



## STATE BANK OF TRAVANCORE

(Subsidiary of the State Bank of India)

Our Bank was constituted under the State Bank of India (Subsidiary Banks) Act, 1959 on January 1, 1960 as a subsidiary of State Bank of India. (For further details please refer to the chapter titled "History and Corporate Structure" on page 62 of this Letter of Offer.)

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### FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF STATE BANK OF TRAVANCORE (THE "BANK" OR "OUR BANK" OR THE "ISSUER") ONLY

**ISSUE OF 1,18,50,694 EQUITY SHARES WITH A FACE VALUE OF ₹ 10 EACH ("RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹400 INCLUDING A PREMIUM OF ₹390 PER EQUITY SHARE AGGREGATING TO ₹ 474.03 CRORES TO THE EXISTING EQUITY SHAREHOLDERS OF OUR BANK ON RIGHTS BASIS IN THE RATIO OF 1 (ONE) RIGHTS EQUITY SHARES FOR EVERY 5 (FIVE) EQUITY SHARES HELD ON THE RECORD DATE I.E. MARCH 4, 2015 ("RIGHTS ISSUE"/ "ISSUE").**

**THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 40 TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR MORE DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS AND PROCEDURE OF THE ISSUE" ON PAGE 149 OF THIS LETTER OF OFFER. THE ENTIRE ISSUE PRICE FOR THE EQUITY SHARES IS PAYABLE ON APPLICATION**

#### GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities being offered in the issue have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. **Investors are advised to refer to the chapter titled "Risk Factors" on page 12 of this Letter of Offer before making an investment in this Issue.**

#### ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The existing Equity Shares of our Bank are listed on the BSE Limited ("BSE"), the National Stock Exchange of India Limited ("NSE"), the Madras Stock Exchange Limited ("MSE") and the Cochin Stock Exchange Limited ("CSE"). Our Bank has received "in-principle" approval from BSE, NSE and MSE for listing the Rights Equity Shares arising from this Issue vide letters dated January 30, 2015, January 28, 2015 and February 03, 2015 respectively. NSE is the Designated Stock Exchange for this Issue. SEBI vide its order dated December 23, 2014 bearing No. WTM/RKA /MRD/163/2014 granted an exit to the CSE and hence the equity shares arising out of this rights issue shall not be listed on CSE.

#### LEAD MANAGERS TO THE ISSUE



**BOB Capital Markets Limited**  
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**Investor Grievance:**  
investorgrievance@bobcaps.in  
**Compliance Officer:** Mr. S. Bhashyam  
**Website:** www.bobcaps.in  
**Contact person:** Ms. Nivedika Chavan  
**SEBI Registration No.:** INM000009926  
**Corporate Identification No.:**  
U65999MH1996GOI098009



**SBI Capital Markets Limited\***  
202, Maker Tower 'E', Cuffe Parade,  
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**Investor Grievance Email:**  
investor.relations@sbicaps.com  
**Compliance Officer:** Mr. Bhaskar Chakraborty  
**Website:** www.sbicaps.com  
**Contact Person:** Mr. Aditya Deshpande  
**SEBI Registration No.:** INM000003531  
**Corporate Identification No.:**  
U99999MH1986PLC040298

#### REGISTRAR TO THE ISSUE



**Integrated Enterprises (India) Limited**  
2nd Floor, Kences Tower,  
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North Usman Road,  
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**E-mail:** sbtrights@integratedindia.in  
**Website:** www. integratedindia.in  
**Contact Person:** Mr. K. Balasubramanian  
**SEBI Registration No.:** INR000000544  
**Corporate Identification No.:**  
U65993TN1987PLC014964

#### ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIPT OF REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSSES ON
March 17, 2015	March 24, 2015	March 31, 2015

\* SBI Capital Markets Limited is a subsidiary of State Bank of India, which is the promoter of the Issuer. SBI Capital Markets Limited has signed the due diligence certificate and accordingly has been disclosed as a Lead Manager. Further, in compliance with the proviso to regulation 21 A(1) and explanation (iii) to regulation 21A(1) of SEBI (Merchant Bankers) Regulations, 1992, SBI Capital Markets Limited would be involved only in the marketing of the Issue.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires, the following terms shall have the meanings given below in this Letter of Offer. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “State Bank of Travancore”, “the/ our” “Bank”, “SBT”, “Issuer”, “we”, “our” and “us” are to “State Bank of Travancore” and references to “you” are to the prospective investors in the Issue.

#### BANK RELATED TERMS

Term	Description
Associate Banks	State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore.
Auditors	The current Central Statutory Auditors of our Bank, being: 1) M/s. Abraham & Jose, Chartered Accountants; 2) M/s. G.K. Rao & Co., Chartered Accountants; 3) M/s. RGN Price & Co., Chartered Accountants and 4) M/s. Kumar Vijay Gupta & Co., Chartered Accountants.
Bank	State Bank of Travancore having its head office at Poojapura, Thiruvananthapuram-695 012
The BR Act/ Banking Regulation Act	The Banking Regulation Act, 1949 and subsequent amendments thereto.
Board of Directors / Board	The Board of Directors of our Bank or the Committee(s) authorised to act on its behalf unless specified otherwise.
Chairman	The Chairman of our Bank.
Promoter	State Bank of India
Promoter Group	The promoter group of our Bank as determined in terms of Regulation 2 (1) (zb) of ICDR Regulations.
“We”, “us”, “our”, “the Issuer”, “the Bank”, “our Bank”, “State Bank of Travancore” or “SBT”	Unless the context otherwise indicates or implies, refers to State Bank of Travancore, a bank constituted under the State Bank of India (Subsidiary Banks) Act, 1959.
Subsidiary Banks Act	The State Bank of India (Subsidiary Banks) Act, 1959 as amended from time to time.

#### ISSUE RELATED TERMS

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to Eligible Equity Shareholders of our Bank with respect to this Issue in accordance with the ICDR Regulations.
Allotment	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allottee	Unless the context otherwise requires, an Investor to whom Rights Equity Shares are allotted.
Application	Unless the context otherwise requires, refers to an application for allotment of the Rights Equity Shares in the Issue.
Application Money	The aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price of ₹ 400 per Equity Share.
ASBA/Application Supported by Blocked Amount	The application (whether physical or electronic) used by a shareholder to make an application authorising the SCSB to block the amount payable on application in their specified bank account.
ASBA Account	Account maintained with a SCSB and specified in the CAF or plain paper application, as the case may be, for blocking the amount mentioned in the CAF, or the plain paper application, as the case may be

<b>Term</b>	<b>Description</b>
ASBA Investor	An applicant who: a) holds the shares of our Bank in dematerialised form as on the record date and has applied for their Rights entitlements and / or additional shares in dematerialised form; b) has not renounced his/her entitlements in full or in part; c) is not a renounee; and d) is applying through blocking funds in a bank account maintained with SCSBs. All QIBs and other Investors whose application value exceeds ₹ 2 lakhs complying with the above conditions may participate in this Issue through the ASBA process only
Bankers to the Issue	State Bank of India, State Bank of Travancore and HDFC Bank Limited.
BOB Capital Markets Limited / BOBCAPS	BOB Capital Markets Limited, 3 <sup>rd</sup> Floor, South Wing, UTI Tower, Gn Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051.
CAF/ Composite Application Form	The application form used by an Investor to make an application for allotment of Rights Equity Shares pursuant to this Issue.
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that we would issue for the Equity Shares Allotted to 1 (one) folio
Controlling Branches	Such branches of the SCSBs which coordinate applications under the Issue by the ASBA Investors with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a> .
Designated Branches	Such branches of the SCSBs which shall collect CAF from ASBA investor and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a> .
Designated Stock Exchange	NSE.
DLOF / Draft Letter Of Offer	The Draft Letter of Offer dated December 31, 2014 for the rights issue of Equity Shares of ₹ 10 each at a premium which does not include complete details of the Issue.
Equity Shares	The Issued, Subscribed and Fully Paid Up Equity Share Capital of our Bank and the new Equity Shares of our Bank offered pursuant to the Rights Issue of face value ₹10 each.
Equity Shareholders/Eligible Equity Shareholders	Means a holder/beneficial owner of Equity Shares of our Bank as on the Record Date
Investors	The Eligible Equity Shareholders of our Bank as on the Record Date and the Renounees, who have submitted an application to subscribe to the Issue.
Issue/Rights Issue	Issue of 1,18,50,694 Fully Paid Equity Shares with a face value of ₹10 each (“Rights Equity Shares”) for cash at a price of ₹ 400 including a premium of ₹ 390 aggregating to ₹474.03 crores to the existing Equity Shareholders of our Bank on rights basis in the ratio of 1 (One) Fully Paid Rights Equity Shares for every 5 (Five) Fully Paid Equity Shares held on the Record Date.
Issue Closing Date	March 31, 2015
Issue Opening Date	March 17, 2015
Issue Proceeds	The proceeds of this Issue that is available to our Bank.
Issue Price	₹ 400 per Rights Equity Share.
Lead Managers	BOB Capital Markets Limited and SBI Capital Markets Limited.
Listing Agreement	The Agreement entered into by our Bank with the Stock Exchanges
LOF/ Letter of Offer	This letter of offer dated March 04, 2015 filed with the Stock Exchanges after incorporating SEBI comments on the Draft Letter of Offer.
Offering Documents	Offering Documents shall include the Draft Letter of Offer and Letter of Offer.
Qualified Foreign Investors/ QFI	Qualified Foreign Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (as amended), registered with SEBI under applicable laws in India. A Qualified Foreign Investor may buy, sell or otherwise continue to deal in securities without registration as Foreign Portfolio Investors subject to compliance with conditions specified in the SEBI (Foreign Portfolio Investors) Regulations, 2014.

<b>Term</b>	<b>Description</b>
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2 (1)(zd) of the SEBI Regulations
Record Date	March 4, 2015
Refund Banker	HDFC Bank Limited
Registrar to the Issue	Integrated Enterprises (India) Limited
Renouncee(s)	Any person(s) who has / have acquired Rights Entitlements from the Eligible Equity Shareholders.
Rights Entitlement	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Bank as on the Record Date.
Rights Equity Shares	Equity Shares arising out of the Rights Issue.
SBI Capital Markets Limited / SBICAP	SBI Capital Markets Limited, 202, Maker Tower 'E', Cuffe Parade, Mumbai - 400005
SAF(s)	Split Application Form (s).
Self Certified Syndicate Bank / SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html</a> .
Stock Exchanges	BSE, NSE, MSE and CSE* as the context may refer to, where our Equity Shares are currently listed.  *SEBI vide its order dated December 23, 2014 bearing No. WTM/RKA/MRD/163/2014 granted an exit to the CSE.

#### CONVENTIONAL AND GENERAL TERMS / ABBREVIATIONS

<b>Term</b>	<b>Description</b>
AGM	Annual General Meeting
AMC	Asset Management Company
Adjusted Net Bank Credit (ANBC)	(Net Bank credit plus investments made by banks in the non-SLR Bonds held in HTM category) or credit equivalent amount of off balance sheet exposures whichever is higher.
AY	Assessment Year.
AS	Accounting Standards notified pursuant to the Companies (Accounting Standards) Rules, 2006, as amended
BG	Bank Guarantee.
BSE	BSE Limited.
CARE	Credit Analysis and Research Limited
CDSL	Central Depository Services (India) Limited.
CRISIL	Credit Rating Information Services of India Limited.
Current Year	The financial year 2013-14.
Act / Companies Act	The Companies Act, 1956, and the notified provisions of the Companies Act, 2013.
Companies Act 1956	The Companies Act, 1956, as amended
Companies Act 2013	The Companies Act, 2013, to the extent notified and applicable
CSE	Cochin Stock Exchange Limited.
DD	Demand Draft.
DEMAT	Dematerialised (Electronic/Depository as the context may be).
Depository	A depository registered with SEBI under the SEBI (Depository and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number.
DP	Depository Participant.
EGM	Extra-Ordinary General Meeting
EPS	Earnings Per Share.
FCNR	Foreign Currency Non Resident.
FDI	Foreign Direct Investment.

