

# **Capital Small Finance Bank**

## **CAPITAL SMALL FINANCE BANK LIMITED**

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### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT AN EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF CAPITAL SMALL FINANCE BANK LIMITED (THE "BANK") WILL BE HELD ON FRIDAY, MAY 12, 2023 AT 11:30 A.M. BY MEANS OF VIDEO CONFERENCING ("VC") / OTHER AUDIO-VISUAL MEANS ("OAVM") TO TRANSACT THE FOLLOWING BUSINESS**

This notice of Extra Ordinary General meeting is given pursuant to Section 101 of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with the Articles of Association of the Bank.

#### **SPECIAL BUSINESS:**

##### **ITEM NO. 1**

#### **ISSUANCE OF EQUITY SHARES BY WAY OF PREFERENTIAL ISSUE ON PRIVATE PLACEMENT BASIS AND EXECUTION OF TRANSACTION DOCUMENTS IN RESPECT THEREOF**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 read with the rules framed thereunder (including any statutory modification thereto or re-enactment thereof for the time being in force) ("**Act**") and in accordance with any other applicable laws, regulations, including the Foreign Exchange Management Act, 1999, Depositories Act, 1996, to the extent applicable to unlisted dematerialized securities, the memorandum of association and the articles of association of Capital Small Finance Bank Limited ("**Company**" or "**Bank**"), and in accordance with the provisions of any rules/ regulations/ guidelines/ circulars issued/ framed by or under the Central Government or the Reserve Bank of India ("**RBI**") or the Securities and Exchange Board of India ("**SEBI**"), in this regard and such conditions and modifications as may be prescribed or imposed by any of the regulatory authority or institution while granting any approval, permission and sanction which would be agreed by the board of directors of the Bank (hereinafter referred to as "**Board**" which term shall include any duly authorized committee thereof for the time being exercising the powers conferred on the Board by this Resolution), but subject to the approval of Reserve Bank of India, if required, in accordance with Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 issued vide reference no. DOR.HOL.No.95/16.13.100/2022-23 dated January 16, 2023 ("**Master Directions**"), the approval of the shareholders of the Bank ("**Shareholders**") be and is hereby accorded to create, preferentially issue, offer and allot on a private placement basis, upto 13,82,700 equity shares of the Bank having Face Value of ₹10/- (Rupees Ten) each at a premium of ₹458/- (Rupees Four Hundred

Fifty-Eight only) per Equity Share total issue price of ₹468/- (Rupees Four Hundred Sixty-Eight only) per Equity Share aggregating upto ₹64,71,03,600/- (Rupees Sixty-Four Crores Seventy-One Lakhs Three Thousand Six Hundred Only) ("**Preferential Issue**") and as per the terms and conditions determined by the Board in accordance with the Act and other applicable laws, to the following persons (hereinafter referred to as "**Financial Investors**"):

Sr. No.	Name of Investor	No of Shares to be allotted	Face Value per Equity Share (In ₹)	Premium per Equity Share (In ₹)	Consideration (Amount in ₹)
1.	Max Life Insurance Company Limited	upto 10,57,700	10/-	458/-	upto ₹49.51 Crores
2.	Small Industries Development Bank of India	upto 54,350	10/-	458/-	upto ₹2.54 Crores
3.	Amicus Capital Private Equity I LLP	upto 60,870	10/-	458/-	upto ₹2.85 Crores
4.	Amicus Capital Partners India Fund I	upto 7,065	10/-	458/-	upto ₹0.33 Crores
5.	Pi Ventures LLP	upto 67,935	10/-	458/-	upto ₹3.18 Crores
6.	Oman India Joint Investment Fund II	upto 1,34,780	10/-	458/-	upto ₹6.31 Crores
	<b>Total</b>	<b>upto 13,82,700</b>	<b>10/-</b>	<b>458/-</b>	<b>upto ₹64.72 Crores</b>

**RESOLVED FURTHER THAT** pursuant to the provisions of the Act and subject to approvals, as may be required, the name of the Financial Investors shall be recorded for the issue of invitation to subscribe to the Equity Shares, in the Form PAS-5 as per the draft placed before the meeting.

**RESOLVED FURTHER THAT** the Equity Shares to be issued and allotted shall be subject to the provisions of the memorandum of association of the Bank and articles of association of the Bank and shall rank pari passu with the existing Equity Shares of the Bank in all respects.

**RESOLVED FURTHER THAT** the valuation report of the Equity Shares dated March 28, 2023 as prepared by the Registered Valuer, Corporate Professionals Valuation Services Private Limited valuing the Equity Shares at ₹467.35 per Equity Share be recorded and approved.

**RESOLVED FURTHER THAT** a private placement offer letter (in Form PAS-4) together with an application form be issued to the Financial Investors inviting the Financial Investors to subscribe to the Equity Shares under the Preferential Issue, as per the draft tabled at the meeting and duly initialed by the Chairman for the purpose of identification, and consent of the Bank be and is hereby accorded to the issuance of the Equity Shares under the Preferential Issue to the Financial Investors.

