking with uninterrupted extended banking hours from day one. The Bank is proud to have brought in high-tech, customized, thorough professional banking services with a personal touch to the rural populous which have now been well recognized resulting in the tremendous response the bank received by opening of new branches in the area of operation.

The Bank has completed 12 years during the year 2011-12 and achieved a phenomenal growth in all its operations. The Bank has delivered record performance in every sphere, depicting faith by the stakeholder and dedication by team members. The Board is elated to share with you that as the result of consistent, trustworthy and ethics based performance of your Bank, the bank has been

rewarded by Reserve Bank of India operational expansion to serve a bigger community.

Your Bank has been granted permission for opening five new branches by the Reserve Bank of India on March 22, 2012. With the opening of above branches, the total branch network will increase to 29. The Bank opened 3 new branches during the year 2011-12. Out of 24 branches as on March 31, 2012, 13 branches are rural, 9 are semi-urban and 2 are urban.

Exponential growth has been recorded in rural business during the year-ended March 31, 2012. This financial year has been remarkable in every possible way. 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.

Operating Performance

The year gone by has witnessed financial strain, contraction in economic activity, falling business confidence and slackening investment activity during the first half and then during the last quarter financial markets and sentiment improved due to the confidence building measures and money pumped in by the advanced countries. Despite the slowdown, the Bank has shown remarkable growth for the year-ended March 31, 2012 at a glance is as under:-

1. Deposits of the bank increased from ₹647.92 crores as on March 31, 2011 to ₹819.66 crores as on March 31, 2012 registering a growth of 26.51%.
2. Advances of the bank increased to ₹516.26 crores as on March 31, 2012 as against ₹418.71 crores as on March 31, 2011 registering a growth of 23.30%.
3. Total business of the bank increased to ₹1335.92 crore as against ₹1066.63 crores resulting in a growth of 25.25%.
4. Gross income increased to ₹98.24 crore as against ₹74.65 crore in the previous year, registering a growth of 31.60%.
5. Net interest income of the Bank increased to ₹35.18 crores during

the financial year ended March 31, 2012 as against ₹29.32 crores in the previous year depicting a growth of 19.99%

6. Operating Profit increased to ₹18.30 crores as on March 31, 2012 from ₹17.29 crores as on March 31, 2011.
7. Net Profit increased to ₹10.63 crores as on March 31, 2012 from ₹10.42 crores as on March 31, 2011.
8. Fixed assets of the bank have increased from ₹15.30 crore to ₹17.47 crore as on March 31, 2012.
9. Net Worth of the bank has increased to ₹61.81 crore as on March 31, 2012 as against ₹54.05 crore as on March 31, 2011.
10. Reserves & Surplus as on March 31, 2012 increased to ₹46.11 crore from ₹38.36 crore as on March 31, 2011.
11. Zero Net NPA.

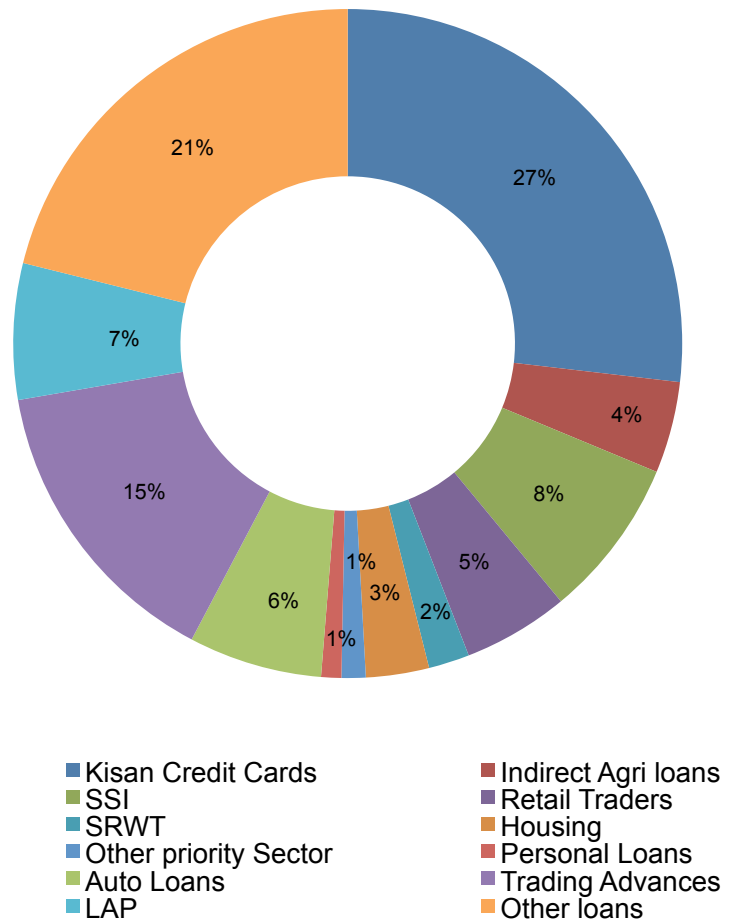
The Bank has been putting in continuous untiring efforts in order to provide complete range of world class financial services under a single roof at affordable prices to all stakeholders. In addition to this, the Bank has adopted a strategic thrust towards personalized banking and creating an innovative and responsive approach focusing attention on local communities. Operating Performance reflects the strong foundation and sustainable business model of the bank. The Bank has posted record Net Profit of ₹10.63 crore for the year ended March 31, 2012 as against ₹10.42 crores for the year ended March 31, 2011. The aggregate deposits of the bank have increased from ₹647.92 crores as on March 31, 2011 to ₹819.66 crore as on March 31, 2012 registering a growth of 26.51%. The business of the Bank has increased to ₹1335.92 crore as on March 31, 2012 from ₹1066.63 crore, depicting a commendable increase of 25.25%. The bank has a well diversified and strong business portfolio to mitigate the unforeseen risks. Capital Bank is focusing on further product expansion and diversification by concentrating on present

trends and future market behaviour and expectations. We believe in building long lasting relationships with all the customers, vendors, stakeholders, human resources and all associates in overall operational aspects, so as to build unparalleled brand equity. The focus has been to uplift the quality of banking services by inculcating higher standards of professionalism in the management at every level. The Bank is in a fast track growth trajectory and is working effortlessly to create a win-win situation for all the stakeholders.

The Bank firmly believes that setting the goals and objectives clearly, being consistent with them and moving in rhythm with the environment around is the surest way of making our journey successful. The pace of change cannot be forced rather we have to conform to what is reasonable with respect to the capacities of the bank and its surrounding environment. The Bank has been focusing on developing human capital as well as enhancing the technological systems and support. Most importantly, the Bank has been able to build a high level of credibility and goodwill among the masses. The Credit growth has been phenomenal during the period under review and business conditions remained buoyant. The Net Advances of the bank during the year ended March 31, 2012 increased to ₹516.26 crores as against ₹418.71 crores as on March 31, 2011 registering a growth of 23.30%. The focus of the bank in providing credit for viable economic activities and to deploy funds in the areas of operation has accredited it with high credit deposit ratio that stood at 63.20% on March 31, 2012 as against a modest 35% of all the other banks operating in our area of operation. This speaks of the commitment of the bank in achieving its objectives, thus making it a model banking institution for economic development of the area. Our prime motive is to partner in growth with the Doaba Belt by consistently providing trustworthy services to our clients and prospective clients which will result in high business growth both in deposits and

advances. The surging growth in advances is further complemented by ZERO NET NPA level which has been maintained by the Bank. The performance of the bank is characterised 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.

Advance profile



Dividend

The overall business as well as profitability of the Bank has been quite satisfactory. The Bank constantly endeavours 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 ₹265.77 lakhs out of the profits has been transferred to Statutory and other 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 77.85% of the profit and have recommended a dividend of 15% for the year 2011-12.

Advance to Priority Sector and Weaker Section

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. Being a Local Area Bank, the Bank has taken the responsibility in its true sense to be one step ahead in discharging banking and other related financial requirements of people in the rural sector. Priority sector advances increased to ₹259.68 crores as on March 31, 2012 as against ₹209.27 crores in the previous year, registering a growth of 24.09%. The Priority Sector Advances stood at 50.30% of the Adjusted Net Bank Credit as on March 31, 2012 above the 40% benchmark set by the Reserve Bank of India. Our total credit to agriculture has increased to ₹161.42 crores as against ₹122.60 crores in the previous year showing a growth of 31.66% which stood at 31.15% of the Net Bank Credit as on March 31, 2012. 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 your bank. Advances to Weaker Sections also continues to receive special priority. The advances made to Small and Marginal Farmers, Scheduled Castes, etc. stood at ₹54.81 crores. The advances to weaker sections stood at 10.58% as on March 31, 2012 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.

Financial Inclusion through 'Suvidha Kendras'

Over the past few years, your Bank has been working on a number of initiatives to promote financial inclusion across identified sections of rural, under-banked and un-banked consumers. These initiatives target segments of the population that have limited or no access to the formal banking system for their basic banking and credit requirements. The Bank's financial inclusion initiatives have been integrated across its various businesses, as well as across product groups. The bank has very successfully initiated the process of inclusive growth through the Business Correspondents model christened as 'Suvidha Centres' for achieving 100% financial inclusion in its area of operation. 16 unbanked villages with population of more than 2000 people have been identified for providing extension of banking services through Suvidha Kendras (Bricks & Mortar BC- Outlets) against target of opening 1 such centre by SLBC. The Bank has in the ongoing first phase operationalized 9 Suvidha Kendras (Bricks & Mortar BC- Outlets) in such unbanked villages at Poonia, Kangna, KandolaKalan, Daduwal, Seechewal, BopaRaiKalan, Lakhankalan, Fatehpur and Chak Hakim and work on 2 more Suvidha Kendras (Bricks & Mortar BC- Outlets) is in progress. Each Suvidha Centre has a Nodal Officer from the base branch to supervise the overall functioning of the Suvidha Kendra (Bricks & Mortar BC- Outlets) and to guide and educate the staff and customers of Suvidha Kendra (Bricks & Mortar BC- Outlets) on various banking services. These centres are offering facilities for opening 'Suvidha Bachat Accounts (No Frill Account), Deposit and Withdrawal of funds, Advances(Including Micro Lending), Insurance and third party products. The SuvidhaCentres are equipped with updated technology for effecting transactions on real time basis and has been provided training support to deliver the above services efficiently for deepening overall inclusion activities. The Bank has opened 8346 deposit and loan accounts during a very short span through Suvidha Kendras. No frill Accounts of the bank as on March 31, 2012 stood at 28,555. The Bank has achieved 100% financial inclusion in 129 villages.