<b>Term</b>	<b>Description</b>
FEMA	Foreign Exchange Management Act, 1999 and the subsequent amendments thereto.
FII	Foreign Institutional Investor (as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board.
Foreign Investor(s)/FPI(s)	Foreign Portfolio Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (as amended), registered with SEBI under applicable laws in India.
Financial Year/Fiscal Year/FY	Period of 12 months ended March 31 of that particular year.
FVCI	Foreign Venture Capital Investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 (as amended) registered with SEBI under applicable laws in India
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GOI / Government	Government of India.
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India.
ICDR Regulations/ SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subsequent amendments thereto.
ICRA	ICRA Limited.
IFRS	International Financial Reporting Standard.
IFSC	Indian Financial System Code
Indian GAAP	Generally accepted accounting principles followed in India
ISIN	International Securities Identification Number allotted by a Depository.
IT ACT	Income Tax Act, 1961, as amended
ITAT	Income Tax Appellate Tribunal.
MICR	Magnetic Ink Character Recognition
Mutual Fund/ MF	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
MIS	Management Information System.
MSE	Madras Stock Exchange Limited.
NABARD	National Bank for Agriculture and Rural Development.
NAV	Net Asset Value
NBFC	Non Banking Financial Company
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
NR	Non Resident.
NRE ACCOUNT	Non Resident External Account.
NRI	Non Resident Indian.
NRO ACCOUNT	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
OCB	Overseas Corporate Bodies.
p.a	Per Annum
PAN/GIR No.	Income Tax Permanent Account Number/General Index Reference Number.
PAT	Profit After Tax
PBT	Profit Before Tax
PLR	Prime Lending Rate
RBI	Reserve Bank of India.
Regulation S	Regulation S under the Securities Act.
SBI	State Bank of India.
SSI	Small Scale Industries.
SPV	Special Purpose Vehicle.
SEBI	Securities and Exchange Board of India.
SEBI (SAST) Regulations, 2011/ Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto.

<b>Term</b>	<b>Description</b>
Securities Act	U.S. Securities Act of 1933, as amended
SIDBI	Small Industries Development Bank of India.
ST	Service Tax.
TAN	Tax Deduction Account Number.
US GAAP	United States Generally Accepted Accounting Principles.
U.S./ US/ USA	United States of America

#### **TECHNICAL AND INDUSTRY TERMS AND ABBREVIATIONS**

<b>Term</b>	<b>Description</b>
AFS	Available for sale.
ALM	Asset Liability Mismatch
ANBC	Adjusted Net Bank Credit.
ATMs	Automated Teller Machines.
Basel I	Recommendations of the Basel Committee on Banking Supervision dated July 1988
Basel II	Recommendations of the Basel Committee on Banking Supervision dated June 2004
Basel III	Recommendations of the Basel Committee on Banking Supervision dated December 2010
Bps	Basis points.
CAIIB	Certified Associate of Indian Institute of Bankers.
CAR	Capital Adequacy Ratio.
CASA	Current and Saving Account Deposits
CBS	Core Banking Solutions.
CDR	Corporate Debt Restructuring.
CRAR	Capital to Risk Weighted Assets Ratio.
CRR	Cash Reserve Ratio.
DBOD	Department of Banking Operations and Development.
DRS	Disaster Recovery Site.
DRT	Debts Recovery Tribunal.
ECGC	Export Credit and Guarantee Corporation of India Limited.
EFT	Electronic Funds Transfer
EPS	Earnings Per Share.
FBT	Fringe Benefit Tax.
FLC	Foreign Letter of Credit.
GAAP	Generally Accepted Accounting Principles.
HFT	Held for trading.
HTM	Held to Maturity.
IBA	Indian Banks Association
IRDA	Insurance Regulatory and Development Authority.
KYC	Know Your Customer Norms as stipulated by the Reserve Bank of India.
LIC	Life Insurance Corporation of India.
FCNR (Account)	Foreign Currency Non Resident (Account).
FCNR (Banks)	Foreign Currency Non Resident (Banks).
NAV	Net Asset Value.
NDS-OM	Negotiated Dealing System-Order Matching
NECS	National Electronic Clearing Services.
NIM	Net Interest Margin
NPA	Non-Performing Asset.
NEFT	National Electronic Fund Transfer.
MSME	Micro Small and Medium Enterprises.
PAT	Profit after Tax.
PBIT	Profit before Interest and Tax.
Repatriation	“Investment on repatriation basis” means an investment the sale proceeds of which are, net of taxes, eligible to be repatriated out of India, and the expression ‘Investment on non-repatriation basis’, shall be construed accordingly.
RIDF	Rural Infrastructure Development Fund.

<b>Term</b>	<b>Description</b>
RTGS	Real Time Gross Settlement.
SARFAESI Act 2002 / Securitisation Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002, as amended.
SGL	Subsidiary General Ledger.
SLR	Statutory Liquidity Ratio.
Tier I Capital	The core capital of a bank, which provides the most permanent and readily available support against unexpected losses. It comprises paid-up capital and reserves consisting of any statutory reserves, free reserves, capital reserves and Innovative Perpetual Debt Instruments as reduced by equity investments in subsidiaries (50 %), intangible assets, and losses in the current period and those brought forward from the previous period.
Tier II Capital	The undisclosed reserves and cumulative perpetual preference shares, revaluation reserves, general provisions and loss reserves, hybrid debt capital instruments, investment fluctuation reserves, subordinated debt and reduced by investment in subsidiaries (50%).
WDV	Written down value.
YTM	Yield to Maturity.

## NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of the Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. Our Bank is making this Issue on a rights basis to the Eligible Equity Shareholders of our Bank as on the Record Date and will dispatch the Letter of Offer/Abridged Letter of Offer and CAF to Eligible Equity Shareholders who have provided an Indian address. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent this Letter of Offer / Abridged Letter of Offer and CAFs.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with the SEBI for its observations. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed, in any jurisdiction outside India. Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer in or into the United States of America or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Letter of Offer.

Neither the delivery of the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Bank's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of the Letter of Offer.

**The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Bank nor the Lead Managers are making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.**

## FORWARD LOOKING STATEMENTS

Certain statements in the Letter of Offer are not historical facts but are “forward-looking” in nature. Forward looking statements appear throughout the Letter of Offer, including, without limitation, under the heading “Risk Factors”. Forward-looking statements include statements concerning our Bank’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Bank’s competitive strengths and weaknesses, our Bank’s business strategy and the trends our Bank anticipates in the industries and the political and legal environment, and geographical locations, in which our Bank operates, and other information that is not historical information.

Words such as “believe”, “anticipate”, “estimate”, “seek”, “expect”, “continue”, “intend”, “predict”, “project”, “should”, “goal”, “future”, “could”, “may”, “will”, “would”, “targets”, “aims”, “is likely to”, “plan” and similar expressions, or variations of such expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

These risks, uncertainties and other factors include, among other things, those listed under “Risk Factors”, as well as those included elsewhere in the Letter of Offer. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited, to:

- Ability to compete effectively in the industry in which we operate our business;
- Ability to manage our credit quality;
- General economic and political conditions, policies and regulations in India and globally, which have an impact on the our business activities;
- Ability to attract and retain qualified personnel;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our Bank’s actual results to differ, please refer the chapter titled “Risk Factors” on page 12 of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Bank nor the Lead Managers or any of their respective affiliates make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither our Bank nor the Lead Managers nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI/Stock Exchanges requirements, our Bank and Lead Managers will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges for the Equity Shares allotted pursuant to this Issue.

## **CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION**

### **CERTAIN CONVENTIONS**

References in this Letter of Offer to “India” are to the Republic of India and the “Government” or the “Central Government” is to the Government of India (“GoI”).

### **FINANCIAL DATA**

Unless stated otherwise, the financial information used in this Letter of Offer is derived from our Bank’s financial statements as of fiscal year 2014, prepared in accordance with Indian GAAP and the Banking Regulation Act, 1949 and in accordance with the ICDR Regulations, as stated in the report of our Central Statutory Auditors, M/s. Abraham & Jose, Chartered Accountants; M/s. G.K. Rao & Co., Chartered Accountants; M/s. RGN Price & Co., Chartered Accountants and M/s. Kumar Vijay Gupta & Co., Chartered Accountants.

Our fiscal year commences on April 1 and ends on March 31 of the next year. Unless stated otherwise, references herein to a fiscal year, are to the fiscal year ended March 31 of a particular year. We prepare our financial statements in accordance with Indian GAAP and the Banking Regulation Act, 1949. Indian GAAP differs significantly in certain respects from International Financial Reporting Standards and US Generally Accepted Accounting Principles. Neither the information set forth in the financial statements nor the format in which it is presented should be viewed as comparable to information prepared in accordance with International Financial Reporting Standard or any accounting principles other than principles specified in the Indian Accounting Standards. We do not provide a reconciliation of our financial statements to IFRS to IFRS or US GAAP financial statements. In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

### **CURRENCY OF PRESENTATION**

Unless otherwise stated, throughout this Letter of Offer, all figures have been expressed in INR. All references to “Rupees”, “INR”, “Rs.”, “Re.” or “₹” are to Indian Rupees, the official currency of the Republic of India.

The words “Lakh” or “Lac” mean “100 thousand” and the word “million” means “10 Lakh” and the word “crore” means “10 million” or “100 Lakhs” and the word “billion” means “1,000 million” or “100 crores”.

Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in crores.

## SECTION II - RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in our Rights Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other implications of material impact of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors.*

*Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Rights Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document.*

*The occurrence of any of the following events could have a material adverse effect on our business, results of operations, financial condition and prospects and cause the market price of our Banks Equity Shares to fall significantly, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations. The following factors have been considered for determining the materiality:*

- 1. Some events may not be material individually but may be found material collectively;*
- 2. Some events may have material impact qualitatively instead of quantitatively;*
- 3. Some events may not be material at present but may have material impact in future.*

*Unless stated otherwise, the financial information in this section is derived from our Bank's financial statements as of March 31, 2014 and wherever applicable the relevant year ended March 31.*

### **A. Risks Relating to the Business of our Bank / Internal Risks**

- 1. We are involved in certain material legal proceedings which if determined against us, could affect our business and financial condition.*

We are party to various legal proceedings including suits, writ petitions, tax disputes etc. These proceedings are pending at different levels of adjudication before the various forums and if determined against us, may have an adverse impact on our business operations, profitability and financial condition.

Summary of outstanding legal proceedings, having material adverse effect, initiated against our Bank and Directors (in respect of matters relating to our Bank), as on date of this Letter of Offer:

Category	Bank		Directors	
	Total number of Cases	Amount Involved in ₹ crores (to the extent quantifiable)	Total number of Cases	Amount Involved in ₹ Crores (to the extent quantifiable)
<b>Criminal proceedings</b>	-	-	2	Non-Quantifiable
<b>Civil proceedings</b>	3	Non-Quantifiable	1	-
<b>Total</b>	<b>3</b>	-	<b>3</b>	-

Summary of outstanding legal proceedings, having material adverse effect, initiated by our Bank and Directors (in respect of matters relating to our Bank), as on date of this Letter of Offer:

Category	Bank		Directors	
	Total number of Cases	Amount Involved in ₹ crores (to the extent quantifiable)	Total number of Cases	Amount Involved in ₹ crores (to the extent quantifiable)
<b>Suits filed by our Bank against defaulting borrowers</b>	6	346.69	-	-
<b>Tax Proceedings*</b>	1	132.58	-	-
<b>Total</b>	<b>7</b>	<b>479.27</b>	-	-

\*Tax proceedings typically pertain to disallowance of expenses and not further tax claims. Should any of the Tax proceedings be decided against us, expenses or exemptions that we have claimed will not be allowed, hence increasing our tax liability. The amount of disputed tax liability is mentioned herein.

Should any new development arise, such as a change in the Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which may increase our expenses and current liabilities. We can give no assurance that these legal proceedings will be decided in our favour. Any adverse outcome in any or all of these proceedings may have a material adverse effect on our business, results of operations and financial condition. For further information relating to these proceedings, please refer to chapter titled “Outstanding Litigation and other Defaults” on page 126 of this Letter of Offer.

**2. Any increase in Banks portfolio of NPAs and RBI mandated provisioning requirement may adversely affect our financial condition and results of operations.**

As on March 31, 2014, March 31, 2013 and March 31, 2012, our gross NPAs were ₹ 3,076.94 crores, ₹ 1,749.88 crores and ₹ 1,488.75 crores representing 4.35%, 2.56% and 2.66% of our gross advances, respectively. Our NPAs net of provisions has increased to ₹ 1,928.50 crores in FY 2014 from ₹ 988.58 crores in FY 2013 and ₹ 853.57 crores in FY 2012, which represents 2.78%, 1.46% and 1.54% of our net advances respectively. As at March 31, 2014, March 31, 2013 and March 31, 2012, the Bank provided for 52.63%, 62.03% and 61.73% of its total NPAs (including prudential write-offs) respectively pursuant to applicable regulatory guidelines and the quality of security available. If there is any deterioration in the quality of the Bank’s security or further aging of the assets after being classified as non-performing, an increase in provisions will be required. This increase in provisions may adversely impact our financial performance and the market price of the Equity Shares.