**RESOLVED FURTHER THAT** the monies received by the Bank from the Financial Investors towards application for subscribing to the Equity Shares pursuant to this Preferential Issue shall be kept by the Bank in a separate bank account opened by the Bank with Capital Small Finance Bank Limited, Jalandhar Branch and shall be utilized by the Bank in accordance with Section 42 of the Act.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized and empowered to draft, negotiate, decide, finalize and execute any agreement to be entered into in connection with the allotment of shares to the Financial Investors including entering into (i) Share Subscription Agreement (“SSA”) setting out the terms and conditions of the issuance and allotment of the Equity Shares to the Financial Investors, and/ or (ii) the restated/amended Shareholders’ Agreement (“Restated SHA”) setting out the rights of the Financial Investors and / or to subsequently, further negotiate, decide, alter, novate, vary, revise, supplement, modify, extend, execute, restate and deliver the agreements in connection with the allotment of shares to the Financial Investors including the SSA and/or the Restated SHA, from time to time, in the name of, and on behalf of, the Bank, and to do all or any of the acts, deeds, matters or things as the Board or any of the Directors may deem expedient, appropriate, advisable or necessary in connection with the above, and to give effect to the transactions contemplated under the agreements including the SSA and the Restated SHA, in the name of, and on behalf of, the Bank.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable to give effect to these Resolutions and to settle any matter, question, difficulty or doubt that may arise in regard to the issuance and allotment of Equity Shares of the Bank and to negotiate, finalize, execute and amend any other agreement(s) or document(s) and writings, including without limitation the right of a Financial Investor to nominate and appoint director(s) on the Board, relating to the issuance of Equity Shares under the Preferential Issue as it may deem necessary, proper, desirable or expedient without requiring any further approval of the Shareholders and that the Shareholders shall be deemed to have given their approval thereto expressly by the authority of this Resolution and any such agreements and documents so executed and delivered or acts and things done or caused to be done shall be conclusive evidence of the authority of the Bank in so doing and any such document so executed and delivered or acts and things done or caused to be done prior to the date hereof are hereby ratified, confirmed and approved as the acts and deeds of the Bank, as the case may be.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalize the appointment of legal advisors, merchant bankers, auditors, valuers, certifying professionals, registrar & share transfer agents, depository participants, custodians, and such other intermediaries as may be required for the purpose of the Preferential Issue including, but not limited to due diligence, drafting of any other agreements which are required to be appointed and finalize their terms and conditions of their appointment.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to sign, execute and file any form or document in connection with the proposed Preferential Issue including but not limited to filing of Return of Allotment (E-form PAS-3), corporate action with depositories and to deal with the appropriate regulatory authorities in connection with the proposed Preferential Issue including but not limited to SEBI, Registrar of Companies, Reserve Bank of India, Ministry of Corporate Affairs, National Company Law Tribunal, the relevant stock exchange, National Securities Depository Limited, Central Depository Services (India) Limited.

**RESOLVED FURTHER THAT** a copy of the certificate of practising company secretary certifying that the Subscription Shares are being issued to the Financial Investors, in accordance with the requirements of Applicable Laws, be placed for inspection for the members.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred by these Resolutions on it, to any committee of Directors or any other Director(s) or Officer(s) of the Bank to give effect to the aforesaid Resolutions.

**RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue, allotment of the Equity Shares under the Preferential Issue, the Board be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary and desirable for such purpose, including without limitation, issuing clarifications on the issue and allotment of the Equity Shares under the Preferential Issue, resolving any difficulties, effecting any modifications to the foregoing preparing, signing, executing, and filing applications with the appropriate authorities for obtaining requisite approvals for the issuance of the Equity Shares under the Preferential Issue, as may be required.”

## **ITEM NO. 2**

### **TO CONSIDER AND APPROVE CSFB LIMITED - EMPLOYEES STOCK OPTION PLAN 2023 “CSFB ESOP PLAN 2023”**

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

**“RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) read with Rules framed there under (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Memorandum and Articles of Association of the Bank and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be accepted by the Board of Directors of the Bank (hereinafter referred to as the “Board” which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee, which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), ‘CSFB Limited- Employees Stock Option Plan 2023’ (hereinafter referred to as the “CSFB ESOP Plan 2023”) be and is hereby approved and the Board be and is hereby authorized to create, offer and grant from time to time upto 6,85,049 (Six Lakhs Eighty Five Thousand Forty Nine Only) Employee Stock Options (“ESOPs”) not exceeding 2% (Two percent) of the paid-up equity share capital of the Bank as on December 31, 2022, to the permanent employees including Directors of the Bank (other than Promoter(s) or belonging to the Promoter Group of the Bank, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding equity shares of the Bank), whether whole time or otherwise, (hereinafter referred to as an “Employee(s)”), as may be decided solely by the Board under the Plan, exercisable into not more than 6,85,049 (Six Lakhs Eighty Five Thousand Forty Nine Only) fully paid-up equity shares in the Bank of face value of ₹10/- (Rupees Ten) each at premium of ₹161/- (rupees One Hundred Sixty-One) each aggregating to ₹171/- (Rupees One Hundred Seventy-One) each, in one or more tranches and on such terms and conditions, as may be determined by the Board in accordance with the provisions of the CSFB ESOP Plan 2023 and in due compliance with other applicable laws and regulations.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with the above and all incidental and ancillary things done are hereby specifically approved and ratified.

**RESOLVED FURTHER THAT** the Board for this purpose be and is hereby further authorised to issue and allot equity shares upon exercise of ESOPs from time to time in accordance with the CSFB ESOP Plan 2023 and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Bank.

**RESOLVED FURTHER THAT** the number of ESOPs that may be granted to an Employee, in any financial year and in aggregate under CSFB ESOP Plan 2023 shall be less than 1% of the issued equity share capital (excluding outstanding warrants and conversions) of the Bank.

**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, change in capital structure, merger and/or sale of division/undertaking or other re-organisation, and others, if any additional equity shares are required to be issued by the Bank to the Shareholders ("Additional Shares"), the ceiling as aforesaid of 6,85,049 (Six Lakhs Eighty Five Thousand Forty Nine Only) ESOPs and equity shares respectively to be issued and allotted shall be deemed to increase in proportion of such Additional Shares issued to facilitate making a fair and reasonable adjustment.

**RESOLVED FURTHER THAT** in case the Equity Shares of the Bank are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the Plan shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹10/- (Rupees Ten) per equity share bears to the revised face value of the equity shares of the Bank after such sub-division or consolidation, without affecting any other rights or obligations of the option grantees.

**RESOLVED FURTHER THAT** the Board be and is hereby also authorized, at any time, to modify, change, vary, alter, amend, suspend or terminate the CSFB ESOP Plan 2023 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Shareholders and further to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the CSFB ESOP Plan 2023 and do all other things incidental and ancillary thereof.

**RESOLVED FURTHER THAT** the Bank shall conform to the accounting policies prescribed from time to time and any other applicable laws and regulations to the extent relevant and applicable to the CSFB ESOP Plan 2023."

### **ITEM NO. 3**

**TO RE-APPOINT MR. GURDEEP SINGH (DIN: 01572748) AS A NON- EXECUTIVE INDEPENDENT DIRECTOR FOR A SECOND TERM OF THREE YEARS**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act, applicable provisions of the Banking

Regulation Act, 1949, the guidelines /circulars issued by the Reserve Bank of India (the "RBI"), in this regard, from time to time, and any other applicable law (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in force), pursuant to the provisions of the Articles of Association of the Bank, and pursuant to the approval of Nomination and Remuneration Committee and the Board of Directors of the Bank, Mr. Gurdeep Singh (DIN: 01572748), Non-Executive Independent Director of the Bank who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Non-Executive Independent Director of the Bank to hold office for a second term of three consecutive years with effect from July 11, 2023 to July 10, 2026 and who shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Act."

