



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

DBR.PSBD. No. 11104 /16.02.001/2015-16

March 4, 2016

Shri Sarvjit Singh Samra
Managing Director
Capital Local Area Bank Limited
Midas Corporate Park
37, G. T. Road,
Jalandhar - 144 001

Dear Sir,

Application for Banking Licence to establish a Small Finance Bank

Please refer to your letter dated January 25, 2016 requesting for issue of Small Finance Bank (SFB) licence under section 22(1) of the Banking Regulation Act, 1949. In this connection, we enclose licence no. MUM : 116 dated March 4, 2016 to 'Capital Small Finance Bank Limited' to carry on SFB business in India.

2. The licence or a certified copy thereof shall be displayed at the Registered Office of your bank at Jalandhar.

3. The following notation shall be used wherever it is desired to indicate directly or indirectly in any advertisement that the permission of the Reserve Bank of India has been obtained for carrying on the banking business:

"A licence authorizing the bank to carry on small finance bank business has been obtained from the Reserve Bank of India in terms of Section 22 of the Banking Regulation Act, 1949. It must be distinctly understood, however, that in issuing the licence, the Reserve Bank of India does not undertake any responsibility for the financial soundness of the bank or for the correctness of any of the statements made or opinion expressed in this connection."

भारतीय रिज़र्व बैंक, 1/1, चण्डी प्रसाद भट्ट रोड, नई दिल्ली 110 001, भारत
Department of Banking Regulation, Central Office, 1/1, Chandi Prasad Bhatt Road, New Delhi, India, 110 001

CERTIFIED TRUE COPY
For Capital Small Finance Bank Ltd.

[Handwritten Signature]
Authorised Signatory

4. The bank shall have atleast 25% of its total branches in unbanked rural centres from March 31, 2017 onwards.

5. It is advised to ensure that the non-promoter shareholder desirous of holding 5% or more of the share capital in the proposed SFB shall approach RBI with an application within 15 days from the receipt of this letter.

6. The licence is issued to Capital Small Finance Bank Limited subject to compliance with the above terms and conditions and the continued compliance with the other conditions listed in the Annex and those that may be imposed by RBI from time to time.

7. A report on the action taken under this authority shall be forwarded to this office.

8. Please acknowledge receipt.

Yours faithfully,

S.S. Barik
(S.S. Barik)
Chief General Manager

Encl: As above



13/03/2017
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Annex

Terms and Conditions of the licence issued to Capital Small Finance Bank Limited to commence small finance bank business under Section 22 of the Banking Regulation Act, 1949

I. Statutory & Regulatory Requirements

1. 'Capital Small Finance Bank Limited' will be governed by the provisions of the Banking Regulation Act, 1949, Reserve Bank of India Act, 1934, Foreign Exchange Management Act, 1999, Payment and Settlement Systems Act, 2007, licensing guidelines for small finance banks dated November 27, 2014 ('licensing guidelines') including the clarifications issued on January 1, 2015, other relevant Statutes and the Directives, Prudential regulations and other Guidelines/Instructions issued by RBI and other regulators from time to time, including the regulations of SEBI regarding public issues and other guidelines applicable to listed banking companies.

2. The bank shall be registered as a public limited company under Companies Act, 2013. The Memorandum and Articles of Association incorporating the amendments suggested by the RBI, vide letter dated February 9, 2016 shall be filed with the Registrar of Companies.

3. The bank shall adhere to stipulations on corporate structure, minimum capital / promoter shareholding, foreign shareholding, corporate governance, exposure norms, prudential norms, and other conditions stipulated in Para II (3) to II (13) of the 'licensing guidelines' and any other guidelines/ circular issued from time to time.

4. The bank shall ensure compliance to provisions of Section 12B of the Banking Regulation Act, 1949 including for existing shareholders of Capital LAB.

5. The bank shall surrender its LAB licence to this Department on the date of commencement of SFB business.

II. Capital Requirement

6. The bank shall ensure that it has a minimum network of ₹100 crore at all times

III. Corporate Structure

7. Auditor's certificate to the effect of transfer of business of Capital Local Area Bank to Capital Small Finance Bank Limited, as on the date of commencement of operations of the SFB should be submitted to RBI.

IV. Foreign Shareholding

8. Capital Small Finance Bank Limited shall be controlled by residents (as per FEMA, 1999) at all times. Foreign Shareholding in the bank will be as per the extant FDI norms.

V. Other Conditions

9. The bank shall adhere to the Priority Sector Lending (PSL) stipulations specified in the 'licensing guidelines' and other extant regulatory instructions on the subject.

10. The composition of the Board of Directors of the bank should be in compliance with the provisions of Banking Regulation Act, 1949 and duly approved by the RBI before the commencement of SFB business.

11. As regards the interpretation of any of the clauses / provisions of the terms and conditions of the guidelines / approval, the decision of the RBI shall be final.

12. RBI may impose additional conditions that it deems appropriate.



CERTIFIED TRUE COPY
For Capital Small Finance Bank Ltd.

Arif Shauq
Authorised Signatory



भारतीय रिज़र्व बैंक

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लाइसेंस सं. एमयूएम : 116

बैंककारी विनियमन अधिनियम 1949 की धारा 22(1) के द्वारा भारतीय रिज़र्व बैंक को प्रदत्त शक्तियों का प्रयोग करते हुए कैपिटल स्मॉल फाईनैन्स बैंक लिमिटेड को एतद् द्वारा 4 मार्च 2016 के कार्यालय पत्र डी.बी.पी.एस.बी.डी. सं. 11104 / 16.02.001 / 2015-16 में उल्लिखित नियमों और शर्तों के अधीन भारत में सघु वित्त बैंक का कारोबार करने के लिए लाइसेंस प्रदान किया जाता है।

Licence No. MUM : 116

In exercise of the powers conferred on the Reserve Bank of India by Section 22 (1) of the Banking Regulation Act, 1949, Capital Small Finance Bank Limited is hereby granted a licence to carry on small finance bank business in India subject to the terms and conditions mentioned in the office letter DBR.PSBD.No. 11104 / 16.02.001 / 2015-16 dated March 4, 2016.

भारतीय रिज़र्व बैंक
बैंकिंग विनियमन विभाग
केंद्रीय कार्यालय
मुंबई - 400 001
दिनांक: 4 मार्च 2016

Reserve Bank of India
Department of Banking Regulation
Central Office
Mumbai - 400 001
Dated: March 4, 2016

एस. एस. बारिक
(एस. एस. बारिक)
मुख्य महाप्रबंधक

S.S. Barik
(S.S. Barik)
Chief General Manager



CERTIFIED TRUE COPY
For Capital Small Finance Bank Ltd.

S.S. Barik
Authorised Signatory

बैंकिंग विनियमन विभाग, केंद्रीय कार्यालय, भारतीय रिज़र्व बैंक, मुंबई - 400001

Department of Banking Regulation, Central Office, Reserve Bank of India, Mumbai - 400001