Various factors, like a rise in unemployment levels, inflation, economic slowdown in India and other parts of the world, a sharp and sustained rise in the interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates may cause an increase in the level of our NPAs and may have a material adverse impact on the quality of our loan portfolio. In addition, the expansion of our business may also cause the level of our NPAs to increase. The inability of the borrowers to repay loans due to the factors mentioned above or any other reasons may lead to increase in NPAs. There can be no assurance that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs.

Our Bank’s gross restructured loans, as a proportion of gross loans and advances outstanding was 5.50% and 3.56% as on March 31, 2014 and March 31, 2013 respectively. Our Bank has restructured loans and advances based upon a borrower’s potential to restore its financial health. However, certain loans classified as restructured may subsequently be classified as delinquent or non-performing in the event a borrower fails to restore its financial viability and honour its loan servicing commitments to us. There can be no assurance that, the debt restructuring criteria approved by our Bank will be adequate or successful and that the borrowers will be able to meet their obligations under the restructured loans. Any resulting increase in delinquency levels may adversely impact our financial performance and the market price of Equity Shares.

Although our loan portfolio contains loans to a wide variety of businesses, adverse market conditions in these sectors could increase our level of NPAs. As of March 31, 2014 and March 31, 2013, concentration of gross NPAs, as a percentage of our gross advances, was ₹ 3,076.94 crores constituting 4.35% and ₹ 1,749.88 crores constituting 2.56% respectively. The highest concentration of NPAs for the Bank being in the NBFCs & Trading sector amounting to ₹ 446.61 crores constituting 14.51% of the NPAs as of March 31, 2014 and ₹ 445.67 crores constituting 25.47 % of the NPAs as of March 31, 2013; followed by Textile sector amounting to ₹ 420.13 constituting 13.65% of the NPAs as of March 31, 2014 and ₹ 78.70 crores constituting 4.50% of the

NPAs as of March 31, 2013; and followed by Infrastructure sector amounting to ₹ 376.87 crores constituting 12.25% of the NPAs as of March 31, 2014 and ₹ 138.78 crores constituting 7.93% of the NPAs as of March 31, 2013.

Although, we constantly endeavour to improve our collections, we cannot assure you that we will be successful in our efforts or that the overall quality of our loan portfolio may not deteriorate in the future which could adversely affect our business, financial condition and results of operations.

**3. *Our Bank has a regional concentration in the State of Kerala and thereby exposing us to regional risk. Any adverse change in the economic condition of Kerala can impact our results of operations.***

As of March 31, 2014, out of our 1,117 branches, 820 branches were located in the state of Kerala constituting 73.41% of our Bank's branch network. As of March 31, 2014, 60.87%, 49.71% and 69.25% of our Bank's total business, loans and advances and deposits respectively, were derived from our operations in Kerala. Our concentration in Kerala exposes our Bank more acutely to any adverse economic and/or political circumstances in the State as compared to other public and private sector banks that have a more diversified national presence. Any disruption, disturbance or sustained downturn in the economy of Kerala could adversely affect our business, financial condition and results of operations.

Additionally, while we continue to expand our operations outside Kerala, we face operational risks in geographic areas in which we do not possess the same level of familiarity with the economic condition, consumer base and commercial operations. In addition, our competitors may already have established operations in areas outside Kerala and we may find it difficult to attract customers in such new areas. We may not be able to successfully manage the risks of such an expansion, which could have a material adverse effect on our business, financial condition and results of operations.

**4. *Our Bank's business is vulnerable to interest rate risk and volatility in interest rates could adversely affect our Bank's net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance.***

Our results of operations largely depend on our net interest income. Net interest income constituted 22.57% (i.e. ₹2,383.15 crores) and 22.91% (i.e. ₹2,128.20 crores) of our total income for FY 2014 and FY 2013 respectively. The net interest margin of our Bank for FY 2014 and FY 2013 was 2.43% and 2.56% respectively.

Most of our interest-earning advances have floating interest rates, while all of our interest-bearing liabilities have fixed interest rates. Any decrease in the interest rates applicable to our assets, without a corresponding decrease in the interest rates applicable to our liabilities, will result in a decline in our net interest income and may consequently reduce our net interest margin ("NIM").

Interest rates are sensitive to many factors beyond our Bank's control, including the RBI's monetary policy, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. Furthermore, in the event of rising interest rates, our Bank's borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay/pre-pay their loans with our Bank, particularly if they are able to switch to more competitively priced loans offered by other banks. Any inability of our Bank to retain customers as a result of rising interest rates may adversely impact our Bank's earnings in future periods. Similarly, in the event of falling interest rates, our Bank may face challenges in retaining our customers if it is unable to offer competitive rates as compared to other banks in the market.

Volatility and changes in interest rates could affect the interest we earn on our assets differently from the interest we pay on our liabilities. The difference could result in an increase in interest expense relative to interest income leading to a reduction in our net interest income. Accordingly, volatility in interest rates could materially and adversely affect our business and financial performance. An increase in interest rates may also adversely affect the rate of growth of important sectors of the Indian economy, such as the corporate, retail and agricultural sectors, which may adversely impact our business. Further, any significant or sustained decline in income generated from treasury operations resulting from market volatility may adversely impact our Bank's financial performance and the market price of the Equity Shares.

**5. *The net profit of our Bank has decreased since FY 2013. In the event our net profit continues to decrease, it may adversely affect our business and financial condition.***

Our net profit has decreased since FY 2013. The net profit was ₹ 304.34 crores in FY 2014 as compared to ₹ 615.04 crores in FY 2013. The decrease in net profit is primarily on account of increase in gross NPAs from ₹ 1,749.88 crores as on March 31, 2013 to ₹ 3,076.94 crores as on March 31, 2014 and consequent increase in the loan loss provisions; increase in restructured advances from ₹ 2,391.47 crores as on March 31, 2013 to ₹ 4,057.79 crores as on March 31, 2014 and consequent increase in the provision for diminution in fair value of restructured advances; increase in depreciation on investments from ₹ 12.01 crores as on March 31, 2013 to ₹ 96.74 crores as on March 31, 2014; increase in employee cost from ₹ 884.76 crores as on March 31, 2013 to ₹ 1,198.83 crores as on March 31, 2014. In the event the NPAs, restructured advances and employee cost increases any further our interest earnings and net profits will be impacted further. If the net profit deteriorates further, our financial condition may be adversely affected.

**6. *Our Bank's funding is primarily through short-term and medium-term deposits, whereas significant portion of Bank's loan assets are Cash credits and Overdrafts renewed periodically. If depositors do not roll over deposited funds on maturity or if our Bank is unable to continue to increase our deposits, our Bank's liquidity could be adversely affected.***

Most of our Bank's funding requirements are met through short-term and medium-term funding sources, primarily in the form of term deposits. As on March 31, 2014, 92.91 % of our Bank's total funding consisted of deposits and 25.69% of such total funding consisted of demand deposits and savings deposits. A significant portion of our Bank's loan assets are cash credits and overdrafts which are to be renewed periodically creating a potential for funding mismatches. In the event that a substantial number of our depositors do not roll over deposited funds upon maturity, our Bank's liquidity position, business and results of operations would be adversely affected. As on March 31, 2014, our Bank's total deposits increased to ₹ 89,336.68 crores registering an increase of 5.57% *vis-à-vis* our Bank's total deposits on March 31, 2013, ₹ 84,623.72 crores. Further, the top twenty depositors constitute 13.49% of our total deposits as on March 31, 2014 and 12.07% as on March 31, 2013.

**7. *Our Bank's auditors have highlighted certain matters of emphasis in their Auditors' report and limited review report for the year ended March 31, 2014 and half year ended September 30, 2014, respectively.***

Our Bank's Auditors have highlighted certain matters of emphasis in the auditors' report and the limited review report for the year ended March 31, 2014 and half year ended September 30, 2014 respectively, as follows:

- Attention to Note 9.4.1 to the financial statement, which describes deferment of Pension and Gratuity liability of our Bank to the extent of ₹ 134.38 crores pursuant to the exemption granted by the Reserve Bank of India to the public sector banks from application of the provisions of Accounting Standard (AS) -15, Employee Benefits vide its circular No. DBOD.BP.BC.80/21.04.018/2010-11 dated Feb 9, 2011 on Re-opening of pension option to employees of Public Sector Banks and enhancement in Gratuity limits – Prudential Regulatory Treatment. *(From Auditor's Report for F.Y 2013-14)*
- Note No. 9 of unaudited financial results, about spreading over of loss in respect of assignment of financial assets to Asset Reconstruction Company to the extent of ₹ 246.85 crores, pursuant to Reserve Bank of India circular DBOD.BP.BC.No. 98/21.04.132/2013-14 dated February 26, 2014. *(From Limited Review Report September 30, 2014)*
- Note No. 10 of unaudited financial results, regarding creation of Deferred Tax Asset (DTA) on provision for diminution in fair value of Restructured Standard Assets amounting to ₹ 81.62 crores (including ₹ 77.82 crores relating to the period up to 31.03.2014). *(Limited Review Report September 30, 2014)*

We may not be able to assure that our financial statements may not contain any emphasis on matters pertaining to our Bank, which could adversely affect our business, financial condition and results of operations.

For more information, please refer to chapter titled “Financial Statements” on page 73 of this Letter of Offer. If such matters of emphasis are contained in future audit reports, the operations, prospects and business of our Bank may be adversely impacted.

**8. *Deterioration in the performance of any of the industry sectors where our Bank has significant exposure may adversely impact our business, result of operations and financial conditions.***

Our total exposure to borrowers is dispersed across various industry sectors. As on March 31, 2014, the most significant exposure was to the NBFCs & Trading sector, Infrastructure sector, Iron & Steel Sector, Engineering sector and Chemical, Dyes & Paints sectors, which represented 15.17% (i.e., ₹ 12,281.05 crores), 10.25% (i.e., ₹ 8,299.96 crores), 5.81% (i.e., ₹ 4,700.98 crores), 4.91% (i.e., ₹ 3,974.70 crores) and 3.56% (i.e., ₹ 2,878.99 crores), respectively of our outstanding fund based and non fund based exposures as of March 31, 2014. Further, as of March 31, 2014, of our total NPAs 14.51% (i.e., ₹ 446.61 crores), 13.65% (i.e., ₹ 420.13 crores), 12.25% (i.e., ₹ 376.87 crores), 8.89% (i.e., ₹ 273.68 crores) and 7.16% (i.e., ₹ 220.17 crores) were towards NBFCs & Trading Sector, Textile Sector, Infrastructure Sector, Chemical, Dyes & Paints Sector and Gems & Jewellery Sector respectively.

Our Bank has fixed exposure norms (sectoral cap) for major industry sectors. For example, our internal policies set out limit of our credit exposure to any particular industry depending upon the nature of that industry.

Any significant deterioration in the performance of the industry sector we lend to (including ‘priority sectors’), driven by events not within our control, such as regulatory action or policy announcements by Government or State government authorities, would adversely impact the ability of borrowers in that industry sector to service their debt obligations.

We cannot assure you that we will be able to diversify our exposure over different industry sectors in the future. Failure to maintain diverse exposure resulting in industry sector concentration may adversely impact our business, financial condition and results of operation, in case of any significant deterioration in performance of such industry sector.

**9. *Our Bank is exposed to higher credit risk as Loans and advance to MSMEs as per the audited financial statements as on March 31, 2014 amounting to 16.19% of our Bank’s loan portfolio.***

Our Bank’s portfolio of loans and advances to MSMEs has grown and the percentage of loans and advances to MSMEs on total advances as per the audited financial statements for the year ended March 31, 2014 was 16.19% and March 31, 2013 was 13.50%. As part of our Bank’s business, we will continue to focus on further growth in the MSME sector. Comprehensive third-party credit history reports for the majority of MSME borrowers are currently not available in India. As a result, our Bank is exposed to proportionate credit risk in the MSME segments which may adversely affect our business growth, results of operations and financial condition.

**10. *Our Bank’s inability to comply with RBI inspection/observations may have a material adverse effect on our business, financial condition or results of operation.***

Our Bank is subject to an Annual Financial Inspection (“AFI”) by RBI under Section 35 of the Banking Regulation Act. Inspection by the RBI is a regular exercise and is carried out annually by the RBI for all banks and financial institutions. The reports of the RBI are strictly confidential and RBI does not allow disclosure of its inspection reports. In the event that we are unable to meet or adhere to the guidance or the requirements suggested by RBI in its inspection reports, we may be subject to penalties and censure by the RBI which may have an adverse effect on our business, financial condition or results of operation.

However, RBI imposes penalty in the event of any deficiency in currency chest and detection of FICN from soiled note remittance to RBI. Accordingly, during the year 2014-15, a total amount of ₹0.05 crores was imposed as penalty for management of currency chest and FICN Detection. As a remedial measure, Bank has installed latest NSMs (Note Sorting Machines) having features for finding forged notes in all currency chests as well as branches with high receipts. The staff members are given training with faculty support from RBI how to detect forged notes.