**By Order of the Board  
For Capital Small Finance Bank Limited**

**Sd/-  
Amit Sharma  
Company Secretary  
M. No.: FCS 10888**

**Place: Jalandhar  
Date: March 29, 2023**

## NOTES:

1. The Explanatory Statement under Section 102 of the Companies Act, 2013, as amended, in respect of the special businesses is annexed herewith and forms part of the notice. The Board of Directors of the Bank at its meeting held on March 29, 2023 considered that the special business under Item No. 1, 2, and 3 being considered unavoidable, be transacted at the Extra Ordinary General Meeting (EGM) of the Bank. Pursuant to the Ministry of Corporate Affairs (“MCA”) Circulars No. 14/2020 dated 08<sup>th</sup> April, 2020, No. 17/2020 dated 13<sup>th</sup> April, 2020, No. 22/2020 dated 15<sup>th</sup> June, 2020, No. 33/2020 dated 28<sup>th</sup> September, 2020, No. 39/2020 dated 31<sup>st</sup> December, 2020, No. 10/2021 dated 23<sup>rd</sup> June, 2021, No. 20/2021 dated 8<sup>th</sup> December, 2021, No. 03/2022 dated 05<sup>th</sup> May, 2022 and No. 11/2022 dated 28<sup>th</sup> December, 2022 (collectively referred to as “MCA Circulars”), the physical attendance of the Shareholders at the EGM Venue is not required and the EGM will be held through video conferencing (“VC”) or other audio visual means (“OAVM”). In compliance of the above MCA circulars, the forthcoming EGM will thus be held through VC or OAVM. The deemed venue for the EGM shall be the Registered Office of the Bank.
2. **IN TERMS OF THE MCA CIRCULARS AS MENTIONED ABOVE, THE PHYSICAL ATTENDANCE OF THE SHAREHOLDERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE SHAREHOLDERS WILL NOT BE AVAILABLE FOR THE EGM AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE.**
3. Since the EGM will be held through VC/OAVM Facility, the Route Map is not annexed with this Notice.
4. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), and MCA Circulars, the Bank is providing facility of remote e-voting to its Shareholders in respect of the business to be transacted at the EGM. For this purpose, the Bank has entered into an agreement with Central Depository Services (India) Limited (“CDSL”) for facilitating voting through electronic means, being the authorized agency for conducting e-voting. The facility of casting votes by a member using remote e-voting as well as the e-voting system at the EGM during the EGM will be provided by CDSL.
5. The Shareholders can join the EGM through VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM through VC/OAVM will be made available to at least 1000 Shareholders on first come first served basis. This will not include large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. who are allowed to attend the EGM without restriction on account of first come first served basis.
6. The attendance of the Shareholders attending the EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
7. The Notice is being sent electronically to all the Shareholders of the Bank, whose name appear as on April 07, 2023 on the Register of Members/List of Beneficial Owners as received from CDSL/NSDL and who have registered their e-mail addresses with the Bank and/or with the

Depositories. It is however, clarified that all the persons who are Shareholders of the Bank as on Cut-off date i.e. May 05, 2023 (including those Shareholders who may not have received this Notice due to non-registration of their e-mail IDs with the Bank or the Depositories) shall be entitled to vote in relation to the resolutions specified in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

8. In terms of the MCA Circulars, the Bank will send EGM Notice along with the all the required annexures with regard to the abovementioned resolutions in electronic form only. The hard copy of any document will not be sent.
9. Only those Shareholders, who are present in the meeting through VC/OAVM facility and have not cast their vote on resolutions through remote e-voting before the EGM and are otherwise not barred from doing so, shall be allowed to vote through e-voting system at the EGM.
10. All documents referred to in the Notice calling the EGM and the Explanatory Statement shall be available for inspection by the Shareholders.
11. In line with the MCA Circulars, the Notice calling the EGM has been uploaded on the website of the Bank at [www.capitalbank.co.in](http://www.capitalbank.co.in). The EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting during the EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
12. Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Bank are requested to submit nomination form i.e. SH-13 duly filled in and signed at the address of the Registered Office of the Bank at MIDAS Corporate Park, 3<sup>rd</sup> Floor, 37, G.T. Road, Jalandhar -144001, Punjab, INDIA.
13. Shareholders holding shares in electronic form are, therefore, requested to submit their PAN and KYC details to their Depository Participants with whom they are maintaining their demat account. Shareholders holding shares in physical form can submit their PAN and KYC details including details of their bank accounts to the Bank at its abovementioned address.
14. Institutional/Corporate shareholders intending to authorize their representatives to attend the meeting pursuant to Section 113 of the Act, are requested to email certified copy of the Board or governing body resolution/authorization etc. authorizing their representatives to attend and vote on their behalf at e-mail ID [cs@capitalbank.co.in](mailto:cs@capitalbank.co.in).
15. Pursuant to the provisions of the Companies Act, 2013 requests for transfer of securities in physical form shall not be processed unless the securities are held in dematerialized form. Accordingly, the Shareholders are requested to demat their physical holding. However, the Shareholders can continue to make request for transmission of the securities held in physical form.
16. **THE INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETING ARE AS UNDER:**

**Step 1:** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (i) The remote e-voting period begins on Tuesday, May 09, 2023 at 09:00 A.M. and ends on Thursday, May 11, 2023 at 05:00 P.M. During this period shareholders, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e.



Friday, May 05, 2023 may cast their vote electronically. The remote e-voting module shall be disabled/blocked by CDSL for voting thereafter.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to **SEBI circular no. SEBI/HO/CFD/ CMD/CIR/P/2020/242** dated December 09, 2020 listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credentials, through their demat accounts/websites of Depositories/Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 09, 2020 individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for individual Shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
<b>Individual Shareholders holding securities in Demat mode with CDSL Depository</b>	<p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi Tab and then use your existing my easi username &amp; password.</p> <p>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for the bank is in progress. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers i.e.</p>

	<p>CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from the e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending an OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
<b>Individual Shareholders holding securities in demat mode with NSDL Depository</b>	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on the Bank's name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on the Bank's name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>
<b>Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)</b>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
<b>Individual Shareholders holding securities in Demat mode with CDSL</b>	Shareholders facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no.: 1800 22 55 33
<b>Individual Shareholders holding securities in Demat mode with NSDL</b>	Shareholders facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2:** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

**(v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.**

- The shareholders should log on to the e-voting website: [www.evotingindia.com](http://www.evotingindia.com)
- Click on "Shareholders / Members" tab
- Now enter your User ID
  - **For CDSL:** 16 digits beneficiary ID
  - **For NSDL:** 8 Character DP ID followed by 8 Digits Client ID,
  - Shareholders holding shares in physical form should enter folio number registered with the Bank.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- If you are a first-time user, follow the steps given below:

	<b>For Shareholders holding shares in Physical Form and shareholders other than individual holding in Demat form.</b>
<b>PAN</b>	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Bank/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
<b>Dividend Bank Details</b>	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Bank records in order to login.

