

Date: August 30, 2024

**BSE Limited  
Listing Compliance  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001  
Maharashtra**

**National Stock Exchange of India Limited  
The Listing Department,  
Exchange Plaza,  
Bandra Kurla Complex,  
Mumbai - 400 051  
Maharashtra**

**Scrip Code: 544120, 951995 & 953739    Symbol: CAPITALSFB**

**Subject: Proceedings of the 25th Annual General Meeting of Capital Small Finance Bank Limited**

**Ref: Regulation 30 & 51 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")**

Dear Sir/Madam,

We wish to inform you that the 25th Annual General Meeting (AGM) of Capital Small Finance Bank Limited ("the Bank") was held on August 30, 2024 at 11:00 A.M. (IST) through Video Conferencing/Other Audio-Visual means. Pursuant to Regulation 30 & 51 of Listing Regulations, we enclose herewith, the summary of proceedings of the AGM.

The Bank will submit the combined results of e-voting in compliance with Regulation 44 of the Listing Regulations, along with the Scrutinizer's report to the Stock Exchanges in due course.

The proceedings may also be accessed on the website of the Bank at the link: [www.capitalbank.co.in](http://www.capitalbank.co.in).

This is for your information and record.


Thanking you,

Yours Truly,

**For Capital Small Finance Bank Limited**

**Amit Sharma  
Company Secretary  
FCS10888  
Encl.: As Above**

**Capital Small Finance Bank Limited**

Regd. & Head Off.: 'MIDAS Corporate Park', 3rd Floor, 37, G.T. Road, Jalandhar-144 001, INDIA  
Tel.: 0181-5051111, 5052222 | Fax : 0181-5053333 | e-mail : [mail@capitalbank.co.in](mailto:mail@capitalbank.co.in) | [www.capitalbank.co.in](http://www.capitalbank.co.in)  
 [www.facebook.com/capitalbankindia](https://www.facebook.com/capitalbankindia) | CIN : L65110PB1999PLC022634

**Summary of the proceedings of the 25th Annual General Meeting of members of the Capital Small Finance Bank Limited (“the Bank”) held on Friday, August 30, 2024 deemed to be held at Registered Office of the company at MIDAS Corporate Park, 3<sup>rd</sup> Floor, 37, G.T Road, Jalandhar by means of Video Conferencing (“VC”)/Other Audio-Visual Means (“OAVM”) commenced at 11:00 A.M and concluded at 11:40 A.M (IST)**

The 25th Annual General Meeting (“AGM/Meeting”) of the members of Capital Small Finance Bank Limited (“the Bank”) was held on Friday, August 30, 2024 through Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”) in compliance with the applicable circulars issued by the Ministry of Corporate Affairs (“MCA”) and the Securities and Exchange Board of India (“SEBI”) and as per the applicable provisions of the Companies Act, 2013 read with the rules made thereunder which commenced at 11:00 A.M (IST).

Mr. Amit Sharma, Company Secretary and Compliance officer, welcomed the Members to the Meeting.

Mr. Navin Kumar Maini, Part-Time Chairman of the Board, chaired the Meeting. After ascertaining that the requisite quorum is present, he declared the meeting to order and started the proceedings of the meeting. He then briefed the members regarding their participation at the Meeting through VC/OAVM.

The following Directors, Key managerial Personnel were present at the meeting through VC/OAVM:

- Mr. Navin Kumar Maini, Part Time Chairman and Independent Director
- Mr. Sarvjit Singh Samra, Managing Director & CEO
- Mr. Munish Jain, Executive Director
- Mr. Dinesh Gupta, Non-Executive Director (Chairman Stakeholders Relationship Committee)
- Mr. Gurpreet Singh Chug Independent Director (Chairman of Audit Committee)
- Ms. Rachna Dikshit, Independent Director
- Mr. Nageswara Rao Yalamanchili, Independent Director
- Mr. Kamaldeep Singh Sangha, Independent Director (Chairman of Nomination and Remuneration Committee)
- Mr. Srinath Srinivasan, Nominee Director, Oman India Joint Investment Fund II
- Mr. Sukhen Pal Babuta, Independent Director
- Mr. Aseem Mahajan, Chief Financial Officer
- Mr. Brij Kishore Sharma, Practicing Company Secretary (Scrutinizer)
- Mr. Sunny Singh, SCV & Co. LLP, Chartered Accountants
- Mr. Deepak Arora, Deepak Arora & Associates, Secretarial Auditors