INCLUSIVE BANKING





Generating self employment through micro lending

Providing Micro Finance

Microfinance is supposed to be the steering wheel for providing right direction to the economic upliftment. Therefore, Capital Bank has recognized its importance and is keeping up with the objective of providing modern banking facilities to the masses, especially to provide poor families with small loans and help them engage in productive activities and grow their very small businesses. Considering the financial services available to the poor, they often have serious limitations in terms of cost, risk and convenience; we have introduced a broader range of products and services including credit, savings, insurance, etc. Our aim is to provide the poor an access to a formal financial institution and let them avail benefits that put them at par with others. The Bank has introduced more micro lending products including micro finance under JLG group Scheme through Business Correspondents. The Micro Finance of the bank constitutes 16.07% of Net Bank Credit. Micro Finance of the bank increased to ₹83.30 crores as on March 31, 2012 as against ₹73.77 crores as on March 31, 2011 registering a growth of 12.92%.

Investments

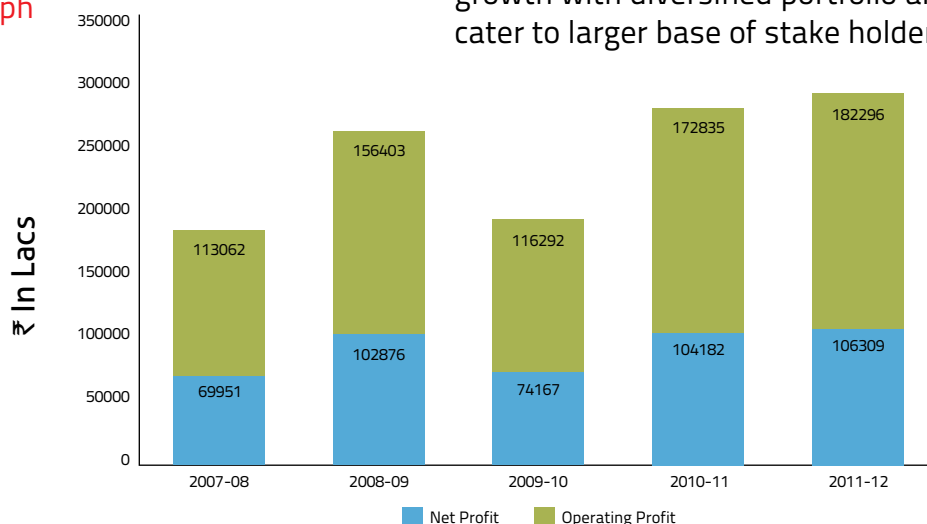
The Treasury Group, under the supervision and guidance of Investment Committee, is looking after the Assets and Liabilities, compliance of regulatory reserve requirements, market and liquidity risks. The core team strictly adheres to the established prudent norms for building

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 ₹286.11 crores as on March 31, 2012 comprising ₹249.91 crores in sovereign Government Securities, ₹36.20 crores in debt based instruments with a maturity mix of securities consistent with the risk perception and Investment Policy guidelines of the bank. The Bank has classified investments into 3 categories as per RBI guidelines - 'Held to Maturity', 'Available for Sale' and 'Held for Trading'. Rural business continues to be the hallmark of Capital Bank.

Increasing Profitability

In spite of the fact that the inflation remained high for most of the year and liquidity remained tight, the Bank's profit for the year ended March 31, 2012 increased to ₹10.63 crore as against ₹10.42 crore as on March 31, 2011. The Bank has shown an overall satisfactory performance. The Bank has been able to show an upward trend despite the challenging market conditions and is poised to climb the ladder of success in coming times. The opening of new branches will augment the profitability and growth with diversified portfolio and will cater to larger base of stake holders.

Profitability graph



Great Customer Service

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 Customer Service Committee monitors the implementation of customer service, measures periodically and looks into the customer grievances and tries to resolve them efficiently. 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. During the period of April 1, 2011 to March 31, 2012 four meetings of customer service committee were held. Complaint Database

No. of complaints pending at the beginning of the year **Nil**

No. of complaints received during the year **2**

No. of complaints redressed during the year **2**

No. of complaints pending at the end of the year **Nil**

Our Strategy

With the vision to be the most innovative and one of its kind in India, the Bank from 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.

Statutory Disclosures

1. Compliances as per The Reserve Bank of India and the Government of India

We've made all statutory compliances with The Reserve Bank of India and the Government of India including maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR).

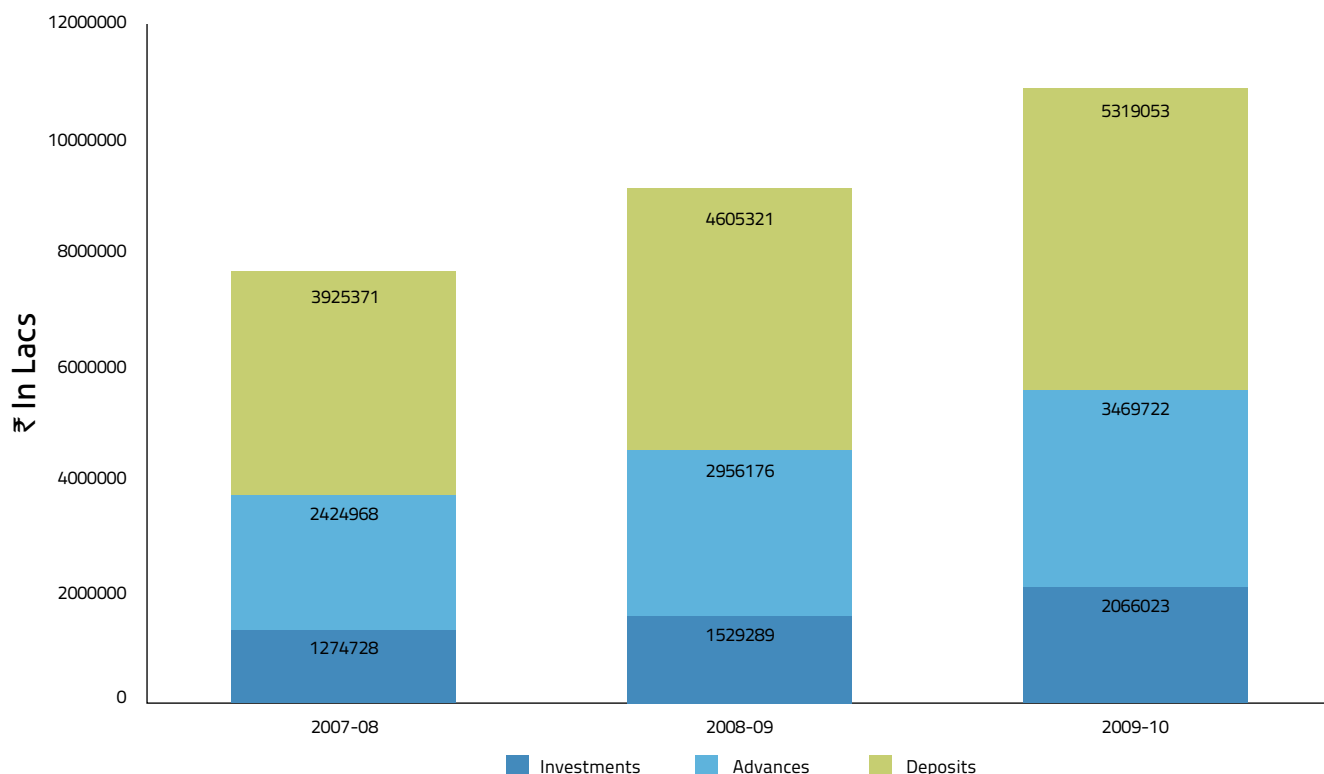
2. Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975

None of the employees is in receipt of remuneration in excess of 60.00 lakhs per annum or 5.00 lakhs per month during the part of the year and hence reporting of information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 is not called for.

3. Disclosure under Section 217(1) (e) of the Companies Act, 1956

The provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange earnings outgo does not apply to the bank. We have, however, used information technology extensively in our business operations. The Bank has recently procured and implemented new Core Banking system from Polaris Financial Technology Ltd., Chennai which enables bank clientele to avail any branch banking and anytime banking through different delivery channels like ATMs, I-banking, Mobile banking and e-Alerts. All the new & upcoming branches will be using the new CBS application. .

Business profile



4. Disclosures Under Section 217(1)(d) Of The Companies Act, 1956

Except 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.

5. Transfer to reserves in terms of section 217 (1)(b) of the Companies Act, 1956

For the financial year ended March 31, 2012, the Bank had transferred ₹265.77 lacs to the Statutory Reserve Fund (maintained under section 17(1) of RBI Act, 1934). The Bank has transferred ₹8.50 lacs to Special Reserve maintained under section 36 (1) (VIII) of Income Tax Act, 1961.