<b>OR Date of Birth (DOB)</b>	<ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or Bank please enter the member id / folio number in the Dividend Bank details field.</li> </ul>
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- g) After entering these details appropriately, click on "SUBMIT" tab.
- h) Shareholders holding shares in physical form will then directly reach the Bank selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- i) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- j) Click on the EVSN for the relevant **<CAPITAL SMALL FINANCE BANK LIMITED>** on which you choose to vote.
- k) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- l) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- m) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- n) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- o) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- p) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- q) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

**(vi) Additional Facility for Non – Individual Shareholders and Custodians- For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is mandatory that a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non Individual shareholders are required mandatorily to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Bank at the email address viz; [cs@capitalbank.co.in](mailto:cs@capitalbank.co.in) (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS FOR ATTENDING THE EGM THROUGH VC/OAVM ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the EGM.
4. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
5. Further, shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the EGM may register themselves as a speaker by sending their request in advance at least 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@capitalbank.co.in](mailto:cs@capitalbank.co.in) or [amit1.sharma@capitalbank.co.in](mailto:amit1.sharma@capitalbank.co.in). The shareholders who do not wish to speak during the EGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@capitalbank.co.in](mailto:cs@capitalbank.co.in) or

[amit1.sharma@capitalbank.co.in](mailto:amit1.sharma@capitalbank.co.in). These queries will be replied to by the bank suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE EGM (VENUE VOTING) ARE AS UNDER:**

1. The procedure for e-Voting on the day of the EGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM.
3. If any votes are cast by the shareholders through the e-voting available during the EGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the EGM. However, they will not be eligible to vote at the EGM.
5. The details of the person who may be contacted for any grievances connected with the facility for E-voting on the day of the EGM shall be the same person mentioned for Remote E-voting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES/BANK AND FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Bank/RTA email id.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

In case you have any queries or issues regarding attending EGM & e-voting from the CDSL e-voting system, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no 180022 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.

**Other Information:**

1. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. May 05, 2023 only shall be entitled to avail the facility of remote e-Voting as well as e-voting at the EGM.
2. The remote e-voting period commences on Tuesday, May 09, 2023 (9:00 a.m. IST) and ends on Thursday, May 11, 2023 (5:00 p.m. IST). The e-voting module shall be disabled/blocked by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast the vote again.
3. The Shareholders who have cast their vote by remote e-voting prior to the EGM may also attend and participate in the proceedings of the EGM through VC/OAVM but shall not be entitled to cast their votes again.
4. The shareholders can opt for only one mode of voting i.e. Remote e-voting or e-voting during the EGM through VC/OAVM.
5. The Board of Directors have appointed Ms. Sagrika Jayee (M No.: ACS 61678) Practicing Company Secretary, Scrutinizer to scrutinize the voting at the EGM and remote e-voting process in a fair and transparent manner.
6. The Scrutiniser shall after the conclusion of voting at the EGM, will submit consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare results (consolidated) within 48 hours from the conclusion of the meeting.
7. The result declared along with the Scrutinizer's Report shall be placed on the Bank's website and on the website of CDSL immediately viz. [www.capitalbank.co.in](http://www.capitalbank.co.in) and [www.evotingindia.com](http://www.evotingindia.com) respectively. The results shall also be displayed on the notice board at the Registered Office of the Bank.
8. The voting rights of Shareholders shall be in proportion to their shares in the paid-up equity share capital of the Bank as on the cut-off date. A person, whose name is recorded in the register of Shareholders or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of voting, either through remote e-voting or e-voting during the EGM.
9. Any person, who acquires shares of the Bank and becomes a Member of the Bank after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if he/she is already registered with CDSL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013, ANNEXURE TO AND FORMING PART OF THE NOTICE DATED MARCH 29, 2023**

**ITEM NO. 1**

**ISSUANCE OF EQUITY SHARES BY WAY OF PREFERENTIAL ISSUE ON PRIVATE PLACEMENT BASIS AND EXECUTION OF TRANSACTION DOCUMENTS IN RESPECT THEREOF**

The information as required under Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 has been provided hereunder:

**(i) Object and Purpose of the Issue**

Capital Small Finance Bank Limited ("the Bank") is a public limited banking company limited by shares, incorporated under the Companies Act, 1956. The Bank started banking operations as a Capital Local Area Bank on January 14, 2000 in pursuance to the License No. RPCD (CHG) No.1/99-2000 dated January 01, 2000 granted under Section 22(1) of the Banking Regulation Act, 1949 by the Reserve Bank of India to carry on banking business. The area of operation of Capital Local Area Bank was confined to three districts of Jalandhar, Kapurthala and Hoshiarpur of State of Punjab at the start of operations which was extended to two more districts of Ludhiana and Amritsar vide RBI permission dated January 22, 2013.

The Reserve Bank of India issued guidelines for Licensing of "Small Finance Banks" in the private sector on November 27, 2014, in furtherance of which, "in principle" approval was granted to the Bank to convert 'Capital Local Area Bank Limited' into 'Small Finance Bank' under Section 22 of the Banking Regulation Act, 1949 vide RBI's Letter No. DBR.PSBD.NBC(SFB-CLAB).No.4913/16.13.216/2015-16 dated October 7, 2015. After compliance of the terms and conditions of "in principle" approval, the Bank was granted Small Finance Bank ("SFB") license vide License No. MUM: 116 dated March 04, 2016 and the Bank started its operations as a small finance bank on April 24, 2016

With the grant of SFB license, the geographical limitations have been removed and the Bank has planned to expand its operations exponentially. For meeting the expansion as well as working capital requirements of the Bank, the Bank needs more capital funds to meet the regulatory requirement of maintaining capital adequacy of 15% and leverage the debt capital.