While we attempt to be in compliance with all regulatory provisions applicable to us, in the event we are not able to comply with certain observations made by the RBI, we may be subject to penalties by the RBI which may have a material adverse effect on our business, reputation, financial condition or results of operations.

**11. *We derive a portion of our other income from our Government operations, a decline in the same could affect our Bank's business***

For FY 2014 and FY 2013, total Government business turnover was ₹ 81,675.21 crores and ₹ 73,964.36 crores respectively and commissions earned from the Government transactions for corresponding periods was ₹ 58.15 crores and ₹ 55.60 crores. While our Bank has enjoyed a strong working relationship with the Government in the past, there is no assurance that this relationship will continue in the future. The Government is not obligated to choose our Bank to conduct any of its transactions. If the Government does choose another bank to perform such tasks, our Bank's business will be adversely affected.

**12. *The legal requirement that the State Bank of India maintains a majority shareholding interest in our Bank of at least 51% may limit the ability of our Bank to raise appropriate levels of capital raising. Further, our Promoter has control over our Bank, which will enable our Promoter to influence the outcome of matters submitted to shareholders for approval***

State Bank of India currently holds 78.91% of our shareholding. According to Section 7 (7) of the Subsidiary Banks Act, State Bank of India's shareholding interests in our Bank shall not be below 51%. This requirement could result in restrictions in the equity capital raising efforts of our Bank as the State Bank of India may not be able to fund any further investments that would allow it simultaneously to maintain its stake at a minimum of 51% and seek funding from the capital markets. Further, such control over our Bank, would enable our Promoter to influence the outcome of matters submitted to shareholders for their approval. As the Indian economy grows, more businesses and individuals will require capital financing. In order to meet and sustain increasing levels of growth in capital demand, our Bank will need to augment our capital base, whether through organic growth or (more likely) capital market financing schemes. If our Bank is unable to grow our capital base in step with demand, our business, financial prospects and profitability may be materially and adversely affected.

**13. *Shareholder voting rights are subject to restrictions under Section 19 of the Subsidiary Banks Act.***

Section 19 of the Subsidiary Banks Act does not allow any individual shareholder, other than the State Bank of India, to exercise voting rights in excess of ten percent of our Bank's issued capital. To the extent that shareholders are unable to exercise all their voting rights with respect to the shares they own, their proportional voting power would be reduced.

**14. *Our Bank has made provision for depreciation of non-performing investments. The depreciation requirement in respect of the securities is not set off against appreciation in respect of other performing securities. Any increase in provisioning requirement may adversely affect our financial condition and results of operations.***

Our Bank has made provision for depreciation on investments amounting to ₹ 96.74 crores and ₹ 12.01 crores respectively for the year ended March 31, 2014 and March 31, 2013 respectively. All securities where repayment of principal or interest are not serviced within 90 days from the due date are classified as Non-performing Investments, except securities guaranteed by the Central Government, which is, treated as performing investments notwithstanding arrears of principal / interest payments. In respect of investments classified as Non-performing, appropriate provisions are made for the depreciation in the value. The depreciation requirement in respect of these securities is not set off against appreciation in respect of other performing securities. Any increase in provisioning requirement may adversely affect our financial condition and results of operations.

**15. *Our Bank has advanced significant amount towards long gestation projects. Any delay in completion of the project or in timely generation of the revenue from the project or failure in generating such revenue shall have a bearing on the recovery of amount advanced towards such projects which may adversely affect our financial condition and results of operation.***

Our Bank has sanctioned amount of ₹ 1,058.00 Crores, ₹ 1,491.87 Crores and ₹ 145.00 Crores for the year ended March 2012, March 2013 and March 2014 respectively towards long gestation projects like infrastructure, roads etc., The revenue generation from these projects would take time in view of the long gestation period. Any delay in completion of the project or in timely generation of the revenue from the project or failure in generating

such revenue shall have a bearing on the recovery of amount advanced towards such projects which may adversely affect our financial condition and results of operation.

- 16. *Our Bank's business is highly dependent on the continuation of our management team and skilled personnel and our Bank's ability to attract and retain talented personnel. Failure to retain key personnel or inability to manage attrition levels may have a material adverse impact on our Bank's business, our ability to grow and our control over various business functions.***

Our Bank is highly dependent on the services of our key management personnel. Our Bank's ability to meet future business challenges depends, among other things, on their continued employment and our Bank's ability to attract and recruit talented and skilled personnel. There can be no assurance that our Bank will be able to retain such key personnel. Competition for skilled and professional personnel in the Banking industry is intense. Our Bank's remuneration scheme may not be as attractive as other banks including private sector banks which may affect our Bank's ability to attract / retain skilled personnel. The loss of key personnel or an inability to manage attrition levels across our Bank may have a material adverse impact on our Bank's business, our ability to grow and our control over various business functions. As on March 31, 2014, our Bank had 14,491 employees as compared to 12,525 employees as on March 31, 2013 and 12,597 employees as on March 31, 2012. During the above three year period, 4,326 employees were appointed and 1,907 employees resigned/retired/terminated.

Further, our Bank's employees are represented by officers' associations and employees' unions and any employee unrest could adversely affect our operations and profitability.

- 17. *We may face workmen disruptions that could interfere with our operations. Any such disruption in future may have a material adverse effect on our business, financial condition or results of operation.***

We are exposed to the risk of strikes and other industrial actions. As of March 31, 2014, we employed 14,491 employees. Most of our employees are part of trade unions. During the past 5 years, there have been 10 instances of strikes and stoppages on account of our employees unions participating in all India strikes. Most of the strikes were on account of wage settlements, opposing disinvestment, merger with SBI etc. While we believe that we have a strong working relationship with the unions / associations, there can be no assurance that our Bank will continue to have such a relationship in the future. If the employees' union was to call for a work stoppage or other similar action, we may be forced to suspend all or part of our operations until the dispute is resolved. If any such work stoppage or disruption was to occur, possibly for a significant period of time, our business, financial condition or results of operation would be adversely affected.

- 18. *A large portion of our deposits is constituted by NRI deposits and any volatility in the income of the NRIs can affect our Bank's business***

NRI deposits constituted 27.94% and 22.82% of our total deposits for the year ended March 31, 2014 and March 31, 2013, respectively. The deposits from NRIs are dependent on the economic conditions of the countries of their residence. Any sustained downturn in the economies of such countries can adversely affect the rollover of existing deposits and inflow of additional NRI deposits to our Bank.

- 19. *Any inability to maintain adequate capital due to changes in regulations or lack of access to capital markets, or otherwise could materially and adversely impact our ability to grow and support our business.***

Our Bank is subject to regulations relating to capital adequacy of banks, which determines the minimum amount of capital our Bank must hold as a percentage of the risk-weighted assets on our portfolio, or capital-to-risk asset ratio ("CRAR"). The RBI requires Indian banks to maintain a minimum risk weighted capital adequacy ratio of 9%, subject to a minimum Tier I capital adequacy ratio of 7% and Tier II capital adequacy ratio of 2% under Basel III.

Our Bank's capital adequacy ratio under Basel III was 10.79% as on March 31, 2014 and 10.74% as on March 31, 2013. Our Bank is exposed to the risk of RBI increasing the applicable risk weight for different asset classes from time to time. Although, our Bank has not, at any time, during the preceding 3 financial years, fallen below the minimum level of CRAR as required by the RBI, certain adverse developments could affect our ability to

continue to comply the capital adequacy requirements, including deterioration in our asset quality, declines in the values of our investments and changes in the minimum capital adequacy requirements. Furthermore, our ability to support and grow our business could be limited by a declining capital adequacy ratio if we are unable to access or have difficulty in accessing the capital markets or have difficulty obtaining capital in any other manner.

The RBI has issued the guidelines on Basel III capital regulations on May 2, 2012, pursuant to the Monetary Policy Statement 2012-13. These guidelines have become effective from April 1, 2013 and are being implemented in a phased manner. The Basel III capital ratios will be fully implemented by March 31, 2019. With the implementation of the Basel III guidelines, we may be required to improve the quality, quantity and transparency of Tier I capital, which will have to be predominantly equity shares. In addition, these changes may result in the incurrence of substantial compliance and monitoring costs. Furthermore, with the implementation of Basel III guidelines, our ability to support and grow our business could be limited by a declining capital adequacy ratio, if we are unable to access or face difficulty in accessing the capital or have difficulty in obtaining capital in any other manner.

If we fail to meet capital adequacy requirements, the RBI may take certain actions, including restricting our lending and investment activities and the payment of dividends by us. These actions could materially and adversely affect our reputation, results of operations and financial condition.

**20. We face maturity mismatches between our assets and liabilities. If we fail to sustain or achieve growth of our deposit base, including our current and savings account deposit base, our business may be adversely affected.**

We meet our funding requirements through short-term (i.e. maturity up to one year) and long-term (i.e., maturity for more than one year) deposits from retail depositors and mid-to-large corporate depositors. Banks usually face a bucket-wise asset-liability mismatch where, typically, the inflows do not match with the outflows in that particular bucket, based on residual maturity.

As of March 31, 2014 we have an asset liability mismatch. The bucket-wise structural liquidity position as at March 31, 2014 is as under:

*₹ in crores*

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years
Cumulative Outflows	1,410	3,906	7,206	8,806	18,032	26,777	37,627	58,882	78,282	1,17,390
Cumulative mismatch	635	448	(272)	481	3712	4,536	15,180	7,073	(1,651)	(3,061)
Cumulative mismatch %	45.06%	11.48%	(3.77)%	5.46%	20.59%	16.94%	40.34%	12.01%	(2.11)%	(2.61)%

Asset liability mismatch results in liquidity risk that reflects the possible mismatch of assets and liabilities in a particular bucket. The liquidity risk in a bank arises on account of unanticipated withdrawals of deposits, non-renewal of deposits and delay in anticipated repayment of advances. The cumulative negative mismatches within the time bands are observed in certain time buckets in the time bands of 8 to 14 days; over 3 years & upto 5 years; and over 5 years of the total outflow respectively. The cumulative mismatches are however within the tolerance level prescribed in our Asset-Liability Management Policy.

We have constituted an Asset Liability Committee (“ALCO”) to address the abovementioned risks. The ALCO regularly reviews the asset liability mismatch and takes appropriate steps to ensure that we are not exposed to liquidity risk either, in the short or long-term. However, if the abovementioned risks materialise, we may face liquidity problem, resulting in an asset liability mismatch. As a result, we may be required to pay higher rates to attract deposits, which may have an adverse impact on our business and results of operations.

Any failure on our part to minimize the asset liability mismatch resulting in higher liquidity risk may adversely affect our business, financial condition and results of operations.

**21. *Our Bank's inability to foreclose on collateral in the event of a default or a decrease in the value of the collateral may result in failure to recover the expected value of the collateral exposing us to potential loss.***

Our Bank's loans to corporate customers for working capital credit facilities are typically secured by charges on inventories, receivables and other current assets. In certain cases, our Bank obtains security by way of a first or second charge on fixed assets, a pledge of marketable securities, bank guarantees, government guarantees, corporate guarantees and personal guarantees. In addition, project loans or long-term loans to corporate customers are secured by a charge on fixed assets and other collateral security. Loans to retail customers are either unsecured or secured by the assets financed, largely property and vehicles. As on March 31, 2014, our Bank's unsecured advances represented 12.01% of our total advances.

In India, foreclosure on collateral generally requires a written petition to a court or tribunal. Although special tribunals have been set up for expeditious recovery of debts due to banks, any proceedings brought may be subject to delays and administrative requirements that may result, or be accompanied by, a decrease in the value of the collateral. The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**SARFAESI Act**"), the Debt-Recovery Tribunal Act, 1993 and the RBI's corporate debt restructuring have strengthened the ability of lenders to recover NPAs by granting them greater rights to enforce security and recover amounts owed from secured borrowers. However, there can be no assurance that these legislations will have a favourable impact on our Bank's efforts to recover NPAs as the full effect of such legislation has yet to be determined in practice. Any failure to recover the expected value of the collateral would expose our Bank to potential loss.

In addition, pursuant to RBI prudential guidelines on restructuring of advances by banks, our Bank may not be allowed to initiate recovery proceedings against a corporate borrower where the borrower's aggregate total debt is ₹ 10 crore or more and 60% of the lenders by number and holding at least 75% or more of the borrower's debt by value decide to restructure their loans. In such a situation, our Bank is restricted to a restructuring process only as approved by the majority lenders.