Directors

In accordance to the Section 255 of The Companies Act, 1956, Mr. Inder Krishan Sardana, Mr. Sham Singh and Mr. Ranbir Singh directors will retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment. The Board recommends their re-appointment.

Auditors & Auditors' Report

M/s. V. P. Vijh & Company, Chartered Accountants and Statutory Auditors, have audited the books of accounts of the bank for the year 2011-12 as per the accounting standards followed in India. Their Report and Notes to the accounts is self explanatory and, therefore, does not call for any further comment.

M/s. V. P. Vijh & Company, Chartered Accountants were appointed from the last Annual General Meeting to hold the office till the forthcoming Annual General Meeting. As per the Reserve Bank of India's norms, M/s V.P. Vijh & Company, Chartered Accountants have to statutorily retire from the ensuing Annual General Meeting as they have acted as Auditors of the Bank for a continuous period of four years. The Board placed on record the appreciation for cooperation and guidance given by the Auditors to the Bank. The appointment of new Auditors shall be subject to the approval from the Reserve Bank of India.

Directors' Responsibilities Statement

The Directors confirm that in the preparation of the annual accounts for the year-ended March 31, 2012:-

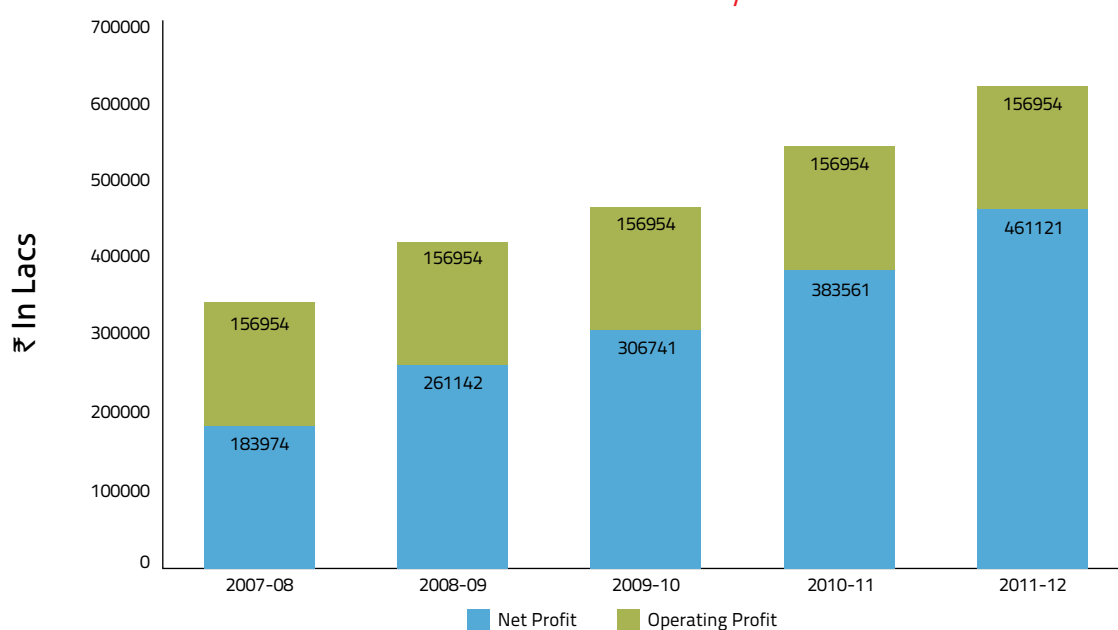
1. The applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
2. The accounting policies, framed in accordance with the guidelines of The Reserve Bank of India, were consistently applied.
3. Reasonable and prudent judgement and estimates 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, 2012.
4. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provision of applicable laws governing banks in India. The accounts have been prepared on an ongoing concern basis.

Acknowledgment

The Board of Directors is grateful to the Government of India and The Reserve Bank of India and other regulatory authorities for their continued guidance 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 look forward to their continued contribution in realisation of the corporate goals in the years ahead.

We wish to apprise our worthy members that Capital Local Area Bank will venture to strive hard to take long strides ahead and are confident that we will continue to work hard and provide world class banking services to the rural masses at affordable prices.

Net Worth Analysis



For and on behalf of the Board of Directors

Sarjit Singh Samra
Managing Director

Inder Krishan Sardana
Chairman

Place: Jalandhar
Date : April 28, 2012

MANAGEMENT DISCUSSIONS & ANALYSIS

Global Economic Conditions

Global growth slowed in 2011, but stayed on the path of slow recovery, reducing the likelihood of a double dip recession. Growth prospects for 2012 remain uncertain, with growth petering out in the euro area and losing steam in the emerging markets, while a better-than-expected recovery is shaping up in the US. The euro area is entering into a mild recession, while growth and employment conditions in the US are improving. Growth in emerging markets, especially China and India, is slowing beyond what was anticipated but these two economies are still likely to be the engines of global recovery and growth. In sum, in spite of a dip in growth, the world economy is unlikely to lapse into another recession and likely to continue growing gradually.

Indian Economy

The financial year 2011-12 was a stormy one for the financial sector in India. Monetary policy was progressively tightened ostensibly to rein in inflation but had the negative consequence of slowing growth, capital expenditure in the economy and discouraging investment and stimulating saving. The last quarter of the financial year was characterized by extremely tight liquidity conditions with interest rates, as a consequence, not showing any signs of easing. At the margin, banks were raising deposits at 10% per annum and paying even higher rates for CDs. The macro-economy, as a consequence showed underperformance, restrained foreign investment and led to a dramatic devaluation of the rupee. Global uncertainties and domestic cyclical and

structural factors resulted in growth slowing down considerably during 2011-12. All three sectors of the economy – agriculture, industry and services – slowed down. The need of the hour is to have appropriate calibration in Fiscal and Monetary Policy to create conducive environment for private investment to pick up by pruning down fiscal deficit and monetary policy to augment investment activity by encouraging purposeful credit pick up without creating excess liquidity which will push up inflation higher. At the moment, fiscal discipline by rationalizing subsidies is critical for long term sustainable growth of the country.

Financial Markets

Global financial markets have had a roller coaster ride this year. The first half of the year witnessed risk off the table and falling capital markets however the Global financial market stress eased significantly during Q1 of 2012 after the ECB made a large liquidity injection. However, stability and structural improvements in the euro area still remain the unfinished agenda. The recovery and financial stability can still be derailed by global inflation engendered by liquidity infusion and high crude oil prices.

Taking cues from favourable international developments, Indian financial markets revived in Q4 of 2011-12. The revival, however, has been primarily liquidity driven and expectations led. For the recovery to be sustained, macroeconomic fundamentals need to improve. Going forward, there are risks of disruptive movements from euro area and financialisation of commodities.

Government Securities Market

In the secondary market, the g-sec yield declined initially and was range-bound for most of Q4 reflecting improved sentiment on account of the OMO purchases by the Reserve Bank, an increase in the ceiling for investment in government securities by foreign institutional investors (FIIs) and expectation of moderation in inflation. The divergent trend in yield movements of TBs and dated securities resulted in an inverted yield curve during the period. This largely reflected the large issuances of TBs at the short-end of the yield curve. Following the Union Budget announcement of a higher than anticipated market borrowing programme and the subsequent issuance of auction calendar for dated securities, the 10 year yield rose steadily to 8.63 per cent by March 30, 2012 as compared to 8.54 per cent as on December 30, 2011. Such large government borrowings have the potential to crowd out credit to the private sector. Crowding out of the more productive private credit demand will become more critical if there is fiscal slippage.

Investments

Investment, as noted in aggregate capital formation as well as corporate investment intentions, has been drying up and is expected to start improving slowly in 2012-13. Net export demand dipped reflecting global slowdown. However, firmer oil prices have dented government's fiscal numbers due to high fuel subsidies and in the absence of price adjustment, added to the aggregate demand in 2011-12. While the Union Budget for 2012-13 has enunciated a commitment to cap subsidies, any slippage in the fiscal deficit numbers will have implications for demand management and could come in the way of reviving investment. In particular, containment of non-plan expenditure within the budget estimates for 2012-13 is contingent upon the Government's ability to adhere to its commitment of capping subsidies. Any slippage in the fiscal deficit will have implications for inflation too.

Price Situation

2011-12 was marked by strong inflationary pressures that began easing only in December. The recent fall in inflation has been largely supported by transitory factors such as a seasonal decline in vegetable prices and favourable base effect. Going forward, inflation in 2012-13 is likely to remain around current levels. Importantly, the near-term inflation trajectory is subject to significant upside risks, in particular from high oil prices and unsustainable levels of suppressed inflation, the lagged pass-through impact of rupee depreciation, higher freight rates and taxes, sustained wage pressures, and the structural nature of protein-food inflation.

Inflation

Inflation has fallen in Q4 of 2011-12, but is likely to remain sticky at about current levels during 2012-13. Price pressures persist with considerable suppressed inflation in oil, electricity, coal and fertilisers, the incomplete pass-through of rupee depreciation, slow supply responses and increase in indirect taxes as well as demand effects of large government transfers. The risk of higher or sticky inflation is greatly due to what's happening in commodities world. The outlook for global commodity prices, especially of crude oil, is uncertain. While global demand-supply imbalances, tight inventories and abundant global liquidity have contributed to this, price pressures have been recently accentuated by geo-political developments. Although upside risks to oil prices from the demand side are limited, geo-political tensions are a concern, and any disruption in supplies may lead to further increase in crude oil prices. This will have implications for domestic growth, inflation and the fiscal and current account deficits.