In order to strengthen the capital base and requirement of the Bank for growth capital, the Board has proposed to increase the capital base by way of preferential allotment of upto 13,82,700 equity shares of the Bank having Face Value of ₹10/- (Rupees Ten) each at a premium of ₹458/- (Rupees Four Hundred Fifty Eight only) per Equity Share (total issue price ₹468/- (Rupees Four Hundred Sixty Eight only per Equity Share) aggregating upto ₹64,71,03,600/- (Rupees Sixty Four Crores Seventy One Lakhs Three Thousands Six Hundred Only) on a private placement basis, by way of a preferential allotment, to Max Life Insurance Company Limited, Small Industries Development Bank of India, Amicus Capital Private Equity I LLP, Amicus Capital Partners India Fund I, Pi Ventures LLP and Oman India Joint Investment Fund II through the issue of a Private Placement Offer cum Application Letter and in terms of definitive agreements executed and/or to be executed between the Bank and the above mentioned persons.

Accordingly, the Bank proposes to issue, offer and allot upto 13,82,700 equity shares of the Bank, having Face Value ₹10/- (Rupees Ten) each at a price of ₹468/- (Four Hundred Sixty Eight only) (including a premium of ₹458/- (Rupees Four Hundred Fifty Eight Only) per equity share aggregating



upto ₹64,71,03,600/- (Rupees Sixty Four Crores Seventy One Lakhs Three Thousands Six Hundred Only).

As per the Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 issued vide reference no. DOR.HOL.No.95/16.13.100/2022-23 dated January 16, 2023 ("Master Directions"), the Bank requires the approval of Reserve Bank of India in case of shareholding of any investor exceeds 5%.

The Board subject to the approval of Shareholders and Reserve Bank of India, if any, has approved the issue and offer of the aforesaid equity shares of the Bank at its meeting held on March 29, 2023.

The approval of the shareholders subject to approval of Reserve Bank of India, if any, is being sought by way of a Special Resolution under Sections 42 and 62 of the Act read with the rules made there under, to issue equity shares as preferential allotment on private placement basis.

In case the offer is declined, or no response is received from any of the prospective Investors, the above offer shall expire with respect to such Investor. Any further offer shall require the revised approval of the shareholders.

**(ii) the total number of shares or other securities to be issued:**

It is proposed to issue upto 13,82,700 equity shares of the Bank of ₹10/- (Rupees Ten) each at a premium of ₹458/- (Rupees Four Hundred Fifty-Eight Only) per Equity Share (total issue price ₹468/- (Rupees Four Hundred Sixty-Eight only per Equity Share) aggregating upto ₹64,71,03,600/- (Rupees Sixty-Four Crores Seventy-One Lakhs Three Thousand Six Hundred Only).

**(iii) the price or the price band at/within which the allotment is proposed:**

The allotment is proposed to be made at a price of ₹10/- (Rupees Ten) per share for cash at a Premium of ₹458/- (Rupees Four Hundred Fifty-Eight Only) per share total aggregating to ₹468/- (Rupees Four Hundred Sixty-Eight only) per share.

**(iv) Basis on which the price has been arrived at along with report of the registered valuer:**

The Price of the Equity Shares have been determined on the basis of Internationally accepted methodology as determined by Registered Valuer Corporate Professionals Valuation Services Private Limited (Registration No. IBBI/RV-E/02/2019/106) by way of the valuation report dated March 28, 2023.

**(v) Relevant date with reference to which the price has been arrived at:**

The "Relevant Date" of determining the issue price of the proposed equity shares by the Board at ₹467.35/- (Rupees four hundred sixty-seven and thirty-five paisa only) per share is December 31, 2022.

**(vi) the class or classes of persons to whom the allotment is proposed to be made:**

The allotment is proposed to be made to the below mentioned Investors under the Non-Promoter Category:

S. No.	Name of persons to whom the allotment is proposed to be made	No. of Shares to be allotted	Face Value per Equity Share (In ₹)	Premium per Equity Share (In ₹)
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1	Max Life Insurance Company Limited	upto 10,57,700	10/-	458/-
2	Small Industries Development Bank of India	upto 54,350	10/-	458/-
3	Amicus Capital Private Equity I LLP	upto 60,870	10/-	458/-
4	Amicus Capital Partners India Fund I	upto 7,065	10/-	458/-
5	Pi Ventures LLP	upto 67,935	10/-	458/-
6	Oman India Joint Investment Fund II	upto 1,34,780	10/-	458/-
	<b>Total</b>	<b>upto 13,82,700</b>	<b>10/-</b>	<b>458/-</b>

#### Identity and Particulars of Allottees

Name	Occupation	Address
Max Life Insurance Co Limited	Life insurance company registered with IRDAI. IRDAI license number: 104	<b>Corporate Office:</b> Max Life Insurance Company Ltd. 11th Floor, DLF Square Building, Jacaranda Marg, DLF City Phase II, Gurugram (Haryana) - 122002.  <b>Registered Office:</b> 419, Bhai Mohan Singh Nagar, Railmajra, Tehsil Balachaur Nawan shehar, Punjab – 144533
Small Industries Development Bank of India	Institutional Investor	SIDBI, SWAVALAMBAN BHAVAN, C-11, G-Block, Bandra-Kurla Complex, Bandra East, Mumbai 400051
Amicus Capital Private Equity I LLP	Category II AIF registered with SEBI	4th Floor, Rocklines House, 9/1 Museum Road, Bengaluru – 560 001, India
Amicus Capital Partners India Fund I	Category II AIF registered with SEBI	c/o Amicus India Capital Partners LLP 3rd Floor, Rocklines House 9/1, Museum Road Bangalore – 560 001 Karnataka, India
Pi Ventures LLP	Private Domestic Entity	102, 10th Floor, Maker Chambers III, Nariman Point, Mumbai - 400021
Oman India Joint Investment Fund II	Foreign Institutional Investor	605, Lodha Supremus, Opp Kamala Mills Senapati Bapat Marg, Lower Parel (W) Mumbai 400013

**(vii) intention of promoters, directors or key managerial personnel to subscribe to the offer:**

None of the Promoters, Directors or Key Managerial Personnel are subscribing to the said offer.