Our Bank may not be able to realize the full value of collateral as a result of, among other factors:

- delays in bankruptcy and foreclosure proceedings;
- defects or deficiencies in the perfection of collateral (including due to inability to obtain approvals that may be required from third parties);
- fraud by borrowers;
- depreciation in value of the collateral, illiquid market for disposal of and volatility in the market prices for the collateral; and
- current legislative provisions or changes thereto and past or future judicial pronouncements.

As a result of the foregoing factors, realisation of the full value of collateral may become difficult, which could have an adverse effect on our business and financial condition.

**22. *Our Bank's inability to implement growth strategies or in penetrating new markets may adversely impact our Bank's business.***

In the past, our Bank has witnessed growth in both office infrastructure and our business. The number of branches of our Bank, excluding the head office, and service branches, have grown to 1,117 branches as on March 31, 2014 from 1,013 branches as of March 31, 2013. Over the same period, our Bank's total assets have grown to ₹ 1,05,285.42 crores from ₹ 1,01,579.33 crores. One of our Bank's principal business strategies is to expand branch network and our product offerings. This strategy exposes our Bank to a number of risks and challenges, including, the possible failure to identify appropriate opportunities and offer attractive new products, failure to comply with new market and regulatory standards, and the need for hiring and retaining skilled personnel, among others, each of which would have a potential adverse impact on our Bank's profitability. In addition, given the increasing share of retail products and services and transaction banking services in our Bank's overall business, the importance of systems technology to our Bank's business has increased significantly. Any failure in our Bank's systems, particularly for retail products and services and transaction banking, could significantly affect our Bank's operations and the quality of our customer service, reputation and could result in business and financial losses. Our Bank cannot assure you that we will be able to grow at the rate

we have experienced in the past, which could materially and adversely affect our business and future results of operations.

- 23. As on March 31, 2014, we had contingent liabilities amounting to ₹ 29,060.72 crores. Any crystallization of our significant contingent liabilities could materially and adversely affect our business, financial conditions, result of operations and prospects.**

As on March 31, 2014, we had contingent liabilities amounting to ₹ 29,060.72 crores. Most of the liabilities have arisen during the normal course of our business. In the event of there being a crystallization of any of the liabilities stated below, we may be required to honour the demands raised. Any crystallization of our significant contingent liabilities could materially and adversely affect our business, financial conditions, result of operations and prospects.

Sr. No.	Contingent Liability	As on March, 31, 2014 (Amount in ₹ Crores)
1	Claims against the Bank not acknowledged as debts	1.74
2	Liability on account of outstanding forward exchange contracts	18,420.25
3	Liability on account of outstanding int. rate swap contracts	313.75
4	Guarantees given on behalf of constituents	5,248.26
5	Acceptances, endorsements & other obligations	4,916.21
6	Disputed Income-tax liability	158.74
7	Capital commitments on account of unexecuted contracts	1.77
	<b>TOTAL</b>	<b>29,060.72</b>

- 24. We have written off loans amounting to ₹196.26 crores during FY 2014. Having to write off bad debts and to engage in litigation for recovery may impact our business and results of operations.**

As per the audited financial statements for FY 2014, our Bank has written off (including technical write off) 4,887 accounts falling under the categories of Agriculture, SSI, Other Priority and Non Priority sectors, amounting to ₹ 196.26 crores. Our Bank initiates legal proceedings for recovery of amounts outstanding. Further, our Bank conducts recovery drives in each of our branches, through bank adalat, compromise settlements and lok adalats. Having to write off bad debts and to engage in litigation for recovery may impact our business and results of operations.

- 25. A portion of our advances is unsecured. In case we are unable to recover such advances in a timely manner or at all, it may adversely affect our business, financial condition and results of operations.**

As of March 31, 2014 and March 31, 2013, 12.01% (i.e., ₹ 8,336.96 crores) and 12.67% (i.e., ₹ 8,549.50 crores) respectively, of our total advances were unsecured.

While we have been selective in our lending policies and strive to satisfy ourselves with the credit worthiness and repayment capacities of our customers, there can be no assurance that we will be able to recover the interest and the principal advanced by us in a timely manner or at all. Any failure to recover the unsecured advances given to our customers would expose us to a potential loss which could adversely affect our business, financial condition and results of operations.

- 26. Our Bank is exposed to high concentrations of loans to a few borrowers and default by any one of them would adversely affect our Bank's business**

As on March 31, 2014, aggregate loans to our Bank's twenty largest borrowers amounted to ₹ 9,116.16 crores, representing 12.93% of our Bank's total advances as compared to ₹ 7,994.87 crores, representing 11.57% of our Bank's total advances as on March 31, 2013. Any deterioration in the credit quality of these assets would have adverse effect on our Bank's financial condition and results of operations, as well as on the market price of our Bank's Equity Shares.

**27. *Our Bank may be subject to volatility in income from our treasury operations that could materially and adversely impact our financial results.***

We derived 22.87% and 20.97% of our total income in FY 2014 and FY 2013 respectively, from our treasury operations. Though our income from our treasury operations has increased in the previous year, there is no guarantee that in the future, our Bank will not experience volatility in our income from treasury operations. Any significant or sustained decline in income generated from treasury operations would adversely impact our Bank's financial performance.

**28. *We do not own the intellectual property rights attached to the logo used by our Bank and our ability to use the logo may be restricted, which may materially and adversely affect our goodwill and business. Further, we have not made any application for registration of our logo and trademarks. Failure to protect our intellectual property may adversely affect our reputation, goodwill and business operations.***

We do not own the intellectual property rights attached to the logo of our Bank. Our logo includes the logo of our Promoter, the State Bank of India. We have not entered into any agreement of license with the State Bank of India to use the said logo. However, there can be no assurance that the State Bank of India would not in future, restrain our Bank from using the said logo or call upon our Bank to pay royalty in consideration of usage of the logo. Further, we have not made any application for registration of our logo. We cannot assure that our application, if filed, shall be granted in our favour. We may not be able to prevent infringement of the logo / trademark which may be detrimental to our business and may also result in litigation relating to infringement. In the event any third party infringement claim is brought against our Bank, our Bank may be required to establish their right to the exclusive use of the logo and trademark. Any such eventuality or failure to protect our intellectual property may require us to incur additional costs and may impact our brand recognition among customers, affect our reputation, goodwill and business operations.

**29. *Regulations in India require our Bank to extend a minimum level of loans to certain specified sectors in India which may subject our Bank to lend to vulnerable economic sectors thus affecting our financial performance.***

The priority sector lending norms of the RBI require all banks in India to extend at least 40% of their ANBC to specified sectors, including agriculture and small scale industries, which are known as "priority sectors". In accordance with regulatory requirements in India, at least 18 % of our Bank's ANBC, must be extended to the agricultural sector. In addition, the criteria for classifying agricultural loans as non-performing differ from the criteria applicable for non-agricultural loans. For example, loans to agricultural borrowers can only be classified as non-performing if the loan remains overdue for more than two harvest seasons. As on March 31, 2014, total credit extended to priority sectors constituted 42.26% of our Bank's ANBC, and credit extended to the agriculture sector constituted 19.13%, of our ANBC. Like other Indian commercial banks, if our Bank fails to achieve the prescribed lending target to the priority sectors and/or the agricultural sector, we are required to contribute to the Rural Infrastructure Development Fund ("RIDF") of NABARD or other financial institutions as specified by the RBI, being investments which may offer lower rates of return and our contribution to the same as on March 31, 2014 is ₹ 1,757.21 crores. Although such priority sector loans are extended to borrowers who have met our Bank's internal guidelines and against what our Bank believes to be adequate security, adverse economic circumstances, including those resulting from changes in government policies, adverse weather conditions and natural calamities, may adversely impact these priority sectors resulting in an increase in impaired loans in these sectors.

**30. *Most of our business premises are taken on lease basis. Some of the lease agreements with respect to the business premises have expired. Further, we may not be able to renew the lease agreements for some/all of our branches/business premises on favourable terms or at all which could have a material adverse affect on our business and results of operations***

As on March 31, 2014, our Bank has 1,217 offices (including 1,117 branches), out of which 28 are located on owned premises. In addition, our Bank has 1,352 ATMs out of which 25 ATMs are located on the freehold properties of our Bank and the remaining 1,327 ATMs are on leased premises. Some of the lease agreements with respect to the business premises have expired. However, we continue to be in the possession of the premises whose term has expired. Any failure to renew lease agreements for these premises on terms and conditions favourable to us or at all may require us to shift the concerned branch offices, regional offices or the

ATMs to new premises, due to which we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

Additionally, some of our lease agreements may not be adequately stamped or registered as required under the law. Any such irregularity may result in our Bank paying a penalty for inadequate stamping or our inability to enforce our rights under such lease agreements before any court of law which may disrupt our operations and adversely affect our business, financial condition and result of operations.

**31. *Our Bank's risk management policies and procedures may not be fully effective in mitigating unidentified or unanticipated risks, which could negatively affect our business and financial condition.***

Our Bank has devoted significant resources to developing our risk management policies and procedures and expects to continue to do so in the future. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective.

Our Bank's hedging strategies and other risk management techniques may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risk are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated. Other risk management methods depend upon an evaluation of information regarding markets, clients or other matters. This information may not in all cases be accurate, complete, up to date or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a large number of transactions and events. As we seek to expand the scope of our operations, we also face the risk of inability to develop risk management policies and procedures that are properly designed for those new business areas. Implementation and monitoring may prove particularly challenging with respect to businesses that we have recently initiated. Inability to develop and implement effective risk management policies may adversely affect our business, prospects, financial condition and results of operations.

**32. *Our Bank is subject to various operational and other risks associated with the financial industry which if materialised, may have an adverse impact on the results of our Bank.***

The proper functioning of our financial control, risk management, accounting or other data collection and processing systems, together with the communication networks connecting our various branches and offices is critical to our operations and ability to compete effectively. Our Bank is exposed to many types of operational risk, including:

- fraud or other misconduct by employees or outsiders;
- unauthorised transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities);
- unauthorised use of debit cards at ATMs;
- misreporting or non-reporting with respect to statutory, legal or regulatory reporting and disclosure obligations;
- any breach of network security; and
- operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems.

In the past we have experienced fraud committed by our employees ranging from misuse of discretionary powers to misappropriation of funds. We make efforts to recover the amounts involved in such cases. We cannot assure you that such cases will not happen or we will be able to recover such amount in the future. Further, we cannot assure you that any such incident will not have an adverse effect on our reputation.

In addition, we may also be exposed to other different types of risk during our operations, including but not limited to credit risk, counterparty risk, market risk, liquidity risk and operational risk. Given the high volume of transactions of our Bank, certain errors may be repeated or compounded before they are discovered and successfully rectified. We cannot guarantee that such events will not occur in the future. Any such event could disrupt our reputation, operations, or otherwise will have a material adverse effect on our business, financial condition or results of operation.

Our Bank also faces the risk that the design of controls of our Bank and procedures prove inadequate, or may be circumvented, thereby causing delays in detection or errors in information. Although our Bank maintains a system of controls designed to keep operational risk at appropriate levels, there can be no assurance that our Bank will not suffer losses from operational risks in the future.

**33. *Our Bank's employee cost will increase pursuant to the proposed X Bipartite Wage settlement to be entered into. It is very difficult to assess the actual impact of such wage revisions and consequential impact on the employee cost for our Bank.***

The IX bipartite wage settlement has expired on October 31, 2012 and the negotiation for the X bipartite wage settlement are being taken up. Our Bank has made a total provision of ₹ 137.70 crores i.e, ₹ 100.70 crores during FY 2014 and ₹ 37.00 crores during the FY 2013. Even though we have created a provision for wage settlement and wage revision, we cannot assure that the provision will be sufficient to cover the additional cost that would have to be incurred on account of wage settlement and revision thereof and also provisions pertaining to gratuity and pension scheme arrangements in our Bank. Any material increase in our wage bill including the benefits, pursuant to the settlement would increase our employee cost which could result in adverse impact on our profitability.

**34. *We are exposed to risks related to lending, trading, hedging, settlement and other financial transactions.***

Some or all of our Bank's customers or counterparties may be unable or unwilling to meet their respective contractual commitments in relation to lending, trading, hedging, settlement and other financial transactions. This may materially and adversely affect our Bank's operations and may require our Bank to engage in protracted litigation and recovery proceedings which may not adequately compensate our Bank for losses suffered by it. As on March 31, 2014, total advances amounted to ₹ 69,404.61 crores, the Available for Sale and Held for trading investments amounted to ₹ 5,461.71 crores and bills for collection yet to be settled amounted to ₹ 4,236.55 crores. For further details please refer to the chapter titled "Financial Statements" on page 73 of this Letter of Offer.