Inflation & Inflationary Expectations

Inflation in 2011-12 evolved broadly along the trajectory projected by the Reserve Bank. The March 2012 inflation at 6.9 per cent was close to the Reserve Bank's indicative projection of 7.0 per cent. Going forward, the inflation scenario remains

challenging. Food inflation, after a seasonal decline, has risen again. Inflation in respect of protein-based items remains in double digits. Crude oil prices are expected to remain high and the pass-through of past price increases in the international market to domestic petroleum product prices remains significantly incomplete. There also remains an element of suppressed inflation in respect of coal and electricity. However, non-food manufactured products inflation is expected to remain contained reflecting the lagged effect of past monetary policy tightening on aggregate demand. Corporate performance numbers also indicate that the pricing power has reduced. Consequently, the risk of adjustments in administered prices translating into generalised inflationary pressures remains limited, though there is no room for complacency.

Shift In Policy Stance From RBI

Monetary policy was strongly anti-inflationary until October 2011. The Reserve Bank persisted with its monetary tightening between February 2010 and October 2011 with continuing inflation risks. In this cycle, policy rates were effectively raised by 525 bps starting in March 2010. The tightening was necessary even if it meant sacrificing some growth in the short term as the risks from high inflation to the economy's sustainable growth rate were large. As expected, domestic demand slowed, partly due to monetary policy actions. Following moderation in demand-side pressures, headline inflation started moderating in line with the anticipated trajectory, which led the Reserve Bank to shift gears to a neutral policy stance December 2011. Amidst increasing structural and frictional liquidity deficits during Q4 of 2011-12, the Reserve Bank injected large amounts of primary liquidity through Open Market Operations (OMOs) and Cash Reserve Ratio (CRR). Liquidity easing was effected through a total of 125 basis points reduction in the Cash Reserve Ratio (CRR) during January-March 2012. The shift was motivated to a substantial extent by deceleration in investment activity as well as expected deceleration in consumption demand.

The downside risks to growth, however, continued to rise reflecting weakening global economic outlook and domestic policy uncertainties. While room for easing policy rates exist from here, the timing and extent of cuts will need to factor in the inflation risks that persist in 2012-13.

Outlook

Growth faces increased pressure from both moderation in investment demand and an uncertain global environment. Growth may have bottomed out in Q3 of 2011-12 but recovery may be slow during 2012-13. Lower global demand, domestic policy uncertainties and the cumulative impact of monetary tightening lowered the growth rate to below seven per cent over the last two quarters. Industrial growth remains subdued due to supply-side bottlenecks, particularly in the mining sector, and moderation in investment demand. Business conditions and sentiments remain subdued. Transitory factors have helped moderate inflation, but inflation is likely to turn sticky in 2012-13. The balance of risk is on the upside due to significant suppressed inflation and high oil prices. As such, while addressing the slackening growth and investment demand is a policy challenge, inflation and other macroeconomic risks have to be kept firmly in mind. The non-inflationary growth rate for India may have somewhat declined from the pre-Lehman crisis period. Monetary policy would, therefore, need to support growth without risking external balance or inflation by excessively fuelling demand. Fiscal policy has a key role to speed up public investment to crowd in private investment while staying on the path of fiscal consolidation. As such, monetary actions will need to be calibrated to evolving growth-inflation dynamics and the fiscal response.

Balanced Policy Action Plan

Policy actions thus far have helped moderate inflation and contain inflationary expectations. However, against the backdrop of uncertain global conditions and fragile domestic demand, the recovery in the

economy is expected to remain moderate. Demand revival, especially in investment, is critical for growth. In this context, business as also consumer confidence needs to be addressed by the policy initiatives.

At the current juncture, reviving growth in a non-inflationary manner poses many challenges. Given that the recent experience suggests that potential output may itself be lower than in the pre-crisis years, the output gap could be small. Inflationary pressures, though moderating, could re-emerge if the upside risks materialise. Moreover, policy choices have to keep in view the risks arising from fiscal and external imbalances. The policy design to achieve macro-objectives hinges on deregulation and the upward adjustment of oil prices by letting the demand effects work towards diminishing fiscal and external risks. This would provide space for fiscal and monetary policy to act in tandem to achieve the growth and inflation objectives in 2012-13. Overall, monetary policy has to tread with care in working towards reviving growth, while not exacerbating inflation and other risks.

Future Growth Prospects - Corporate Governance

Capital 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 this 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 Directors have distinguished themselves in different walks of life through experience and expertise.

- 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 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 envisage attaining market leadership in our area and many of our branches have already become market leaders with respect to advances. We aim at increasing our area of operation beyond three districts with permission of Reserve Bank of India with focus on Rural Banking. We're operating in a lucrative market segment that has the potential to grow exponentially. Our initiatives in the area of technology, Human Capital, Product Development, Business Development and discharge of social responsibility will go a long way in achieving our mission. We believe that Corporate Governance becomes crucial for banks as they not only accept and deploy large amount of uncollateralised 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. We aim at setting newer heights of Corporate Governance to be followed by the rest.

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 met 6 times during the period under review. Various committees of Board viz. Credit Sanctioning Committee,

Audit Committee, Management Committee (Investment merged with Management Committee), Risk Management Committee, Customer Service Committee, Remuneration Committee, Securities Transfer Committee and Nomination Committee have been formed for increasing the efficiency. The basic objective of corporate governance is the enhancement of shareholder value, keeping in view the interests of all stakeholders. We have always believed in providing banking services with due compliance of regulatory requirements and adhering to the highest standards of Corporate governance. The Audit Committee of the Bank comprises of four independent Directors with Mr. Madan Gopal Sharma as its Chairman, Mr. Dinesh Gupta, Mr. Bhagwant Singh Sangha and Mr. Sukhpal Singh Gill as its members. The major role of Audit Committee lies in the following:

- 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 whistleblower hotlines.
- Monitoring the internal control process.
- Overseeing the performance of the internal audit function.
- Discussing risk management policies and practices with management.

The Risk Management Committee

comprises 4 Directors namely, Mr. Sarvjit Singh Samra, Mr. Dinesh Gupta, Mr. Vijay Kumar Bhandari and Mr. Sukhpal Singh Gill. The meetings of various sub-committees of the Board held in the year as follows:

Credit Sanctioning Committee	16
Audit Committee	6
Management Committee	4
Risk Management Committee	4
Investment Committee (merged with management committee)	2
Customer Service Committee	4
Nomination Committee	3
Securities Transfer Committee	6
Remuneration Committee	1

Strategy for Financial Inclusion

Financial Inclusion denotes delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The various financial services include credit, savings, insurance, payments and remittance facilities, etc. The objective of financial inclusion is to extend the scope of activities of the organized financial system to include people with low incomes within its gambit. Through graduated credit, the attempt must be to lift the poor from one level to another so that they come out of poverty. Over the past few years, your Bank has been working on a number of initiatives to promote financial inclusion across identified sections of rural, under-banked and un-banked consumers. These initiatives target segments of the population that have limited or no access to the formal banking system for their basic banking and credit requirements. The Bank's financial inclusion initiatives have been integrated across its various businesses, as well as across product groups.

Capital Local Area Bank has been actively involved in providing micro-credit facility at grassroots levels recognizing its emerging potential as an approach for empowerment of women and poverty alleviation. We anticipate the living standards to significantly improve as a result of augmenting the income / business cycles of these individuals. This would create more jobs and therefore more stable families, supported by new incomes and employment. As basic needs are met, borrowers will be able to put in more effort into other income-generating projects – such as, irrigation projects – and therefore maximize the use of available resources. Therefore, the Bank had adopted 129 Villages and 50 Municipal Wards covering population of 2,64,323 and 50,282 households in the area of operation and achieved 100% Financial Inclusion. The Bank has opened 28,555 accounts under Financial Inclusion of those households, which did not have any access to banks or post offices. Several measures are being taken in our

areas of operation to promote financial inclusion by inculcating banking habits. These accounts are regularly monitored to avoid them for being dormant.

Asset-Liability and Risk Management

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 organization of Risk Management function in the Bank spans various levels of oversight from operatives to the Board, offering lines of defense and escalation. 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' 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 optimising 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. The average cost of deposit has been kept low at 6.68% as on March 31, 2012 in spite of the rise in deposit rates.

Corporate Social Responsibility

Your 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 socio-economic empowerment of under privileged and marginalized sections of society, the Bank reiterates its commitment to support social initiatives with a special focus on education and livelihood support. The major initiatives that your Bank has taken in this direction over the last few years cover the following areas :

- Education
- Livelihood training and support
- Environmental sustainability
- Employee welfare, health and well being
- Employee engagement

Strengthening the Knowledge Proposition

A knowledge-led culture has been the company's core strength. While the knowledge of the customer enables the company to address delinquency risk, the knowledge of the territory enables it to

prudently invest into relevant markets. Product knowledge enables it to address and control the credit quality across product verticals. The company has created a scalable business model based on creation of an organizational structure that readily addresses all the risks concerning Customers, Territory and Products. As a result, the company is able to mitigate its credit risk efficiently, in wake of its growing volumes.

Customer service

The Bank believes that the customer satisfaction is at the core of its existence and customers must be served proactively beyond their expectations. The Bank has a dedicated Service Quality (SQ) team that is supervised by the MD & CEO along with Senior Management. The SQ team inter alia is responsible for – identifying problems faced by customers, coordinating speedy rectification of issues, actively looking for process improvement opportunities, scientifically tracking customer satisfaction and facilitating implementation of customer friendly automation. The Bank has installed 'Centralised Complaint Management' so that customer queries and complaints are not inadvertently missed out and also to provide uniform quality service. All complaints are tracked rigorously for timely closure and delays if any are escalated to the senior management.

Human Capital

Capital Local Area Bank prides itself as a vibrant organization and recognizes its employees as its greatest assets – The Life-line. It envisions attaining the pinnacle of success, into its areas of operations by providing escalation prospects to its human capital.

The bank works with the concept of overall progress of its employees for a mutual opulent career. Transparent and strategic HRD policy of recruiting local work force has been successful in attracting and retaining the best talent of the region. Comprising of people drawn from different specialization

and divergent backgrounds, the employees merge into a highly homogeneous working group. The bank recognizes that the real source of sustainable competitive advantage for an organization is the power of its high quality human resource.