Save and except Mr. Mahesh Parasuraman Nominee Director (Amicus Capital Private Equity I LLP and Amicus Capital Partners India Fund I), Mr. Srinath Srinivasan Nominee Director (Oman India Joint Investment Fund II) and Mr. Balbir Singh Nominee Director (SIDBI), none of the Directors and Key Managerial Personnel of the Bank and their respective relatives are concerned or interested in the passing of the resolutions under this agenda item.

**(viii) the proposed time within which the allotment shall be completed:**

The equity shares shall be allotted after the approval of Shareholders but within a period of 60 days from the receipt of share application money.

**(ix) the name of the proposed allottees and the percentage of post preferential offer capital that may be held by them:**

S. No.	Name of Proposed Allottees	No. of Shares to be allotted	percentage of post preferential offer capital that may be held by them
1.	Max Life Insurance Co Limited	upto 10,57,700	2.97%
2.	Small Industries Development Bank of India	upto 54,350	3.94%
3.	Amicus Capital Private Equity I LLP	upto 60,870	4.41%
4.	Amicus Capital Partners India Fund I	upto 7,065	0.51%
5.	Pi Ventures LLP	upto 67,935	4.92%
6.	Oman India Joint Investment Fund II	upto 1,34,780	9.77%

**(x) the change in control, if any, in the company that would occur consequent to the offer:**

There will be no change in control or management consequent to the said offer.

**(xi) the number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price.**

Allotment Date	No. of Securities	Kind of Securities	Price	Aggregate amount of securities	No. of persons.
May 12, 2022	3,217	Unsecured Unlisted Redeemable Non-Convertible (Lower Tier II) Basel II Compliant Bonds 2022-23 in the	₹1,00,000 each bond	₹32.17 Crores	189

		<b>nature of Debenture. (Series XX)</b>			
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- (xii) the justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer.

No allotment is proposed to be made for consideration other than cash

- (xiii) the pre-issue and post issue shareholding pattern of the company in the following format-

The Pre-issue and Post issue shareholding pattern of the Bank is as follows:

Sr. No.	Category	Pre-issue		Post-issue	
		No of shares held	% of share holding	No of shares held	% of share holding
<b>A.</b>	<b>Promoters' holding</b>				
<b>1.</b>	<b>Indian</b>				
	Individual	84,81,535	24.76%	84,71,535	23.80%
	Bodies corporate	-	-	-	-
	Sub-total	84,81,535	24.76%	84,71,535	23.80%
<b>2.</b>	<b>Foreign promoters</b>	-	-	-	-
	<b>sub-total (A)</b>	84,81,535	24.76%	84,71,535	23.80%
<b>B.</b>	<b>Non-promoters' holding</b>				
<b>1.</b>	<b>Institutional investors</b>	1,07,87,324	31.49%	1,21,70,024	34.15%
<b>2.</b>	<b>Non-institutional Investors</b>				
	Private corporate bodies	74,40,410	21.72%	86,88,330	24.38%
	Directors and relatives	39,190	0.11%	39,190	0.11%
	Indian public				
	others (including NRIs)	1,49,44,405	43.63%	1,49,44,405	41.94%
	<b>Sub-total (B)</b>	2,63,19,765	76.84%	2,71,53,619	76.20%
	<b>Grand Total</b>	3,42,52,454	100.00%	3,56,35,154	100.00%

The information as required under Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 has been provided hereunder:

- (a) particulars of the offer including date of passing of Board resolution;

The Board of Directors has approved the proposal in its meeting held on March 29, 2023 and the other particulars of the offer has already been provided in detail under points mentioned above at serial no. (i) to (xiii)

- (b) kinds of securities offered and the price at which security is being offered:

The required details in this regard have already been provided at serial no. (ii)

**(c) basis or justification for the price (including premium, if any) at which the offer or invitation is being made;**

The required details in this regard have already been provided at serial no. (iv)

**(d) name and address of valuer who performed valuation;**

Name of Registered Valuer Corporate Professionals Valuation Services Private Limited  
(Registration No. IBBI/RV-E/02/2019/106)

Address of the Registered Valuer D-38, South Ex Part 1, New Delhi- 110049.

**(e) amount which the company intends to raise by way of such securities;**

The required details in this regard have already been provided at serial no. (ii)

**(f) material terms of raising such securities,**

The equity shares having face value of ₹10 each will be allotted on preferential basis to the Financial Investors at a price of ₹ 468 per equity share in terms of the definitive agreements to be executed with the Financial Investors.

**(g) proposed time schedule**

The securities shall be allotted within a period of 60 days from date of receipt of money from the investors

**(h) purposes or objects of the offer**

the required details in this regard have already been provided at serial no. (i)

**(i) contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects;**

None of the Promoters, Directors or Key Managerial Personnel are subscribing to the said offer

**(j) principle terms of assets charged as securities**

Not applicable

**Entering into Transaction Documents with the Investors**

It is proposed that the Bank will execute transaction documents with the Investors to agree upon and record the terms and conditions, in this behalf, the Bank proposes to authorize the Board of Directors to draft, negotiate, finalize, decide, alter, novate, vary, revise, supplement, modify, extend, restate and/or execute (i) Share Subscription Agreement (“SSA”) setting out the terms and conditions of the issuance and allotment of the Equity Shares to the Investors, (ii) the restated/amended Shareholders’ Agreement (“Restated SHA”), and carry out all other necessary actions to give effect to the transactions contemplated in terms of the SSA, and the Addendum.

Pursuant to the provisions of Sections 42 read with 62 and all other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder, approval of the Shareholders is required by way of Special Resolution for the issue of Equity Shares by way of preferential issue on private placement basis.

All documents related to preferential allotment will be available for inspection by members during the meeting.

In view of the above, the Board recommends to the Shareholders, the resolution set out at **Item No. 1** to be passed as Special Resolution.