Mr. Amit Sharma, Company Secretary introduced all the above persons one by one. He also informed that Mr. Brij Kishore Sharma (Membership No. FCS 6206, COP No.: 12636), Practicing Company Secretary, Scrutinizer appointed by the Board of Directors of the Bank for conducting the e-voting at the AGM and remote e-voting process in a fair and transparent manner, was also present through VC/OAVM. He further informed the member that the soft copy of the Notice convening the AGM along with the Annual Report for the Financial Year 2023 – 24 have been sent to all the members holding shares in dematerialized mode and whose e-mail addresses are available with the Depository Participant(s) as well as to all the Members holding shares in physical form whose e-mail addresses are registered with the Company and with the RTA for communication purposes.

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Mr. Navin Kumar Maini, Part – time Chairman extended his deepest gratitude to all those who have been an integral of the Bank’s journey i.e. the esteemed customers, the distinguished Board of Directors, the valued shareholders, the dedicated employees, and, not least, the guiding force, the Reserve Bank of India. He further appraised that the guidance and support have been a factor for Bank’s success, and for this, the Bank is profoundly thankful.

He mentioned regarding the momentous event of the Bank’s history i.e. Initial Public Offering (IPO) on February 14, 2024. This significant milestone, marked by raising ₹450 crores in fresh proceeds, has bolstered the Tier 1 capital and positioned us to scale new heights. With this influx of growth capital, the Bank is poised to expand the operations and scale new horizons with confidence.

The global economy has recently been characterized by volatility and uncertainty, challenging both nations and businesses, with India emerging as the fastest growing economy. The dynamism of India’s economy is underscored by effective policy and regulatory measures, coupled with a visible resurgence of the private sector. As India strides towards greater economic prosperity, the demand for a robust financial system becomes increasingly critical. The promising outlook for the Indian banking sector presents a fertile ground for Capital SFB to thrive by continuing to provide an array of products and services to the target segments.

The sturdy performance, post transition to SFB, represented by 5 year CAGR of 19% in gross advances, 15% in deposits and 42% in PAT, has laid a solid foundation for accelerated growth. With the growth capital already raised, the management is confident of marching ahead sustainably, seizing the abundant opportunities that lie ahead.

He further mentioned that the Bank is strategically positioned to capitalize on the anticipated surge in credit disbursement and capital investments. The Bank’s approach is both expansive and innovative, designed to meet the evolving needs of the diverse clientele and become their Primary Banker. Given the robust macroeconomic environment, the expanding middle-income demographics, and the strong foundational growth levers, the Bank is confident in its ability to achieve rapid and sustainable growth as India proudly marches forward in Amrit Kaal.

Thereafter, Mr. Sarjit Singh Samra, Managing Director and CEO welcomed and greeted the members, and further mentioned as under:

He mentioned that in the Bank’s journey spanning over two decades, the Bank have transformed from a Local Area Bank to a Small Finance Bank on April 24, 2016. Prior to this transformation, the Bank operated as the largest Local Area Bank for 16 years, with five districts in Punjab as area of operation. Starting with 47 branches at the time of conversion, the bank has expanded to 178 branches spread across five states in North India i.e. Punjab, Haryana, Rajasthan, Delhi, Himachal Pradesh including the Union Territory of Chandigarh. The Bank has recently added Jammu region from Union Territory of Jammu & Kashmir by opening 179<sup>th</sup> branch in Jammu city.

The Bank’s commitment is to focus on the middle-income group customer segment, having an average annual income ranging from Rs. 4 lakhs to Rs. 50 lakhs. The objective is to establish the bank as the primary banker for this demographic.

The Bank maintain a granular approach to both sides of the balance sheet, boasting a diversified loan book with zero direct microfinance exposure. The loan portfolio is nearly 100% secured, with an Average Ticket Size (ATS) of Rs. 14.2 lakhs.

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Likewise, the liability franchise is heavily retail-oriented, with retail deposits comprising 92.9% of the total deposits and maintaining a consistent CASA ratio of above 38%. The savings bank interest rate is 3.5%.

The Bank operates on a branch-based model, headquartered at Jalandhar, in Punjab. The Bank is expanding its network in a contiguous manner.