In addition to lucrative remuneration structure, employee benefits like staff Medclaim, gratuity and insurance facilities are offered.

Through well structured Orientation programmes and trainings, we are making a concerted effort towards building learning and development solutions that continuously enhance employee value, in line with the growth plans of the bank.

Building a high performance culture is another 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. CEO Club – a reward of appreciation for the top performers and 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 Local Area Bank has established itself as the preferred employer and continues to cultivate a self motivated team, enriched with a spirit of belonging.

Internal Control and Audit

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 pro-active 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 2012 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 half-yearly inspections with short quarterly inspections and various other audits, viz; concurrent audit to FFMC, revenue audit, etc. 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.

Information Technology

Indian banking industry, today is in the midst of an IT revolution. A combination of regulatory and competitive reasons has led to increasing importance of total banking automation in the Indian Banking Industry.

Information Technology has basically been used under two different avenues in Banking. One is Communication and Connectivity and other is Business Process Reengineering. Information technology enables sophisticated product

development, better market infrastructure, implementation of reliable techniques for control of risks and helps the financial intermediaries to reach geographically distant and diversified markets.

In view of this, technology has changed the contours of three major functions performed by banks, i.e., access to liquidity, transformation of assets and monitoring of risks. Further, Information technology and the communication networking systems have a crucial bearing on the efficiency of money, capital and foreign exchange markets. The Bank continues to leverage information technology as a strategic tool in business operations for customer delight by offering efficient and improved service as well as improving internal productivity, efficiency and controls. The Bank is equipped with a full fledged Information Technology Department having four verticals of expertise; Software, System & Support, Network and Help desk with good strength of man power 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 ABB & CBS application to branches
4. Secure Systems towards any potential threat. Develop and implement automation.
5. Perform and maintain backups for any disaster recovery.
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
9. Branch Bricks for TBA and Intellect

for CBS branches, Foreign exchange transactions, Payroll, Mail Server, Resume fox Under HRM, Tally for HO accounting, Western Union Money Transfer, Web-Magnox Intranet site & e-attendance.

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

The Bank is using Bank Bricks/Branch Bricks, a decentralized banking system software solution implemented in the first 16 branches by 'Onward e Services Limited' Mumbai. The Bank has recently procured and implemented Core Banking system from Polaris Financial Technology Ltd., Chennai which enables bank clientele to avail any branch banking and anytime banking through different delivery channels like ATMs, I-banking, Mobile banking and e-Alerts. All the new & upcoming branches will be using the new CBS application. Branches opened at JANDIALA, SHAHKOT, SULTANPUR LODHI, BILGA, MUKERIAN, TANDA, KALA SANGHIAN & RURKA KALAN are already using the new Intellect CBS application. The migration of existing software in the old 16 branches with the upgraded software is in process and will be completed by July 31, 2012.

Brief Technical Functionality – ABB

Under 'Branch Bricks' Application requirement each branch is having it's own functional database and LAN environment. Application servers are connected with the central host through WAN links and use Microsoft Messaging Queue at back end for secure and reliable communication between central host and application servers. Transaction Originated for ABB and Delivery Channel is sent/forwarded to central host/TMS server, which interprets the request

and forwards the interpreted request to destination server through MSMQ, collects the response in the same fashion and sends the interpreted response to source of request via MSMQ.

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 servers through WAN links using standard Internet browser for secure and reliable communication on Windows and/or Linux platforms. All the Delivery channel requests are handled by the CBS component internally which communicates securely with the external network using a different sub-module.

For and on behalf of the Board of Directors

Place: Jalandhar
Date : April 28, 2012

Sarvjit Singh Samra
Managing Director

Inder Krishan Sardana
Chairman

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of Capital Local Area Bank limited as on 31 March, 2012, the Profit & Loss Account and Cash Flow Statement for the year ended on the date annexed thereto. These financial statements are the responsibility of the bank's management. Our responsibility is to express opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standard generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on test basis, evidence supporting the amount and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

3. The Balance Sheet and Profit and Loss Account have been drawn up in accordance with the provision of section 29 of the Banking Regulation Act 1949 read with section 211 of Companies Act 1956

4. We report that:-

a. We have obtained all the information and explanation which to be best of our knowledge and belief, were necessary for the purpose of audit and have found them to be satisfactory

b. The transactions of the bank which have come to our notice have been within the power of the bank.

5. In our opinion, Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with accounting standard referred to in section 211(3c) of the Companies Act 1956, in so far as they apply to the banks.

6. We report that:-

i) The Balance Sheet, Profit and Loss Account and Cash Flow Statement are in agreement with the books of accounts and branch returns.

ii) In our opinion, proper books of accounts as required by law have been kept by the bank so far as appears from our examination of those books.

iii) On the basis of written representation received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31/03/2012 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with Notes on Accounts, give the information required by the Banking Regulation Act, 1949 as well as Companies Act 1956 in the manner so required for banking companies, and give a true and fair view in conformity with the accounting principles generally accepted in India:

a. In the case of Balance Sheet, of the state of affairs of the bank as on 31st March 2012.

b. In case of Profit and Loss Account of the profit of the bank for the year ended on that date, and

c. In case of Cash Flow Statement of the cash flows for the year ended on that date.

For V.P. Vijh & Co.
Chartered Accountants

R.K. Gupta
Partner

Membership No. : 16274
FRN: 001248N

Place: Jalandhar
Date: April 28, 2012

ANNUAL ACCOUNTS

BALANCE SHEET AS ON March 31, 2012

(₹ IN THOUSANDS)

PARTICULARS	SCHEDULE	Year Ended 31/03/2012	Year Ended 31/03/2011
CAPITAL & LIABILITIES			
Capital	1	156954	156954
Reserve and Surplus	2	461121	383561
Deposits	3	8196630	6479195
Borrowings	4	416720	169600
Other Liabilities and provisions	5	418324	300507
Total		9649749	7489817
ASSETS			
Cash and Balances with Reserve Bank of India	6	267992	177154
Balances With banks and Money at call and short notice	7	1048376	810671
Investments	8	2861121	2079173
Advances	9	5162575	4187106
Fixed assets	10	174718	152980
Other Assets	11	134967	82733
Total		9649749	7489817
Contingent Liabilities	12	122933	162376
Bills for Collection		-	-
Significant Accounting Policies	18		
Notes to Accounts	19		

Munish Jain

EXECUTIVE VICE PRESIDENT
& COMPANY SECRETARY

As per our separate report appended

For V.P.Vijh & Co.
Chartered Accountants,

(R.K.GUPTA)
(PARTNER)
M. No: 016274
FRN: 001248N

Date : 28th April, 2012
Place : Jalandhar

Sarvjit Singh Samra

MANAGING DIRECTOR

B.S. Sangha

Dinesh Gupta

I. K. Sardana

M.G. Sharma

Ranbir Singh

Vijay Kumar Bhandari

Sham Singh Bains

Sukhpal Singh Gill

DIRECTORS

PROFIT AND LOSS A/C FOR THE PERIOD ENDED MARCH 31, 2012

(₹ IN THOUSANDS)

PARTICULARS	SCHEDULE	Year Ended 31/03/2012	Year Ended 31/03/2011
INCOME			
Interest Earned	13	895701	665171
Other Income	14	86740	81324
Total		982441	746495
EXPENDITURE			
Interest Expended	15	543864	371965
Operating Expenses	16	255581	201695
Provisions and Contingencies	17	76687	68653
Total		876132	642313
PROFIT/LOSS			
Net profit for the year		106309	104182
Profit brought forward		203978	153903
Total		310287	258085
APPROPRIATIONS			
Transfer to Statutory Reserves		26577	26045
Transfer to Special Reserve		850	700
Transfer to Proposed Dividend		23543	23543
Tax on Proposed Dividend		3819	3819
Balance carried over to Balance sheet		255498	203978
Total		310287	258085
EARNING PER SHARE			
Basic (Rupees)		6.77	6.64
Diluted (Rupees)		6.77	6.64
(Face value) (Rupees)		10.00	10.00

Munish Jain
EXECUTIVE VICE PRESIDENT
& COMPANY SECRETARY

As per our separate report appended

For V.P.Vijh & Co.
Chartered Accountants,

(R.K.GUPTA)
(PARTNER)
M. No: 016274
FRN: 001248N

Date : 28th April, 2012
Place : Jalandhar

Sarvjit Singh Samra
MANAGING DIRECTOR

B.S. Sangha
Dinesh Gupta
I. K. Sardana
M.G. Sharma
Ranbir Singh
Vijay Kumar Bhandari
Sham Singh Bains
Sukhpal Singh Gill
DIRECTORS

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(₹ IN THOUSANDS)

PARTICULARS	Year ended 31/03/2012	Year ended 31/03/2011
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Taxes	160008	158497
Adjustment For:		
Depreciation Charge on Fixed Assets for The Year	23707	17292
Loan Loss Provision	12380	7291
Loss on Sale of Fixed Assets	322	219
Depreciation on Investment	10608	7047
	207025	190346
Adjustment For:		
(Increase)/Decrease in Term Deposits with other Banks	(293351)	(193795)
(Increase)/Decrease In Investments	(792556)	(20197)
(Increase)/Decrease In Advances	(987849)	(724675)
Increase/(Decrease) In Borrowings	159820	-
Increase/(Decrease) In Deposits	1717435	1160142
(Increase)/Decrease In Other Assets	(46155)	(5152)
Increase/(Decrease) In Other Liabilities & Provision	117817	(249581)
	82186	157088
Refund/(Payment) of Direct Taxes	(59778)	(47101)
NET CASH FLOW FROM OPERATING ACTIVITIES	22408	109987
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(48263)	(52752)
Proceeds from Sale of Fixed Assets	2496	409
NET CASH FLOW FROM INVESTING ACTIVITIES	(45767)	(52343)
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from the new issue of Unsecured Redeemable Non Convertible Bonds	85913	-
Dividend Payment (Including C D T)	(27362)	(25623)
NET CASH FLOW FROM FINANCING ACTIVITIES	58551	(25623)
Net Increase / (Decrease) In Cash & Cash Equivalent	35192	32021
Cash & Cash Equivalents In the Beginning	268076	236055
Cash & Cash Equivalents At the end	303268	268076