**None of the directors, key managerial personnel of the Bank and their relatives (as defined in the Companies Act, 2013) are concerned or interested (financially or otherwise) in the proposed resolution except Mr. Mahesh Parasuraman, Nominee Director (Amicus Capital Private Equity I LLP and Amicus Capital Partners India Fund I), Mr. Srinath Srinivasan, Nominee Director (Oman India Joint Investment Fund II) and Mr. Balbir Singh, Nominee Director (SIDBI).**

## **ITEM NO. 2**

### **TO CONSIDER AND APPROVE CSFB LIMITED - EMPLOYEES STOCK OPTION PLAN 2023 "CSFB ESOP PLAN 2023"**

Capital Small Finance Bank Limited endorses a philosophy that the equity-based Compensation through employee stock options plan, should be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with the organizational objectives by promoting the culture of employee ownership. Employee stock options also play a vital role in attracting, retaining, motivating talented personnel by way of recognising and rewarding them. Keeping the same in view, the Bank intends to introduce a new Employee Stock Option Plan i.e. CSFB Limited – Employees Stock Option Plan 2023 "CSFB ESOP Plan 2023" with a view to attract and retain key talents working with the Company by way of rewarding the performance and motivate them to contribute to the overall corporate growth and profitability.

The Nomination and Remuneration Committee (the NRC) in its meeting held on March 22, 2023 has formulated the CSFB ESOP Plan 2023 containing the detailed terms and conditions and the same was subsequently approved by the Board of Directors ('Board') in its meeting held on March 29, 2023, subject to the approval of the Shareholders of the Bank.

The information as required under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and the salient features of CSFB ESOP Plan 2023 are as under:

#### **(a) total number of stock options to be granted**

6,85,049 (Six Lakhs Eighty-Five Thousand Forty-Nine Only) options would be available for grant to the eligible employees of the Company in aggregate under CSFB ESOP Plan 2023, in one or more tranches exercisable into not exceeding 6,85,049 (Six Lakhs Eighty-Five Thousand Forty-Nine Only) equity shares in aggregate in the Company of face value of ₹10/- (Rupees Ten) each fully paid-up at a Premium of ₹161/- (Rupees One hundred Sixty-One Only) per share aggregating upto ₹171/- (Rupees One Hundred Seventy-One Only) per option. Vested Options lapsed due to non-exercise and/or unvested Options that get cancelled due to resignation / termination of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorised to re-grant such lapsed / cancelled options as per the provisions of CSFB ESOP Plan 2023. In case of any corporate

action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional equity shares are required to be issued pursuant to any corporate action, the above ceiling of Options or equity shares shall be deemed to increase in proportion of such additional equity shares issued subject to all the regulatory compliances.

**(b) identification of classes of employees entitled to participate in the Employees Stock Option Scheme**

Following class / classes of employees are entitled to participate in CSFB ESOP Plan 2023:

- i. a permanent employee of the Bank;
- ii. a director of the Bank; and

Following class / classes of employees are not eligible:

- i. An Independent Director within the meaning of the Companies Act, 2013
- ii. a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Bank
- iii. an employee who is a promoter or a person belonging to the promoter group

**(c) the appraisal process for determining the eligibility of employees to the Employees Stock Option Scheme;**

The appraisal process for determining the eligibility of the employees will be decided by the NRC from time to time. The employees would be granted Options under the CSFB ESOP Plan 2023 based on various parameters such as performance rating, period of service, rank or designation and such other parameters as may be decided by the NRC from time to time.

**(d) the requirements of vesting and period of vesting;**

The Options granted shall vest in accordance with the terms of each grant under the CSFB ESOP Plan 2023, so long as an employee continues to be in the employment of the Bank. The Nomination and Remuneration Committee (NRC) may, at its discretion, lay down certain performance metrics on the achievement of which such Options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which Options granted would vest subject to the minimum vesting period of 1 year.

**(e) the maximum period within which the options shall be vested;**

Options granted under CSFB ESOP Plan 2023 would vest in accordance with the terms of each grant, subject to maximum period of 3 years from the date of grant of such Options.

**(f) the exercise price or the formula for arriving at the same;**

The exercise price per option shall be face value of ₹10/- (Rupees Ten) each fully paid-up at a Premium of ₹161/- (Rupees One hundred Sixty-One Only) per share aggregating upto ₹171/- (Rupees One Hundred Seventy-One Only) per option.

**(g) the exercise period and process of exercise;**

The vested Options shall be allowed for exercise on and from the date of vesting. The vested Options need to be exercised within a maximum period of 3 years from the date of vesting of such Options. The vested Option shall be exercisable by the employees by a written application to the Bank expressing his / her desire to exercise such Options in such manner and on such format as may be prescribed by the NRC from time to time. The Options shall lapse if not exercised within the specified exercise period. In case of cashless system of exercise of vested Options, the NRC shall be entitled to specify such procedures and/or mechanisms for the Shares to be dealt with thereon as may be necessary and the same shall be binding on the Option grantees.

**(h) the Lock-in period, if any; NIL**

**(i) the maximum number of options to be granted per employee and in aggregate;**

The number of Options that may be granted to any specific employee of the Bank under the Plan, in any financial year and in aggregate under the CSFB ESOP Plan 2023 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Bank.

**(j) the method which the company shall use to value its options;**

To calculate the employee compensation cost, the Company shall use the fair value method for valuation of the Option granted..

**(k) the conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct;**

If an Eligible Employee's employment is terminated with the Company due to "Cause", then all the outstanding Options, whether vested or not, will lapse on the date of notice of such termination of employment.

**'Cause'** for the purpose of the Plan shall mean, as determined by the Nomination & Remuneration Committee and shall include,

- (i) the engaging by the Eligible Employee in wilful, reckless or grossly negligent conduct which is determined by the Nomination & Remuneration Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise,
- (ii) fraud, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company,
- (iii) the Eligible Employee's pleading guilty to or conviction of a felony,
- (iv) the Eligible Employee's soliciting or engaging an independent contractor, directly or indirectly, which was performing services for the Company,
- (v) the Eligible Employee's directly or indirectly
  - a. soliciting or servicing the business of any client of the Company, or
  - b. hiring any employee of the Company or anyone who was an employee of the Company at any time during the preceding twelve months.

**(l) the specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee; and**

The Eligible Employee shall be eligible to Exercise all the Vested Options within 30 days of his termination of employment with the Company or such extended period as decided by the Nomination & Remuneration Committee.



If an Eligible Employee's employment is terminated with the Company due to "Cause", then all the outstanding Options, whether vested or not, will lapse on the date of notice of such termination of employment.

**(m) a statement to the effect that the company shall comply with the applicable accounting standards**

The Company shall follow the 'Guidance Note on Accounting for Employee Share-based Payments' and/or relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

**(n) Transferability of Employee Stock Options:**

The Options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death of the employee while in employment, all the options granted to him till such date shall vest in the legal heirs or nominees of the deceased employee.