The experience of operating as a Local Area Bank for over 16 years provides a competitive edge with respect to the understanding of the Bank's growing customer base which currently stands at more than 7.5 lacs.

An important milestone in the history of the Bank was the listing on February 14, 2024. The Bank raised net fresh capital of ₹450 crores, significantly strengthening the Tier 1 capital. With this growth capital, an exponential growth journey of the Bank has started.

**He further shared the highlights for the Financial Year 2024 as under:**

- The Gross Advances stood at Rs. 6,160 crores as on March '24, registering 5 year CAGR of 19%, QoQ Growth of 8% (YoY growth of 12%). The Bank is a secured lender with 99.9% secured book with 86% + loan book collateralised with immovable property or Bank FDRs.
- The Bank is a middle income group segment lender and the endeavour is to be the primary banker of the borrower. The portfolio ATS is Rs. 14.2 lacs and 67% of the portfolio is with client exposure upto 25 lacs. The Bank is well diversified and each segment has witnessed multiple cycles. The portfolio comprises of 37% agriculture, 26% mortgage and 19% MSME and trading book.
- The disbursement for the FY24 was Rs. 2068 cr consisting of ~27% to agriculture, ~24% to mortgage and ~22% to MSME & Trading segment. Post capital infusion (Feb 2024); the disbursement has accelerated and Q4FY24 disbursement stood at Rs. 675 cr with QoQ growth of 76%.
- The experience being in lending business for more than 2 decades helped us in putting in place streamlined credit assessment process and risk management practices. The Bank has industry leading asset quality with GNPA and NNPA of 2.8% and 1.4% respectively. The NNPA is stable around this level over last 3 years. It is worth mentioning that the bank has nearly ZERO write-off and NIL NPA sell off since inception demonstrating the ability to recover. The focus is on collection and resolutions even for sticky loans.
- The slippage ratio for FY24 stood at 2.4% with upgrade and recovery ratio of 2.1%. Further the credit cost historically remains range bound even during the COVID period.
- Moving towards the liability side, the bank believe the liabilities are the biggest assets. The liability mix is positively skewed towards deposits, constitutes more than 80% of the balance sheet and 12.9% being the shareholders' funds. Retail deposit constituting ~93% of the total deposits with CASA ratio of 38%+. It is worth mentioning that the interest rate on SB account is 3.5%.
- The deposit stood at 7,478 crores as on March 31, 2024, registering a CAGR of 15% and YoY growth of 14%. The Bank has consciously calibrated deposit growth owing to low CD ratio and

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high leverage ratio prior to the IPO. The Bank has ability to quickly ramp up deposit mobilization.

- Talking about profitability, The Bank has demonstrated consistent improvement in return metrics and the bank's ROA for FY24 is 1.3% which is 2.5x over FY19 and ROE of 14.6% which is 1.8x over FY19.
- The OPEX to avg assets for FY24 stood at 2.95% against 2.90% for FY23 and Cost income ratio for the year stood at 62.5%.
- The NIM for the year stood at 3.9% and non-interest income has improved to 0.8%, as ratio to average assets from 0.6% in FY23.
- The PAT for the year is 112 cr registering CAGR of 42% and YoY growth of 19%; (with QoQ growth of 16%)

**The growth drivers include:**

- ✓ Improving CD ratio, which will result in acceleration in NIM
- ✓ Operating leverage benefit with continuous increase in proportion of matured branches
- ✓ Low credit cost
- The focus on retail deposit has resulted in one of the lowest cost of funds and cost of deposit; which stood at 5.8% and 5.6% respectively. The Bank's CD ratio has improved by 11.5 percentage point since FY21 and AVG CD ratio for FY24 stood at 79%.
- The funds from the IPO have strengthened the capital adequacy ratio which as on March 31, 2024 is 27.4%. The LCR for FY24 was 248.5% and average CD ratio for FY24 was 79%, which are growth levers for loan book growth.
- Going forward:
  - ✓ The Bank intent to expand the branch outreach by scaling up new branch opening, by expanding outreach in contiguous states coupled with deep penetration in existing market.
  - ✓ The Bank endeavour is to organically grow the secured loan book ranging from 22% - 24% during the FY25 by targeting MSME & trading, mortgage and agriculture segments. The Bank has intent to capitalise on anticipated tailwind in middle income segment.
  - ✓ Target of ROTA expansion to 1.4% for FY25 and continuous ROTA expansion going forward. The focus on strengthening operational and profitability metrics shall be driven by improving CD ratio consequent NIM expansion, optimising operating costs and improving share of fee income.