Munish Jain
EXECUTIVE VICE PRESIDENT
& COMPANY SECRETARY

As per our separate report appended

For V.P.Vijh & Co.
Chartered Accountants,

(R.K.GUPTA)
(PARTNER)
M. No: 016274
FRN: 001248N

Date : 28th April, 2012
Place : Jalandhar

Sarvjit Singh Samra
MANAGING DIRECTOR

B.S. Sangha
Dinesh Gupta
I. K. Sardana
M.G. Sharma
Ranbir Singh
Vijay Kumar Bhandari
Sham Singh Bains
Sukhpal Singh Gill
DIRECTORS

PRODUCTS & SERVICES

DEPOSITS

Savings

Capital Local Area Bank's Savings Account is just the right product for everyone, salaried or self-employed, high net worth individuals and NRIs. The unmatched package of Capital Local Area 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
- Suvidha Bachat Account (No frill A/c)

Current

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

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

Term Deposit

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

- Cumulative Deposit A/c
- Short Term Deposit A/c
- QIDS A/c
- MIDS A/c
- Recurring A/c

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 Local Area 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. and Money Gram Inc. Western Union and Money Gram 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
- Purchase of Foreign Currency Travellers Cheques (TC)

INSURANCE

We at Capital Local Area 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. 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 offer numerous flexible options that fulfill all General Insurance needs of the customers.

Committed for excellence...





SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON MARCH 31, 2012

(₹ IN THOUSANDS)

	Year ended 31/03/2012	Year ended 31/03/2011
SCHEDULE - 1 CAPITAL		
Authorised Capital	250000	250000
25000000 equity shares of Rs. 10 each		
Issued, Subscribed and Paid-up Capital		
15695428 equity shares issued of ₹ 10 each fully paid-up (Of the above shares 1200000 shares are allotted as fully paid-up equity shares by way of bonus shares)	156954	156954
Total	156954	156954

SCHEDULE 2 - RESERVES AND SURPLUS

I. Statutory Reserves		
Opening Balance	119812	93767
Additions during the Year	26577	26045
II. Capital Reserves		
Opening Balance		
Additions during the Year		
III. Special Reserves		
Opening Balance	2850	2150
Additions during the Year	850	700
IV. Investment Fluctuation Reserves		
Opening Balance	-	-
Additions during the Year	-	-
V. Security Premium Account		
Opening Balance	56921	56921
Additions during the Year	-	-
Deductions during the Year	1387	-
VI. Balance in Profit & Loss Account	255498	203978
Total	461121	383561

SCHEDULE 3 - DEPOSITS

A		
I Demand Deposits		
From banks	28	28
From others	214354	293688
II Saving Bank Deposits	3187320	2546565
III Term deposits		
From banks	-	15000
From others	4794928	3623914
Total	8196630	6479195
B		
I Deposits of branches in India	8196630	6479195
II Deposits of branches outside India	-	-
Total	8196630	6479195

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON MARCH 31, 2012

(₹ IN THOUSANDS)

	Year ended 31/03/2012	Year ended 31/03/2011
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India	-	-
-Reserve Bank of India	-	-
-Other Banks	159820	-
-Unsecured Redeemable Non-Convertible Bonds (Subordinated debt - Tier II Capital)	256900	169600
II. Borrowings outside India	-	-
Total	416720	169600

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I. Bills Payable	57373	57499
II. Inter-office adjustments (net)	7355	13983
III. Interest accrued	278766	160695
IV. Others (including provisions)	47468	40968
V. Proposed Dividend(includes tax on Dividend)	27362	27362
Total	418324	300507

SCHEDULE 6 - CASH AND BALANCE WITH RESERVE BANK OF India

I. Cash in hand	267992	177154
II. Balance with Reserve Bank of India		
a) in current accounts	-	-
b) in other deposits accounts	-	-
Total	267992	177154

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

I. In India		
I) Balance with banks		
a) in current accounts	35276	90922
b) in other deposit accounts	1013100	719749
II) Money at call and short notice	-	-
a) With Banks	-	-
b) With other Institutions	-	-
Total (I)	1048376	810671
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)	1048376	810671

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON MARCH 31, 2012

(₹ IN THOUSANDS)

	Year ended 31/03/2012	Year ended 31/03/2011
SCHEDULE 8 - INVESTMENTS		
I Investments in India in		
i) Government securities	2499065	1960468
ii) Other approved securities	-	-
iii) Shares	-	-
iv) Debentures and Bonds	19690	20000
v) Subsidiaries and/or joint ventures	-	-
vi) Others (Certificate of deposits, money mkt based mutual Funds)	342366	98705
Total (I)	2861121	2079173
II Investments outside India in		
i) Government securities	-	-
ii) Subsidiaries and/or joint ventures abroad	-	-
iii) Other Investments	-	-
Total (II)	-	-
G. Total (I+II)	2861121	2079173
SCHEDULE 9 - ADVANCES		
A		
i) Bills purchased and discounted	10505	5434
ii) Cash credits, overdrafts and loans repayable on demand	3323159	2796600
iii) Term Loans	1828911	1385072
Total	5162575	4187106
B		
i) Secured by Tangible Assets	5103791	4141874
ii) Covered by Bank / Government Guarantees	-	-
iii) Unsecured	58784	45232
Total	5162575	4187106
C		
I) Advances in India		
i) Priority Sector	2596832	2092702
ii) Public Sector	-	-
iii) Banks	-	-
iv) Other	2565743	2094404
Total (I)	5162575	4187106
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)	5162575	4187106

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON MARCH 31, 2012

(₹ IN THOUSANDS)

	Year ended 31/03/2012	Year ended 31/03/2011
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost as on 31st March of the preceding year		
Add : Additions during the year	-	-
Less : Deductions during the year	-	-
Depreciation		
As at 31st March of the preceding year	-	-
Charge for the year	-	-
Total	-	-
Net Block I	-	-
II. Other Fixed Assets (including furniture & fixtures)		
Gross Block at cost on 31st March of the preceding Year	255395	203664
Add : Additions during the year	48263	52752
Less : Deductions during the year	4752	1021
Total	298906	255395
Depreciation		
As at 31st March of the preceding year	102415	85516
Charge for the year	23707	17292
Less : Reversed on sale	1934	393
	124188	102415
Net Block II	174718	152980
Grand Total (I & II)	174718	152980

SCHEDULE 11 - OTHER ASSETS

i) Inter-office adjustments (net)	-	-
ii) Interest accrued	106637	55863
iii) Stationary & Stamps	3919	2618
iv) Others	24411	24252
Total	134967	82733

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	113478	135030
(b) Outside India	-	-
v) Acceptances, endorsements and other obligations	9455	27346
vi) Other items for which bank is contingently liable.	-	-
Total	122933	162376

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON MARCH 31, 2012

(₹ IN THOUSANDS)

	Year ended 31/03/2012	Year ended 31/03/2011
SCHEDULE 13 - INTEREST EARNED		
I. Interest/discount on advances/bills	599408	467606
II. Income on investments	179514	157783
III. Interest on balance with Reserve Bank of India and inter-bank funds	115068	39751
IV. Others	1711	31
Total	895701	665171
SCHEDULE 14 - OTHER INCOME		
I. Commission,exchange and brokerage	47464	46146
II. Profit/Loss on sale of investments(Net)	15429	14202
III. Profit/Loss on revaluation of investments(Net)	-	-
IV. Profit/Loss on sale of Land,building & other assets(Net)	(322)	(219)
V. Profit/Loss on Exchange Transactions(Net)	24027	21150
VI. Income earned by way of dividends etc.	-	-
VII. Miscellaneous income	142	45
Total	86740	81324
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on deposits	514548	348781
II. Interest on inter-bank borrowings	3015	5082
III. Others	26301	18102
Total	543864	371965
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for employees	105701	82253
II. Rent,taxes and lighting	33657	27705
III. Printing and stationery	5737	4583
IV. Advertisement and publicity	6912	4920
V. Depreciation on bank property	23707	17292
VI. Directors fees,allowances & expenses	585	471
VII. Auditors fees and expenses	556	517
VIII. Law charges	9	30
IX. Postage, telegrams, telephones etc.	5782	4381
X. Repairs and maintenance	9451	9546
XI. Insurance	11050	9498
XII. Other expenditure	52434	40499
Total	255581	201695
SCHEDULE 17- PROVISIONS AND CONTINGENCIES		
I. Income tax/wealth tax/Fringe benefit tax	53699	54315
II. Provision on Std. advances	3393	563
III. Provision for Non-Performing advances	8987	6728
IV. Depreciation on investments	10608	7047
Total	76687	68653

SIGNIFICANT ACCOUNTING POLICIES

Schedule 18

1. ACCOUNTING CONVENTIONS

The Financial Statements have been prepared on Historical Cost Basis following accrual basis of Accounting and conform to the Statutory Provisions and Practices prevailing in the Banking Industry in India, except as otherwise stated.

2. 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 are 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 least of Acquisition cost or Book Value or Market Value 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.