In case the employee suffers a permanent incapacity while in employment, all the options granted to him as on the date of permanent incapacitation, shall vest in him on that day

**(o) Primary / Secondary Route**

The Board shall decide on exploring the option for issuance of shares upon exercise, either by way of primary issue or by way of secondary acquisition, subject however to adherence with applicable laws and regulations as prevailing and in force from time to time.

Pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder, approval of the Shareholders is required by way of Special Resolution for the issue of Employees Stock Option Scheme.

In view of the above, the Board recommends to the Shareholders, the resolution set out at **Item No. 2** to be passed as Special Resolution, in order to seek approval of the shareholders in respect of CSFB ESOP Plan 2023 and for grant of stock options to the eligible employees of the Company as may be decided by the Board and any Committee of the Board including the NRC, from time to time in due compliance with the Companies Act, 2013 and any other applicable law.

The CSFB ESOP Plan 2023 will be available for inspection for members during the meeting.

**None of the directors, key managerial personnel of the Bank and their relatives (as defined in the Companies Act, 2013) are concerned or interested (financially or otherwise) in the proposed resolution, except to the extent of stock options to be granted to each of them, if any, pursuant to CSFB ESOP Plan 2023.**

**ITEM NO. 3**

**TO RE-APPOINT MR. GURDEEP SINGH (DIN: 01572748) AS A NON- EXECUTIVE INDEPENDENT DIRECTOR FOR A SECOND TERM OF THREE YEARS.**

The Shareholders of the Bank in the Annual General Meeting held on August 18, 2018, had appointed Mr. Gurdeep Singh as Independent Director for a period of five years with effect from July 11, 2018 to July 10, 2023. Present term of Mr. Gurdeep Singh will complete on July 10, 2023. In terms, of the provisions of Companies Act, 2013 ('Act'), consent of the Shareholders by way of Special Resolution is required for continuation of Independent director for the second consecutive term.

The Board at the meeting held on March 29, 2023 on the recommendation of the Nomination and Remuneration Committee, had re-appointed Mr. Gurdeep Singh for a term of three years subject to the approval of the Shareholders as an Independent Director of the Bank for the second term from July 11, 2023 to July 10, 2026.

Mr. Gurdeep Singh is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Bank has received a declaration from Mr. Gurdeep Singh, that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. The Board of Directors had expressed its satisfaction over the Fit and Proper Status of the appointee as per the Guidelines issued by the Reserve Bank of India. The Board of Directors were of the opinion that he is a person of integrity, fulfils the conditions specified in the Act and the Rules made thereunder and is independent from the Management of the Bank. The NRC and the Board are of the view that, given the knowledge, experience and performance of Mr. Gurdeep Singh and his contribution to Board processes and continued association would benefit the Bank. Further, the appointment of Mr. Gurdeep Singh is in compliance with the provisions of Section 10A (2) of the Banking Regulation Act, 1949, in respect of having requisite experience/expertise as required under the Act. The required details in terms of Secretarial Standard on General Meetings is provided in **Annexure I** to the Notice.

The Board of Directors, therefore, recommends the reappointment of Mr. Gurdeep Singh as an Independent Director of the Bank, for a period upto July 10, 2026 (i.e. completion of eight (8) years in the Bank as permissible under Banking Regulation Act, 1949), not liable to retire by rotation, as set forth in **Item No. 3** of this Notice. The Board recommends Resolution set out at **Item No. 3** for the approval of Shareholders to be passed as Special Resolution.

**None of the directors, key managerial personnel of the Bank and their relatives (as defined in the Act) are concerned or interested (financially or otherwise) in the proposed resolution, except Mr. Gurdeep Singh and his relatives.**

**By Order of the Board  
For Capital Small Finance Bank Limited**

**Place: Jalandhar  
Date: March 29, 2023**

**Sd/-  
Amit Sharma  
Company Secretary  
M. No.: FCS 10888**

**Annexure I to Item No. 3**

**(pursuant to the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India)**

<b>Name</b>	<b>Mr. Gurdeep Singh</b>
<b>Age</b>	56 years
<b>Date of first appointment on the Board</b>	July 11, 2018
<b>Qualification</b>	Bachelor of Commerce
<b>Brief Resume including experience</b>	<p><b>Gurdeep Singh</b> is an Independent Director of the Bank. He has completed his higher secondary from Guru Nanak College, Phagwara.</p> <p>He has previously served as assistant manager (engineering and tool room), personnel officer and deputy manager of G N A Axles Limited. Presently, he is the president of GNA University and director of GNA Gears Limited.</p>
<b>Nature of his expertise in specific functional areas</b>	Management, Accountancy & Finance
<b>Other Directorships</b>	1. G N A Axles Limited, 2. Guru Nanak Transmissions Punjab Limited, 3. GNA Gears Limited, 4. Amarsons Automotives Limited, 5. GNA Investment Limited
<b>Membership/ Chairmanship of Committees of other Boards</b>	1. Risk Management Committee -Chairman, GNA Axles Limited 2. Nomination & Remuneration Committee - Member, GNA Axles Limited 3. Audit Committee - Member, GNA Gears Limited 4. CSR Committee - Member, GNA Gears Limited
<b>Terms and conditions of appointment or re-appointment</b>	For a term of 3 years, not liable to retire by rotation and other applicable provisions of the Companies Act, 2013 and other applicable laws.
<b>Details of remuneration sought to be paid</b>	As approved by the Board /Board Committee from time to time in sync with the Comprehensive Compensation Policy for Non-Executive Director
<b>The remuneration last drawn by such person for FY 2022-2023</b>	Remuneration of ₹4,00,000 p.a. and Sitting fees
<b>Shareholding in the company</b>	NIL
<b>Relationship with other Directors, Manager and other Key Managerial Personnel of the company</b>	NIL
<b>The number of Meetings of the Board attended during the financial year (2022-23)</b>	Total 7 Meeting of the Board were held during FY 2022-2023 and he attended 4 meetings of the Board.

<b>Justification appointment/re- appointment</b>	<b>for</b> Considering the specialized knowledge and practical experience of Mr. Gurdeep Singh in the field of Management, accountancy and finance as required by Section 10A(2)(a) of the Banking Regulation Act, 1949 and relevant circulars issued by the RBI from time to time, the Board is of the opinion that his continued association will guide the Board in the subject matter.
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