**35. *If our Bank fails to maintain desired levels of credit deposit ratio, our business operations may be materially and adversely affected.***

Our Bank has a credit deposit ratio of 79.23% and 80.82% for FY 2014 and for FY 2013 respectively. Customer deposits are our Bank's primary source of funding. Credit to deposit ratio indicates our Bank's core funds used for lending activities. Any increase in ratio will put pressure on resources and the capital adequacy requirements. Moreover, a higher ratio may also lead to asset – liability mismatches. However, many factors affect the growth of deposits, some of which are beyond our Bank's control, such as economic and political conditions, availability of investment alternatives and retail customers' changing perceptions toward savings. Any significant increase in credit deposit ratio may put strain on our existing resources and will have a material adverse effect on Bank's financial condition, liquidity and results of operations.

**36. *Our Bank may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and harm our business or reputation.***

Our Bank is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations. These laws and regulations require our Bank, among other things, to adopt and enforce "Know Your Customer" ("KYC") policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. While our Bank has adopted policies and procedures aimed at detecting and preventing the use of our banking networks for money-laundering activities and by terrorists and terrorist-related organizations and individuals generally, such policies and procedures may not completely eliminate instances where our Bank may be used by other parties to engage in money-laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. To the extent our Bank fails to fully comply with applicable laws and regulations, the relevant government agencies to whom our Bank reports have the power and authority to impose fines and other penalties. In addition, our Bank's business and reputation could suffer if customers use our Bank for money-laundering or illegal or improper purposes. Although our Bank does not believe that it is in violation of any applicable sanctions, there can be no assurance that our Bank will be able to fully monitor all of our transactions for any potential violation.

**37. Any consolidation of the Associate Banks with the State Bank of India may result in resistance and may adversely affect our Bank's operations**

Any consolidation of the business of the Associate Banks with State Bank of India may result in resistance from our employees and customers. Such kind of opposition in future may disrupt business operations and the delivery of banking services to customers.

**38. A significant reduction in our credit rating could adversely affect our business, financial condition, cash flows and results of operations.**

Our Innovative Perpetual Debt Instruments & Tier I / Tier II subordinated bonds which are outstanding are rated by rating agencies as under:

Sr. No.	ISIN	Issued on	Amount (₹ crores)	Interest %	Date of Maturity	Ratings
1	INE654A09092	6-Oct-05	235.00	7.45%	6-May-15	CARE AAA [ICRA]AAA
2	INE654A09100	15-Feb-06	140.00	7.8%	15-May-15	[ICRA] AAA CRISIL AAA/ STABLE
3	INE654A09118	31-Oct-06	200.00	9.34% for first 10 years and 9.84% thereafter	Perpetual*	CARE AAA CRISIL AAA/ STABLE
4	INE654A09126	1-Mar-07	200.00	9.65% for first 10 years and 10.15% thereafter	1-Mar-22	CARE AAA CRISIL AAA/ STABLE
5	INE654A09134	18-May-07	300.00	10.25% for first 10 years and 10.75% thereafter	18-May-22	CARE AAA CRISIL AAA/ STABLE
6	INE654A09142	31-Jul-07	125.00	9.20%	31-Jul-17	CRISIL AAA/ STABLE [ICRA] AAA
7	INE654A09159	8-Jan-08	125.00	9.18%	8-Jan-18	CRISIL AAA/ STABLE [ICRA] AAA
8	INE654A09167	31-Mar-08	100.00	9.95% for first 10 years and 10.45% thereafter	Perpetual*	CARE AAA CRISIL AAA/ STABLE
9	INE654A09175	26-Mar-12	500.00	9.25%	26-Mar-27	CARE AAA CRISIL AAA/ STABLE

\* Call option is available after 10 years (subject to RBI permission at that time.)

A downgrade in credit rating may negatively affect the Bank's ability to obtain funds and increase the financing costs by increasing the interest rates of its outstanding debt or the interest rates at which the Bank is able to refinance existing debt or incur new debt, which may adversely affect its business, financial condition and results of operations.

**39. Our Bank is exposed to fluctuations in foreign exchange rates**

As a financial intermediary, our Bank is exposed to exchange rate risk. As on March 31, 2014, contingent liabilities on account of outstanding forward exchange contracts were ₹ 18,420.25 crores. Our Bank complies with regulatory limits on our unhedged foreign currency exposure, and is exposed to fluctuations in foreign currency rates for our unhedged exposure to that extent.

Adverse movements in foreign exchange rates may also impact our Bank's borrowers negatively which may in turn impact the quality of our Bank's exposure to these borrowers. Volatility in foreign exchange rates could adversely affect our Bank's future financial performance and the market price of the Equity Shares.

**40. *We are member of the RBI Corporate Debt Restructuring (CDR) mechanism, pursuant to which we may be mandated to restructure or write-off certain outstanding debts that may impact our results of operations.***

Our Bank is a member of the RBI CDR mechanism. RBI's guidelines on CDR mechanism specify that for debt amounts of ₹ 10.00 crore and above, 60% of the creditors by number and 75% of creditors by value can decide to restructure the debt and that such a decision would be binding on the remaining creditors. In situations where we have exposure of 25% or less, we could be forced to agree to a restructuring of debt which may not be in our interests or which may be time consuming or require us to reduce interest rates or write-off portions of outstanding amounts, in preference to foreclosure of security or a One Time Settlement (OTS), which may impact our results of operation. During FY 2014, our Bank has restructured 31 accounts under CDR. As on March 31, 2014, the total outstanding amount of loans assets under CDR was ₹ 2,588.06 crore which constituted 3.66% of our total loan assets.

**41. *If our Bank is unable to adapt to rapid technological changes, our business could suffer.***

Our Bank's future success will depend partly on our ability to respond to technological advances and to emerging banking industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that our Bank will successfully implement new technologies effectively or adapt our transaction processing systems to meet customer requirements or emerging industry standards. If our Bank is unable, to adapt itself in a timely manner to changing market conditions, customer requirements or technological changes, our business, and operations could be materially affected.

With the implementation of CBS and other technology initiatives, the importance of systems technology to our business has increased significantly. However, the maintenance of the CBS by the technology provider is under an agreement between the provider and our promoter, State Bank of India on behalf of our Bank. Consequently, in the event of a breach or termination of such agreement for any reason whatsoever, our Bank's operations would be adversely affected.

Further, any technical failures associated with our Bank's information technology systems or network infrastructure, including those caused by power failures and breaches in security including information security caused by computer viruses and other unauthorized tampering, may cause interruptions, data loss and/or delays in our Bank's ability to provide services to our customers on a timely basis or at all, and may also result in costs for information retrieval and verification.

**42. *We may not maintain historical dividends in the future as the same depends upon, among other factors, our earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws in India from time to time.***

While we have paid dividends in the past, there can be no assurance as to whether we will pay dividends in the future and, if so, the level of such future dividends. The declaration, payment and amount of any future dividends is subject to the discretion of the Board and will depend upon, among other factors, our earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws in India from time to time.

**43. *Any future equity offerings by our Bank could lead to dilution of your shareholding or adversely affect the market price of the Equity Shares.***

As a shareholder of our Bank's Equity Shares, you could experience dilution to your shareholding in the event that we conduct future equity offerings. Such dilution can adversely affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our equity securities. In addition, any perception by investors that such issuance or sales will occur could also affect the trading price of the Equity Shares.

- 44. *The Equity Shares Allotted pursuant to the Issue will be listed on the BSE, NSE and MSE and you will not be able to sell immediately on the Stock Exchanges any of the Equity Shares Allotted till the final listing approval is received.***

Our Equity Shares are currently listed on the BSE, NSE, MSE and CSE and the Equity Shares offered pursuant to the Issue will be listed on BSE, NSE and MSE. SEBI vide its order dated December 23, 2014 bearing No. WTM/RKA /MRD/163/2014 granted an exit to the CSE and hence the equity shares arising out of this rights issue shall not be listed on CSE. Listing and trading of Equity Shares to be allotted are subject to the receipt of final approval from the Stock Exchanges. We cannot assure that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this Letter of Offer. Any failure or delay in listing the Equity Shares on the Stock Exchanges would restrict investors' ability to dispose of their Equity Shares.

- 45. *Our Inability to improve the share of CASA deposits may result in higher cost of deposits and thereby affect the profitability of our bank in future.***

Our Bank as on March 31, 2014 and March 31, 2013 had total deposits of ₹ 89,337 crores and ₹ 84,624 crores respectively. The share of CASA deposits amounted to 27.65% of total deposits in FY 2014 *vis-à-vis* 25.79% in FY 2013. Inability to improve the share of CASA deposits may affect the profitability of our Bank.

- 46. *If we are unable to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our business, it may have a material and adverse effect on our business, financial condition and results of operations.***

We require certain statutory and regulatory permits and approvals to operate our business.

Further, under certain of our contractual arrangements we are required to hold all necessary and applicable approvals and licenses from authorities such as RBI, SEBI and the Insurance Regulatory and Development Authority. In the event that such approvals and licenses lapse or are revoked by the granting authorities, we may not be able to provide such services which could have an adverse effect on our business and financial condition. Failure by us to renew, maintain or obtain the required permits or approvals, including those set forth above, may result in the interruption of our operations and may have an adverse effect on our business, financial condition and results of operations.

- 47. *Due to the limited information regarding loan servicing history of customers in India, we may be at a higher risk compared to banks with lending operations in more developed countries. We depend on the accuracy and completeness of information furnished by the customers and counterparties and any misrepresentation, errors or incompleteness of such information could cause our business to suffer.***

Unlike several more developed economies, a nationwide credit bureau has become operational in India only recently, and therefore, adequate information regarding loan servicing histories, particularly in respect of individuals and small businesses, is limited. As a result, our credit risk exposure is higher compared to banks operating in more developed markets. Because our lending operations are primarily limited to India, we may be exposed to a greater potential for loss compared to banks with lending operations in more developed countries. Inadequate loan servicing histories for borrowers increase the risk of exposure and may lead to an increase in our NPAs which may adversely affect our business, results of operations and financial condition.

In deciding whether to extend credit or enter into other transactions with customers and counterparties, we may rely on information furnished to us by or on behalf of our customers and counterparties, including financial statements and other financial information. We may also rely on certain representations as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors.

For example, in deciding whether to extend credit, we may assume that a customer's audited financial statements conform to generally accepted accounting principles and present fairly, in all material respects, the financial condition, results of operation and cash flows of the customer.

The difficulties associated with the inability to accurately assess the value of collateral and to enforce rights in respect of collateral, along with the absence of such accurate statistical, corporate and financial information,

may decrease the accuracy of our assessments of credit risk, thereby increasing the likelihood of borrower default on our loan and decreasing the likelihood that we would be able to enforce any security in respect of such a loan or that the relevant collateral will have a value commensurate to such a loan. Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending.

Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured assets, which could materially and adversely affect our business, financial condition and results of operations.

**48. *Our insurance coverage could prove inadequate to satisfy potential claims. If we were to incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our business, results of operations and financial condition.***

We have taken out insurance within a range of coverage consistent with industry practice in India to cover certain risks associated with our business, including money and securities in safe or transit, goods held in trust, coins/ currency and buildings. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, even if such losses are insured, we may be required to pay a significant deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are subject to annual review, and we cannot assure you that we will be able to renew these policies on similar or otherwise acceptable terms. If we were to incur a serious uninsured loss or a loss that significantly exceed the limits of our insurance policies, it could have a material adverse effect on our business and financial condition.

## **B. External Risks**

**49. *There are certain restrictions as per Subsidiaries Banks Act and Banking Regulation Act which has a bearing on the flexibility of our Bank's operations and affect/restrict investor's right. Further, any material changes in the regulations that govern our Bank could adversely affect our Bank's business and financial performance.***

Our Bank can carry on business/activities as specified in the Subsidiary Banks Act and the Banking Regulation Act. There are certain restrictions on our ability to pursue profitable avenues if they arise, in contrast with other companies. There are restrictions regarding:

- a) Setting up of subsidiaries by a Bank
- b) Management of the Bank including appointment of Directors
- c) Borrowings and creation of floating charge thereby hampering leverage. Banks may have to resort to unsecured debt instruments for borrowings
- d) Production of documents and availability of records for inspection by shareholders
- e) Reconstruction of banks through amalgamation etc.
- f) Voluntary winding up.
- g) Ownership restrictions.

Any material changes in the regulations that govern our Bank could adversely affect our Bank's business and financial performance.

**50. *Changes to interest rates, CRR and SLR may affect our business operations and profitability***

The RBI's policies pertaining to interest rates, CRR and SLR are sensitive to many factors beyond our control, including the RBI's monetary policy, deregulation of the financial sector in India and domestic and international economic and political conditions. Presently, the CRR prescribed by the RBI stands at 4% and the repo/ reverse repo rate at which banks borrow/ lend money from / to the RBI under liquidity adjustment facility is at 7.50% / 6.50%. Under the RBI regulations, we are required to maintain a minimum specified Statutory Liquidity Ratio of 21.50% of our net demand and time liabilities in cash and government or other approved securities.