Aligned with the Budget 2024's support for MSMEs, agriculture, and the middle-income segment, the Bank is focused on empowering these sectors, with special emphasis on the semi-urban and rural sectors.

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With strong Indian macroeconomics scenario, rising middle income group and growth levers available to the Bank, the management is highly confident of a fast paced sustainable growth and delivering enduring value to the stakeholders.

The Statutory Registers and other documents mentioned in the Notice convening the meeting were available for inspection by the Member.

Mr. Amit Sharma further briefed the members on the businesses to be transacted in the Meeting. With the consent of the Members present, the Notice convening the AGM was taken as read. In terms of the Notice dated June 20, 2024, convening the AGM, the following items of business as laid down, were transacted at the AGM:

<b>ORDINARY BUSINESS</b>	
1.	TO RECEIVE, CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE BANK FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024 TOGETHER WITH THE SCHEDULES AND ANNEXURES THERETO, THE REPORTS OF THE BOARD OF DIRECTORS AND AUDITORS THEREON
2.	TO DECLARE DIVIDEND ON EQUITY SHARES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024
3.	TO RE-APPOINT MR. MAHESH PARASURAMAN (DIN: 00233782), WHO RETIRES BY ROTATION AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-APPOINTMENT AS A DIRECTOR
4.	TO RE-APPOINT AND FIX THE REMUNERATION OF STATUTORY AUDITORS
<b>SPECIAL BUSINESS</b>	
5.	TO APPROVE THE REMUNERATION OF MR. SARVJIT SINGH SAMRA (DIN: 00477444), MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER FROM APRIL 01, 2024 to APRIL 23, 2025
6.	TO APPROVE THE REMUNERATION OF MR. MUNISH JAIN (DIN: 10132430), EXECUTIVE DIRECTOR FROM APRIL 01, 2024 TO AUGUST 27, 2026
7.	APPROVAL FOR PAYMENT OF REMUNERATION TO MR. SHAHBAZ SINGH SAMRA, RELATED PARTY, FOR HOLDING THE OFFICE OR PLACE OF PROFIT
8.	TO PAY REMUNERATION TO NON-EXECUTIVE DIRECTORS
9.	RATIFICATION OF CSFB LIMITED - EMPLOYEE STOCK OPTION PLAN FOR MATERIAL RISK TAKERS

Thereafter, Mr. Amit Sharma, Company Secretary informed that the Voting results (remote e-voting and e-voting at the AGM) along with the Scrutinizer's report will be communicated to the Stock Exchanges i.e. BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE) and E-voting service provider i.e. Link Intime Private Limited within two working days of the conclusion of the meeting i.e. on or before September 03, 2024 and the same shall be uploaded on website of the Bank [www.capitalbank.co.in](http://www.capitalbank.co.in), BSE, NSE and Link Intime Private Limited as per the statutory provisions and guidelines.

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The Members thereafter provided with a facility to ask questions or express their views through VC mode. Some of the shareholders expressed their views / asked questions on various issues relating to the business and operations of the Bank and future plans etc. Mr. Sarvjit Singh Samra, MD & CEO, replied to their queries to their satisfaction.

There being no other business to be transacted, the Chairman read the closing remarks. The Chairman thanked the Members for their continued support and for attending and participating in the Meeting. Thereafter, the Chairman along with other Board Members left the Meeting.

The meeting concluded at 11:40 a.m.

The Venue e-Voting facility was kept open for the next 1 hour to enable the Members to cast their vote.

**Results of voting (remote e-voting and voting at the meeting through electronic voting system):**

All the resolutions set out in the Notice have been passed with requisite majority.

**Notes:**

- i. The Company will separately intimate the voting results to the stock exchanges and also upload on the website of the Company and Link Intime Private Limited, the authorised agency which provided e-voting facility. The voting results will also be displayed at the registered office of the Company.
- ii. This document does not constitute to be the minutes of the proceedings of the Meeting.

**For Capital Small Finance Bank Limited**

**(Amit Sharma)**  
**Company Secretary & Compliance Officer**  
**Membership No. F 10888**

**Capital Small Finance Bank Limited**