SOWING THE SEEDS FOR A **WHOLESOME** **FUTURE**





3. ADVANCES

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

- a. All advances have been classified under four categories i.e. (a) Standard Assets, (b) Sub-standard Assets, (c) Doubtful Assets and (d) Loss assets.
- b. Specific Loan Loss 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. Provision on Standard Assets is 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 circular No. DBOD. No.BP.BC.58/21.04.048/2009-10 dated November 5, 2009 and DBOD. No.BP.BC.69/08.12.001/2010-11 dated December 23,2010. 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 has been provided for.
- e. Provisions in respect of NPA's have been deducted from Advances.
- f. Provisions have been made on gross basis. Tax effects will be accounted for in the year of write off.

4. 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 is charged over the estimated useful life of the fixed asset on a Straight line basis. The rates of depreciation for certain key fixed assets used in arriving at the charge for the year are :
 - Improvement to Lease Hold Premises is charged off over the primary period of lease or useful life of the asset whichever is less.
 - Software and System Development Expenditure at 20% per annum.
 - Depreciation on computers and Mobile Phones is charged at 33.33% per annum.
 - All other Assets are depreciated as per the rates specified in schedule XIV of the companies Act 1956 as per details given below :-

ASSET	RATE
Office Machinery	4.75%
Furniture & Fixture	6.33%
Motor Vehicle	9.50%
Cycle	7.07%

- c. Depreciation on Assets sold or disposed off during the year has been provided for up to the date of sale.
- d. Depreciation on Assets purchased or acquired during the year has been provided for from their date of put to use.

5. 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.

6. 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.
- e. Interest on Overdue Term Deposits is provided as and when such Deposits are renewed.

7. 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.

8. RETIREMENT BENEFITS

Defined Contribution towards Provident Fund is accounted for as per Statutory requirements.

- a. The Bank provides for Gratuity, a defined benefit retirement plan covering all employees. Liability towards gratuity is paid to a Fund maintained by ICICI Prudential Life Insurance through a separate Trust set up by the Bank. Difference between the Fund balance and the Accrued Liability is determined on the

basis of Actuarial valuation done on yearly basis, is charged to profit & loss account.

- b. 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 yearly basis.

9. 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 Rs. 5 Crores as defined by Reserve Bank of India. Retail banking also includes liability products and NRI services.

c. Corporate/Wholesale Banking

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

d. Other Banking Business

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

10. LEASES

Leases where the lessor effectively retains substantially all the risks and

benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

11. EARNING PER SHARE

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

12. INCOME TAX

Income Tax Expense (Current & Deferred) is accrued 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.

13. 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.

14. 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 can not 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.

NOTES ON ACCOUNTS

Schedule 19

1. CAPITAL

1.1

	Current Year	Previous Year
i) CRAR (%)	15.73%	15.55%
ii) CRAR - Tier I capital (%)	10.86%	11.58%
iii) CRAR - Tier II Capital (%)	4.87%	3.97%
iv) Amount of subordinated debt raised as Tier-II capital (Lower Tier II capital)	873 Lacs	Nil

1.2 Subordinated Debt

The bank has raised subordinated debt qualifying for Tier II Capital amounting to ₹ 87300 thousands during the year. The details of these bonds are as under:

Particulars	Date of Issue	Coupon(%)	Tenure	Amount (₹ In"000)
Lower Tier II	04-06-2011	11%(Quarterly)	10 years	57100
Lower Tier II	18-06-2011	11%(Quarterly)	10 years	30200

1.2 The Bank has reduced ₹ 1387 thousands from Securities Premium Account being the expenditure incurred on issue of subordinated debt of ₹ 87300 thousands.

2. Investments

(₹ In"000)

Items	Current Year	Previous Year
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	2884787	2092230
(b) Outside India,	Nil	Nil
(ii) Provisions for Depreciation		
(a) In India	23666	13057
(b) Outside India,	Nil	Nil
(iii) Net Value of Investments		
(a) In India	2861121	2079173
(b) Outside India.	Nil	Nil
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	13057	6010
(ii) Add: Provisions made during the year	12080	10305
(iii) Less: Write-off/ write-back of excess provisions during the year	1471	3258
(iv) Closing balance	23666	13057

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

(₹ In"000)

No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Grade' Securities Investment	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSUs	10000	Nil	Nil	Nil	Nil
(ii)	FIs	10000	Nil	Nil	Nil	Nil
(iii)	Banks	322366	Nil	Nil	Nil	Nil
(iv)	Private Corporates	Nil	Nil	Nil	Nil	Nil
(v)	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others	20000	Nil	Nil	Nil	Nil
(vii)	Provision held towards depreciation	310	X X X	X X X	X X X	X X X
Total		362056	Nil	Nil	Nil	Nil

ii) Non performing Non SLR investments

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

3. Asset Quality

3.1 Non-Performing Asset

(₹ In"000)

Items	Current Year	Previous Year
(i) Net NPAs to Net Advances (%)	Nil	Nil
(ii) Movement of NPAs (Gross)		
(a) Opening balance	8644	1916
(b) Additions during the year	19427	50529
(c) Reductions during the year	10439	43801
(d) Closing balance	17632	8644
(ii) Movement of NPAs (Net)		
(a) Opening balance	Nil	Nil
(b) Additions during the year	3804	40629
(c) Reductions during the year	3804	40629
(d) Closing balance	Nil	Nil
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	8644	1916
(b) Provisions made during the year	15623	9900
(c) Write-off/ write-back of excess provisions	6635	3172
(d) Closing balance	17632	8644

3.2 Particulars of Amount restructured

(₹ In'000)

		CDR Mechanism	SME Debt restructuring	Others
Standard Advances restructured	No. of Borrowers	-	-	-
	Amount Outstanding	-	-	-
	Sacrifice(diminution in the fair Value)	-	-	-
Sub-Standard Advances restructured	No. of Borrowers	-	-	-
	Amount Outstanding	-	-	-
	Sacrifice(diminution in the fair Value)	-	-	-
Doubtful Advances Restructured	No. of Borrowers	-	-	-
	Amount Outstanding	-	-	-
	Sacrifice(diminution in the fair Value)	-	-	-
Total	No. of Borrowers	-	-	-
	Amount Outstanding	-	-	-
	Sacrifice(diminution in the fair Value)	-	-	-

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

(₹ In'000)

Particulars	Current Year	Previous Year
Provisions towards Standard Assets	3393	563

The cumulative provision towards standard assets held by the bank as at the year end amounting to ₹ 18336 Thousands (previous year 14943 thousands) is included under Other Liabilities and Provisions in Schedule 5 to the Balance Sheet.

4. Business Ratio

(₹ In'000)

Items	Current Year	Previous Year
(i) Interest Income as a percentage to Working Funds \$	10.14%	9.27%
(ii) Non-interest income as a percentage to Working Funds	0.98%	1.13%
(iii) Operating Profit as a percentage to Working Funds \$	2.07%	2.41%
(iv) Return on Assets@	1.20%	1.45%
(v) Business (Deposits plus advances) # per employee^ (₹ In '000)	33526	35892
(vi) Profit per employee (Operating Profit)^ (₹ In '000)	459	582

\$ 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 31,2012

		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)	661077	12227	10589	39024	142828	179299	383856	3373548	275695	84432	5162575
	(PY)	530358	5180	6171	22529	99107	117772	242576	2889799	206918	66696	4187106
Investment	(CY)	103531	5178	8778	12799	147608	144615	386271	865861	246500	939980	2861121
	(PY)	97346	1907	52001	9261	81444	40199	126647	691525	6579	972264	2079173
Deposits	(CY)	356126	21075	35729	52095	229467	202490	495175	3307115	15968	3481390	8196630
	(PY)	303200	7522	15194	36532	95649	158580	499609	2835065	25953	2501891	6479195
Borrowing	(CY)	-	-	-	-	-	-	159820	-	-	256900	416720
	(PY)	-	-	-	-	-	-	-	-	-	169600	169600
Foreign Currency Assets	(CY)	135904	-	-	-	-	-	-	-	-	-	135904
	(PY)	35826	-	-	-	-	-	-	-	-	-	35826

6. Exposures

6.1 Exposure to Real Estate Sector

(₹ In'000)

Category	Current Year	Previous Year
a) Direct exposure		
(i) Residential Mortgages – Lendings fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
a) Individual Housing Loans eligible for inclusion in Priority Sector advances	157456	126135
b) Others	305094	215054
(ii) Commercial Real Estate – Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	172216	157688
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil
Total Exposure to Real Estate Sector	634766	498877

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.	-	-
(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 three 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) prescribed by the directives of RBI during the year ended March 31, 2012.