**51. *Changes to the prudential norms by the RBI requiring banks to maintain higher provisioning norms would adversely affect our profitability***

In the event of the RBI effecting any changes to the prudential norms requiring banks to maintain higher provisioning norms for non performing assets, such increase in provisioning requirement would adversely impact our profitability, business, financial condition or results of operations.

**52. *Natural calamities could have a negative impact on the Indian economy and harm our Bank's business***

India has experienced natural calamities such as earthquakes, floods, drought and a tsunami in recent years. The extent and severity of these natural disasters determines their impact on the Indian economy. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy which could adversely affect our Bank's business and the price of our Bank's Equity Shares.

**53. *Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our Bank's business***

Terrorist attacks and other acts of violence or war may adversely affect the Indian markets and the worldwide financial markets. These acts may result in a loss of business confidence, make travel and other services more difficult and could generally have an adverse effect on our Bank's business. In addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of our Bank's Equity Shares.

In addition, India has witnessed localised civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on our Bank's business. Such incidents could also create a greater perception that investment in Indian market involves a higher degree of risk and could have an adverse impact on our Bank's business and the market price of our Bank's Equity Shares.

**54. *Restrictions on foreign direct investment in public sector bank may limit our ability to raise additional capital.***

Foreign direct investment including portfolio investment, in public sector bank is limited to 20% of the bank's share capital. Further, such foreign investment in public sector bank is subject to the prior approval of the Central Government. Thus, our ability to raise additional capital from foreign investors is impaired as a result of these and other restrictions, which may adversely affect our business operations and growth.

**55. *Banking is a heavily regulated industry and material changes in the regulations which govern our Bank, may adversely affect our business.***

Banks in India are subject to detailed supervision and regulation by the RBI. The RBI also sets guidelines on the CRR, SLR, priority sector lending, export credit, agricultural loans, loans to sectors deemed to be weak by the RBI, market risk, CAR and branch licensing, among others.

Our Bank is also subject to regular financial inspection by the RBI. In the event, our Bank is unable to meet or adhere to the guidelines or requirements of the RBI, the RBI may impose strict enforcement of its observations on the Bank, which may have an adverse effect on our business, financial condition, cash flows or results of operations. The laws and regulations governing the banking sector, including those governing the products and services that our Bank provides or proposes to provide, such as our life insurance or asset management business, or derivatives and hedging products and services, could change in the future.

In addition, the financial condition and results of operations of banks are susceptible to material change pursuant to changes in law, as well as to changes in regulations, government policies and accounting principles. Any such changes may adversely affect our Bank's business, future financial performance and the price of the Equity Shares.

**56. Significant changes in the Government's policy on liberalisation of the Indian economy could impact our Bank's financial results and prospects.**

India has been charting a course of economic liberalisation and our Bank's business could be significantly influenced by the economic policies of the Government. However, there can be no assurance that these liberalisation policies will continue in the future. The rate of economic liberalisation could change, and laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our Bank's securities could change as well. Any significant change in liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our Bank's business in particular. If the Government introduces significant changes, the competitive position of our Bank's borrowers may be adversely affected and this may impact the quality of our Bank's loan portfolio.

**57. A slowdown in economic growth in India could cause our Bank's business to suffer.**

Any slowdown in economic growth in India could adversely affect our Bank's borrowers and contractual parties. The current uncertain economic situation, in India and globally, could result in a further slowdown in economic growth, investment and consumption. A further slowdown in the rate of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults among corporate, retail and rural borrowers.

With the importance of retail and personal loans to our Bank's business, any slowdown in the growth or negative growth of sectors such as housing and automobiles could adversely impact our Bank's performance. Any such slowdown could adversely affect our Bank's business, including our ability to grow, the quality of our assets, our financial performance and the trading price of the Equity Shares.

Further, Indian economy has witnessed inflationary pressures in the past and this has a major say on the domestic interest rates. Any changes in the CRR and the repo rates will necessitate banks to adjust their Base Rate/BPLR. Call money rates would also move up mainly on account of higher pre-emption and credit off-take. Our Bank's business may be affected on account of the above factors.

**58. The Indian banking industry is very competitive and our Bank's ability to grow depends on its ability to compete effectively.**

The Indian banking industry is very competitive. Our Bank competes directly with public and private sector banks some of which may have a larger customer and deposit base, larger branch networks and more capital. The large public sector banks are also expected to improve their customer service networks and technology platforms, which will allow them to enhance their competitive position against banks such as our Bank. Our Bank also competes with other private sector banks in India, some of which also have larger customer bases and greater financial resources than our Bank. In particular, other private sector banks may have operational advantages in implementing new technologies, rationalizing branches and recruiting employees through incentive-based compensation.

Liberalisation of the Indian financial sector could also lead to a greater presence or new entries of Indian and foreign banks offering a wider range of products and services, which could adversely affect our competitive environment. The RBI has recently issued the Guidelines on Licensing of New Banks in the Private Sector and intends to issue licences on an on-going basis, subject to the RBI's qualification criteria. Thus far, the RBI has granted "in-principle" approval to two applicants to set up new banks under these guidelines.

We also compete with foreign banks with operations in India. These competitors include a number of large multinational banks and financial institutions as well as NBFCs and housing finance companies. In November 2013, the RBI released a framework for the setting up of wholly owned subsidiaries in India by foreign banks. The framework encourages foreign banks to establish a presence in India by granting rights similar to those received by Indian banks, subject to certain restrictions and safeguards. Under the current framework, wholly-owned subsidiaries of foreign banks are allowed to raise Rupee resources through issue of non-equity capital instruments. Further, wholly-owned subsidiaries of foreign banks may be allowed to open branches in Tier 1 to Tier 6 centres (except at a few locations considered sensitive on security considerations) without having the need for prior permission from RBI in each case, subject to certain reporting requirements. The guidelines may result in increased competition from foreign banks.

Mergers and consolidation among public sector banks as well and private sector banks may result in enhanced competitive strengths in pricing and delivery channels for the merged entities. Our Bank may face greater competition from larger banks as a result of such consolidation, which may adversely affect our Bank's future financial performance.

**59. *Any downgrading of India's rating by an international rating agency could have a negative impact on our economy.***

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact the Indian securities markets. Any such disruption could have an adverse effect on the price of our Bank's Equity Shares.

**60. *Financial instability in other countries, could disrupt our Bank's business.***

Although economic conditions are different in each country, investors' reactions to developments in one country may have an adverse effect on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India, which could adversely affect the Indian financial sector in particular. Any such disruption could have an adverse effect on our Bank's business, future financial performance, financial condition and results of operations, and affect the price of our Bank's Equity Shares.

**61. *Seasonal trends in the Indian economy affect our Bank's business***

Our Bank's business is affected by seasonal trends in the Indian economy that affect the overall banking industry. The period from October to March is the busy period in India for economic activity and, accordingly, we generally experience higher volumes of business during this period. From April to September, when economic activity typically decreases, our business volumes experience a corresponding decrease. As a result of this, the quarter to quarter comparison of historical results may not be accurate or a meaningful indicator of our future performance.

**62. *Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition. Our failure to successfully adopt IFRS could have a material adverse effect on our stock price.***

Our financial statements, including the financial statements provided in this Letter of Offer, are prepared in accordance with Indian GAAP. There is lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in forming judgments regarding its implementation and application, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under converged accounting standards than under Indian GAAP. There can be no assurance that our adoption of converged accounting standards will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt converged accounting standards could have a material adverse effect on our stock price.

**63. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time.***

Our Bank's shares are subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. A closure of, or trading stoppage on, either BSE or NSE could adversely affect the trading price of the Equity Shares. The circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

**64. *Market price of the Equity Shares of our Bank may fall below the historical price levels.***

The share price data of our Bank incorporated herein pertains to Equity Shares prior to this Rights Issue. The price of Equity Shares of our Bank may potentially vary significantly following the Issue and may potentially fall to levels which are below the historical price levels of the Equity Shares.

**65. *After this Issue, the price of our Equity Shares may be highly volatile.***

The prices of our Bank's Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

- our profitability and performance;
- performance of our competitors in the Indian banking industry and the perception in the market;
- significant developments in India's fiscal, and other regulations;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- the present state of our development, etc

There can be no assurance that an active trading market for our Equity Shares will be sustained after this Issue, or that the prices at which our Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the prices at which our Equity Shares will trade in the market subsequent to this Issue. The Indian stock markets have witnessed significant volatility in the past and our Equity Share price may be volatile and may decline post listing.

**66. *The market value of an investment in our Equity Shares may fluctuate due to the volatility of the Indian securities markets.***

The Indian Stock Exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. Such fluctuations and volatility could affect the market price and liquidity of the securities of Indian companies, including our Equity Shares. Moreover, there have been occasions when secondary market operations have been interrupted and/or affected due to temporary exchange closures, broker defaults and settlement delays. In addition, the governing bodies of the Indian Stock Exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements.

**67. *Investors may be subject to Indian taxes arising out of capital gains***

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than twelve (12) months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realised on the sale of equity shares held for more than twelve (12) months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of twelve (12) months or less will be subject to short term capital gains tax in India.

**68. *There is no guarantee that the Rights Equity Shares will be listed on the Stock Exchanges (except CSE) in a timely manner and any trading closures at the Stock Exchanges may adversely affect the trading price of the Equity Shares***

In accordance with Indian law and practice, permission for listing of the equity shares will not be granted until after the equity shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of equity shares to be submitted. There could be a failure or a delay in listing the Equity Shares offered in this Issue on BSE, NSE and MSE. The exchanges have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies. A closure of, or trading stoppage on, either of the exchanges could adversely affect the trading price of the Equity Shares. Further, the Equity Shares offered in this Issue will be listed on BSE and NSE. The Equity Shares allotted in this Issue shall be listed on the Stock Exchanges within stipulated time period as per ICDR Regulations.

## PROMINENT NOTES

1. Issue of 1,18,50,694 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ 400 per Equity Share including a share premium of ₹ 390 per Equity Share aggregating to ₹ 474.03 crores to the existing Equity Shareholders on a rights basis in the ratio of 1 (One) Equity Shares for every 5 (Five) Equity Shares held by them on the Record Date (i.e. March 4, 2015).
2. As on March 31, 2014, our net worth was ₹ 4,758.85 crores (excluding revaluation reserves) as described in the chapter titled “Financial Statements” on page 73 of this Letter of Offer.
3. For details of our transactions with the related parties during FY 2013-14 as per AS 18, the nature of such transactions and the cumulative value of such transactions, please refer the chapter titled “Financial Statements” on page 73 of this Letter of Offer.
4. Neither our promoter(s) nor its Directors or our Directors and their relatives have financed the purchase by any other person of securities of our Bank other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing this Letter of Offer with SEBI.
5. Investors may contact the Lead Managers for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Managers to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Bid-cum-Application Form has been submitted by the ASBA Bidder. For contact details please refer to the chapter titled “General Information” on page 41 of this Letter of Offer.

## SECTION III – INTRODUCTION

### THE ISSUE

Pursuant to the resolution passed by our Board at its meeting held on March 26, 2014 and June 20, 2014, our Bank has been authorised to make the following Rights Issue to the Equity Shareholders of our Bank with a right to renounce.

*The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by more detailed information in the chapter titled “Terms and Procedure of the Issue” on page 149 of this Letter of Offer.*

<b>Rights Equity Shares being offered</b>	1,18,50,694 Rights Equity Shares
<b>Rights Entitlement for Rights Equity Shares</b>	1 (One) Rights Equity Shares for every 5 (Five) Equity Shares held on the Record Date
<b>Record Date</b>	March 4, 2015
<b>Face Value per Rights Equity Shares</b>	₹10
<b>Issue Price per Rights Equity Share</b>	₹400 (including a premium of ₹390 per Rights Equity Share )
<b>Issue size</b>	₹474.03 Crores
<b>Equity Shares outstanding prior to the Issue</b>	5,92,53,473 Equity Shares
<b>Equity Shares outstanding after the Issue</b>	7,11,04,167 Equity Shares
<b>Use of Issue Proceeds</b>	Please refer the chapter titled “Objects of the Issue” on page 52 of this Letter of Offer.
<b>Terms and Procedure of the Issue</b>	For more information, please refer to the chapter titled “Terms and Procedure of the Issue” on page 149 of this Letter of Offer.