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

7.1. Concentration of Deposits

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	339193	448633
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	4.14%	6.92%

7.2 Concentration of Advances*

Particulars	Current Year	Previous Year
Total Advances to twenty largest borrowers	760636	719402
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	14.68%	17.15%

7.3. Concentration of Exposures*

Particulars	Current Year	Previous Year
Total Exposure to twenty largest borrowers/customers	760636	719402
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the Bank on Borrowers/ customers	14.68%	17.15%

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

7.4. Concentration of NPAs

Particulars	Current Year	Previous Year
Total Exposure to top four NPA accounts	14722	7006

7.5. Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		Current Year	Previous Year
1	Agriculture & allied activities	0.57%	0.25%
2	Industry(Micro & small, Medium and large)	-	1.28%
3	Services	-	-
4	Personal Loans	0.33%	0.39%

7.6. Movement of NPAs

(₹ In'000)

Particulars	Current Year	Previous Year
Gross NPAs as on 1st April 2011	8644	1916
Additions(fresh NPAs) during the year	19427	50529
Sub Total (A)	28071	52445
Less:-		
(i) Upgradations	10402	43720
(ii) Recoveries(excluding recoveries made from upgraded accounts)	37	81
(iii) Write-offs		
Sub Total (B)	10439	43801
Gross NPAs as on 31st March 2012(A-B)	17632	8644

7.7. Overseas Assets, NPAs and Revenue

(₹ In'000)

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

7.8. 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	1443	10344
(b) General Insurance	3076	4926

9. 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:

(₹ In'000)

Particulars	Current Year	Previous Year
Defined benefit obligation liability at March 31,2012		
Opening Obligations	5871	4660
Service Cost	1273	927
Interest Cost	499	373
Actuarial (gain)/Loss	217	150
Liabilities extinguished on settlement		
Benefits Paid	148	239
Obligations at March 31,2012	7712	5871
Plan Assets at March 31,2012,at fair value		
Opening Plan Assets, at fair value	5899	4679
Expected return on plan assets	558	425
Actuarial gain/(Loss)	(35)	(116)
Assets distributed on settlement	-	-
Contributions	1486	1150
Benefits Paid	(148)	(239)
Plan Assets at March 31,2012,at fair value	7760	5899
Fair Value of Plan Assets at the end of the year	7760	5899
Present Value of the defined benefit obligation at the end of the year	7712	5871
Asset/(Liability) at March 31,2012	48	28
Cost for the period		
Service Cost	1273	927
Interest Cost	499	373
Expected Return on Plan Assets	(558)	(425)
Actuarial (gain)/Loss	253	267
Net Cost	1467	1142
Investment details of Plan Assets		
Plan assets are invested in insurer managed funds.		
Assumptions		
Interest Rate	8.50%	8.00%
Salary escalation rate	7.00%	6.50%
Estimated rate of return on plan assets	9.75%	8.50%

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

10. Miscellaneous

(a) Amount of Provisions made for Income tax during the year

(₹ In"000)

Particulars	Current Year	Previous Year
Income Tax	53692	53780
Wealth Tax	127	45
Deferred Tax	(120)	490

The bank has paid Rs. 3910 thousands as disputed income tax demand. The same has been shown under the Head 'Other Assets-Others" on the basis of legal opinion obtained.

(b) Disclosure of Penalties Imposed by RBI

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

11. Segment Reporting

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

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	194943	171985	150396	157174	488405	339310	148697	78026	982441	746495
Result	6569	20878	39396	47895	170773	151499	51034	26662	267772	246934
Unallocated Expenses									107764	88437
Operating Profit									160008	158497
Income Taxes									53699	54315
Extraordinary profit/Loss		-	-	-		-		-	-	-
Net Profit									106309	104182
Other Information :										
Segment Assets	2927353	2122244	1385181	1433272	4065781	3128713	1192762	738712	9571077	7422941
Unallocated Assets									78672	66876
Total Assets									9649749	7489817
Segment Liabilities	0	0	64085	110206	8667820	6627035	260	171	8732165	6737412
Unallocated Liabilities									299509	211890
Total Liabilities									9031674	6949302

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.

12. Related Party Disclosure

In the matter of Related Party disclosure in compliance with AS-18, Mr. Sarvjit Singh Samra, Managing Director is the Key management personnel (KMP) of the bank. Since there is only one KMP the disclosure for the related party transaction has not been made in terms of para 5 of AS-18 since it would tantamount to infringement of bank secrecy clause

13. 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 similar agreements. Following is a summary of future minimum lease rental commitments for such non cancellable operating leases.

Particulars	(₹ In'000)	
	Current Year	
Not later than one year	6846	
Later than One year and not later than five years	21441	
Later than five years	8866	
Total Minimum lease rental commitments	37153	

Total lease rental expenditure under cancellable and non cancellable operating leases debited to Profit & Loss Account in the current year is ₹ 21677 thousands.

Finance Lease

The Bank has taken no assets under finance leases.

14. Earning Per Share

Particulars	Current Year	Previous Year
Net profit after tax available for equity shares (₹ '000)	106309	104182
Weighted average number of equity shares	15695428	15695428
Weighted average number of equity shares For Diluted earning	15695428	15695428
Basic Earning per share (In ₹)	6.77	6.64
Diluted Earning per share (In ₹)	6.77	6.64

15. Deferred Tax Asset

Other Assets include an amount equal to 4453 thousands (Previous Year 2627 thousands) of deferred tax Assets as detailed below:

(₹ In“000)

Particulars	Current Year	Previous Year
Deferred Tax Liabilities	9542	7964
Depreciation on Fixed Assets	9542	7964
Deferred Tax Assets	13995	10591
Loan Loss Provisions	5949	4848
Investment Provisions	5348	3690
Others	2698	2053
Deferred Tax Liabilities/(Assets) (Net)	(4453)	(2627)

16. Provision Coverage Ratio

(₹ In“000)

Particulars	Current Year	Previous Year
Ratio of Provisioning to Gross Non Performing Assets	100%	100%

17. Disclosure of Complaints

Customer Complaints

(a) No. of Complaints pending at the beginning of the year	Nil
(b) No. of Complaints received during the year	2
(c.) No. of Complaints redressed during the year	2
(d) No. of Complaints pending at the end of the year	Nil

Awards Passed by the Banking Ombudsman

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

18. Comparative Figures

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

BANKING MORE ACCESSIBLE ... FOR EVERYONE... EVERYWHERE.





OUR BRANCHES

Rural

SAMRAI
Main Road, Near Bus Stand, Samrai
- 144032, Distt. Jalandhar
Tel: 01826- 275152, 275880
Fax: 01826- 274962

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

MEHATPUR
Main Road, Mehatpur - 144041,
Distt. Jalandhar
Tel: 01821- 251204, 250004
Telefax: 01821- 250004

MALSIAN
Shahkot Road, Malsian - 144701,
Distt. Jalandhar
Tel: 01821- 502744, 502745
Fax: 01821- 502746

SHANKAR
Near Bus Stand, Shankar - 144042,
Distt. Jalandhar
Tel: 01821- 246490
Telefax: 01821- 246489

RURKEE
Phagwara Road, Rurkee - 141305,
Distt. Jalandhar
Tel: 01826- 271664
Fax: 01826-276363

BHOGPUR
G.T. Road, Bhogpur - 144201,
Distt. Jalandhar
Tel: 0181- 5060280, 5060281
Fax: 0181- 5060284

LOHIAN
Main Road, Lohian - 144629, Distt.
Jalandhar
Tel: 01821- 501584, 501585
Fax: 01821- 501834

BEGOWAL
Main Road, Begowal - 144621, Distt.
Kapurthala
Tel: 01822- 502370, 502371
Fax: 01822- 502377

JANDIALA
Near Bus Stand, Jalandhar Road,
Jandiala -144031,
District Jalandhar
Tel: 07355553035, 07355548034
Fax: 01826 - 274004

BILGA
Near Patti Nelowal Chowk,
Bilga - 144036,
District Jalandhar
Tel: 01826 -245062, 245063
Fax: 01826 -245064

KALA SANGHIAN
Jalandhar Road,
Kala Sanghian - 144623,
District Kapurthala
Tel: 01822 - 258084, 258086
Fax: 01822 - 258089

RURKA KALAN
Near Bus Stand, Goraya Road,
Rurka Kalan -144031,
District Jalandhar
Tel: 01826 - 276111, 276222
Fax: 01826 - 276333

Semi Urban

NAKODAR
Nurmahal Road, Nakodar -
144040, Distt. Jalandhar
Tel: 01821- 502101, 502102
Fax: 01821- 502104

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

KAPURTHALA
Jalandhar Road, Near Bus
Stand, Kapurthala - 144601
Tel: 01822- 502829, 502830
Fax: 01822- 502834

GORAYA
G.T. Road, Goraya - 144409,
Distt. Jalandhar
Tel: 01826- 501893, 501894
Fax: 01826- 501834

NURMAHAL
Near Bus Stand,
Nurmahal - 144039, Distt.
Jalandhar
Tel: 01826-503307, 503308
Fax: 01826- 503315

SHAHKOT
Moga Road, Near Grain
Market, Shahkot -144702,
District Jalandhar
Tel: 01821 - 503457, 503458
Fax: 01821 - 503461

SULTANPUR LODHI
Near Shaheed Udham Singh
Chowk Kapurthala Road,
Sultanpur Lodhi - 144626,
District Kapurthala
Tel: 01828 - 502000, 502033
Fax: 01828 - 503165

MUKERIAN
Pathankot Road, Near Bus
Stand Mukerian - 144211,
District Hoshiarpur
Tel: 01883 - 502700, 502800
Fax: 01883 - 502727

TANDA
Royal Chambers,
Near Jaja Chowk,
Sri Hargobindpur Road,
Tanda - 144203,
District Hoshiarpur
Tel: 01886 - 227280, 227290
Fax: 01886 - 227380

Urban

HOSHIARPUR
204-L, Model Town, Bus Stand
Road Hoshiarpur - 146001
Tel: 01882- 520314, 520316
Fax: 01882-520324

JALANDHAR
'Gobind Niwas', 36 G.T. Road
Jalandhar - 144001
Tel: 0181- 5050603, 5050604
Fax: 0181- 5050602

Proposed Branches

Adampur
Chabbewal
Dasuya
Jalandhar
Phillaur

Suidha Kendras (Brick & Mortar BC Outlets)

Poonia
Kandolan Kalan
Kangna
Daduwal
Seechewal
Boparai Kalan
Lakhan Kalan
Fatehpur
Chak Hakim
Dhaliwal

AREA OF OPERATION



Punjab

Existing Area of Operations

■ *Jalandhar District*

■ *Hoshiarpur District*

■ *Kapurthala District*

● *Head Office*

● *Existing Branches*

□ *Proposed Branches (2012-13)*

Capital Local Area Bank Limited

REGISTERED AND HEAD OFFICE
MIDAS Corporate Park
3rd floor, 37 G.T Road,
Jalandhar 144001 (Punjab) India

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Fax 0181 5053333
mail@capitalbank.co.in

www.capitalbank.co.in