#### Terms of Payment

<b>Due Date</b>	<b>Amount</b>
On the Issue application (i.e. alongwith the CAF)	₹ 400, which constitutes 100% of the Issue Price payable

## SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary of the financial information derived from our audited financial statements as of FY 2014 and Unaudited financial statements for the six months period ended September 30, 2014. Our financial statements have been prepared in accordance with Indian GAAP and the Banking Regulation Act, 1949. The summary financial information presented below should be read in conjunction with chapter titled "Financial Statements" and notes thereto on page 73 of this Letter of Offer.

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2014

(₹ in Crores)

<b>I. CAPITAL AND LIABILITIES</b>		<b>As at 31-Mar-14</b>	<b>As at 31-Mar-13</b>
1	Capital	50.00	50.00
2	Share Application Money Pending Allotment	385.00	0.00
3	Reserves and Surplus	4,524.82	4,314.98
4	Deposits	89,336.68	84,623.72
5	Borrowings	6,818.38	8,747.17
6	Other Liabilities and Provisions	4,170.54	3,843.46
	<b>Total</b>	<b>1,05,285.42</b>	<b>1,01,579.33</b>
<b>II. ASSETS</b>			
1	Cash and Balance with Reserve Bank of India	4,458.57	4,544.00
2	Balances with Banks and Money at Call & Short Notice	1,200.60	223.70
3	Investments	27,941.37	27,225.50
4	Advances	69,404.61	67,483.62
5	Fixed Assets	339.01	286.29
6	Other Assets	1,941.26	1,816.22
	<b>Total</b>	<b>1,05,285.42</b>	<b>1,01,579.33</b>
	Contingent Liabilities	29,060.72	20,803.29
	Bills for Collection	4,236.55	3,588.89

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2014**

*(₹ in Crores)*

<b>I. INCOME</b>		<b>For the Year ended 31-Mar-14</b>	<b>For the year ended 31-Mar-13</b>
1	Interest Earned	9,706.55	8,634.84
2	Other Income	851.95	653.02
	<b>Total</b>	<b>10,558.50</b>	<b>9,287.86</b>
<b>II. EXPENDITURE</b>			
1	Interest Expended	7,323.40	6,506.63
2	Operating Expenses	1,865.41	1,430.22
3	Provisions & Contingencies	1,065.35	735.97
	<b>Total</b>	<b>10,254.16</b>	<b>8,672.82</b>
<b>III. PROFIT / LOSS</b>			
1	Net Profit for the Year	304.34	615.04
2	Profit brought forward	1.37	6.86
	<b>Total</b>	<b>305.71</b>	<b>621.90</b>
<b>APPROPRIATIONS</b>			
1	Transfer to Statutory Reserves	76.09	153.76
2	Transfer to Capital Reserves (net of tax adjustments)	7.93	14.55
3	Transfer to Revenue and Other Reserves	0.00	0.00
	a) Reserve under Sec 36(1)(viii) of IT ACT	74.05	66.00
	b) General Reserves	130.00	270.00
	d) Investment Reserve Account	0.00	0.00
4	Proposed Dividend	0.00	15.00
5	Tax on Dividend	0.00	2.43
6	Interim Dividend	12.50	85.00
7	Tax on Interim Dividend	2.12	13.79
8	Balance carried over to Balance Sheet	3.02	1.37
	<b>Total</b>	<b>305.71</b>	<b>621.90</b>
<b>Basic and diluted Earnings per share (in Rupees)</b>		<b>60.87</b>	<b>123.01</b>

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2014**

*₹ in Crores*

	FOR THE YEAR ENDED 31-Mar -2014		FOR THE YEAR ENDED 31-Mar-2013	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>843.90</b>		<b>-640.89</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-132.69</b>		<b>-101.77</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>180.25</b>		<b>-306.30</b>
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		<b>891.46</b>		<b>-1,048.96</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>4,767.71</b>		<b>5,816.66</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D)</b>	<b>891.46</b>	<b>5,659.17</b>	<b>-1,048.96</b>	<b>4,767.70</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit for the year		304.34		615.04
Add :Provision for Income Taxes	270.00		339.00	
Provision for other Taxes	0.25		0.83	
Deferred taxes	-37.57		-59.16	
Net Profit before Taxes		537.02		895.71
Adjustment for :				
Depreciation charges	79.97		58.76	
Provision for NPAs	577.78		288.14	
Provision on standard assets	66.90		54.38	
Provision on Restructured standard assets	85.35		90.41	
Provision on Restructured NPA	5.55		14.18	
Depreciation on Investments	96.74		12.01	
Amortisation of Investments	57.16		57.29	
Other provisions	0.35		-3.81	
Deferred Revenue Expenditure written off during the year	134.38		134.38	
Dividend from subsidiaries (investing activity)	0.00		0.00	
Interest paid on Innovative Perpetual Debt Instruments	28.65		28.63	
Interest paid on Upper Tier II Bonds	96.24		96.30	
Interest paid on SBT Bonds	65.23		65.15	
Less : Direct Taxes	347.92		360.87	
SUB-TOTAL	946.38		534.95	
<b>Adjustment for :</b>				
Increase / (Decrease) in Deposits	4,712.96		13,153.89	
Increase / (Decrease) in Borrowings	-1,928.78		1,139.85	
(Increase) / Decrease in Investments	-869.76		-4,857.22	
(Increase) / Decrease in Advances	-2,589.68		-12,530.39	
Increase / (Decrease) in Other Liabilities	259.83		749.51	
(Increase) / Decrease in Other Assets	-224.07		272.81	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>843.90</b>		<b>-640.89</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investments in Subsidiaries and/or Joint Ventures				
Income earned on such Investments				
Fixed Assets	-132.69		-101.77	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>-132.69</b>		<b>-101.77</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				

	<b>FOR THE YEAR ENDED 31-Mar -2014</b>		<b>FOR THE YEAR ENDED 31-Mar-2013</b>	
Share Capital				
Share Premium				
Share Application Money Pending Allotment	385.00			
Issue of Innovative Perpetual Debt Instruments				
Issue of Upper Tier II Bonds				
Issue of Subordinated Bonds				
Redemption of IPDI Bonds				
Redemption of Upper Tier II Bonds				
Redemption of Subordinated Bonds				
Interest Paid on IPDI Bonds	-28.65		-28.63	
Interest Paid on Upper Tier II Bonds	-96.24		-96.30	
Interest Paid on Subordinate Bonds	-65.23		-65.15	
Dividends Paid	-14.63		-116.22	
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>180.25</b>		<b>-306.30</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>				
i) Cash in hand (including foreign currency notes and gold)	355.30		388.74	
ii) Balances with Reserve Bank of India	4,188.71		4,387.90	
iii) Balances with Banks and Money at Call and Short Notice	223.70		1,040.02	
		<b>4,767.71</b>		<b>5,816.66</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>				
i) Cash in hand (including foreign currency notes and gold)	489.02		355.30	
ii) Balance with Reserve Bank of India	3,969.55		4,188.70	
iii) Balances with Banks and Money at Call and Short Notice	1,200.60		223.70	
		<b>5,659.17</b>		<b>4,767.70</b>

**BALANCE SHEET AS AT 30<sup>TH</sup> SEPTEMBER, 2014**

	<b>As at 30- Sep-2014</b>	<b>As at 31-Mar-2014</b>
<b>CAPITAL AND LIABILITIES</b>		
Capital	59.25	50.00
Share Application Money Pending for Allotment	0.00	385.00
Reserves and Surplus	4,969.78	4,524.82
Deposits	92,586.22	89,336.68
Borrowings	3,954.61	6,818.38
Other liabilities and provisions	3,458.66	4,170.54
<b>TOTAL</b>	<b>1,05,028.52</b>	<b>1,05,285.42</b>
<b>ASSETS</b>		
Cash and balances with Reserve Bank of India	4,752.31	4,458.57
Balances with banks and money at call and short notice	1,623.92	1,200.60
Investments	28,377.14	27,941.37
Advances	67,722.58	69,404.61
Fixed Assets	375.58	339.01
Other Assets	2,176.99	1,941.26
<b>TOTAL</b>	<b>1,05,028.52</b>	<b>1,05,285.42</b>
Contingent liabilities	25,263.51	29,060.72
Bills for Collection	4,481.03	4,236.55

**PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30<sup>TH</sup> SEPTEMBER, 2014**

		<b>Half Year ended 30-Sep-2014</b>	<b>Half Year ended 30-Sep-2013</b>	<b>Year ended 31-Mar-2014</b>
<b>I.</b>	<b>INCOME</b>			
	Interest earned	4,859.75	4,785.57	9,706.55
	Other income	393.41	397.57	851.95
	<b>TOTAL</b>	<b>5,253.16</b>	<b>5,183.14</b>	<b>10,558.50</b>
<b>II.</b>	<b>EXPENDITURE</b>			
	Interest expended	3,752.15	3,603.54	7,323.40
	Operating expenses	945.33	850.26	1,865.41
	Provisions and contingencies	486.46	488.34	1,065.35
	<b>TOTAL</b>	<b>5,183.94</b>	<b>4,942.14</b>	<b>10,254.16</b>
<b>III.</b>	<b>PROFIT</b>			
	Net Profit	69.22	241.00	304.34
	Profit brought forward	3.02	1.37	1.37
	<b>TOTAL</b>	<b>72.24</b>	<b>242.37</b>	<b>305.71</b>
<b>IV.</b>	<b>APPROPRIATIONS</b>			
	Transfer to Statutory Reserves			76.09
	Transfer to Capital Reserves			7.93
	Transfer to Investment Reserves			0
	Transfer to Revenue and Other Reserves			204.05
	Proposed Dividend 25%			12.50
	Dividend Tax			2.12
	Balance carried over to Balance Sheet			3.02
	<b>TOTAL</b>			<b>305.71</b>
	Basic/Diluted Earnings per Share (in ₹)	11.68	48.20	60.87

## GENERAL INFORMATION

Dear Equity Shareholder(s),

Pursuant to the resolutions passed by our Board at its meetings held on March 26, 2014 and June 20, 2014, our Bank has been authorised to make the following Rights Issue to the Equity Shareholders of our Bank with a right to renounce.

**Issue of 1,18,50,694 Rights Equity Shares of ₹10 each for cash at a price of ₹400 per Rights Equity Share including a premium of ₹390 per Equity Share aggregating to ₹474.03 crores on a rights basis to the existing Equity Shareholders of our Bank, in the ratio of 1 (One) Rights Equity Share for every 5 (Five) Equity Shares (i.e.1:5) held as on the Record Date i.e. March 4, 2015. The Issue Price of each Right Equity Share is 40 times the face value of the Equity Share.**

For further details please refer to chapter titled “Terms and Procedure of the Issue” on page 149 of this Letter of Offer.

### HEAD OFFICE OF OUR BANK

#### State Bank of Travancore

**Head Office:** Poojapura,

Thiruvananthapuram - 695 012

**Tel:** + 91 0471 2192201

**Fax:** +91 0471 2351861

**Email:** cmsb@sbt.co.in

**Website:** www.statebankoftravancore.com

#### Compliance Officer

##### Smt. Diba Saha

DGM, Finance & Accounts

#### State Bank of Travancore

Poojapura, Thiruvananthapuram-695 012

**Tel:** + 91 0471 2192201

**Fax:** +91 0471 2351861

**Email:** dgmfa@sbt.co.in

**Investors may contact the Compliance Officer or Registrar to the Issue for any pre-Issue / post-Issue related matter such as non-receipt of letters of allotment/ share certificates/ refund orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors.**

### LEAD MANAGERS TO THE ISSUE

#### BOB Capital Markets Limited

3<sup>rd</sup> Floor, South Wing,

UTI Tower, Gn Block,

Bandra Kurla Complex,

Bandra East, Mumbai - 400 051

**Tel:** +91 22 6138 9300

**Fax:** +91 22 6671 8535

**E-mail:** sbtrights@bobcaps.in

**Investor Grievance:** investorgrievance@bobcaps.in

**Compliance Officer:** Mr. S. Bhashyam

**Website:** www.bobcaps.in

**Contact person:** Ms. Nivedika Chavan

**SEBI Registration No.:** INM000009926

**Corporate Identification No:** U65999MH1996GOI098009

**SBI Capital Markets Limited**

202, Maker Tower E,  
Cuffe Parade,  
Mumbai, India, Pin-400005  
**Tel:** +91 22 22178300  
**Fax:** +91 22 22188332  
**E-mail:** SBT-2014@sbicaps.com  
**Investor Grievance:** investor.relations@sbicaps.com  
**Compliance Officer:** Mr. Bhaskar Chakraborty  
**Website:** www.sbicaps.com  
**Contact person:** Mr. Aditya Deshpande  
**SEBI Registration No.:** INM000003531  
**Corporate Identification No:** U99999MH1986PLC040298

**Legal Advisors to the Issue****ALMT Legal**

Advocates and Solicitors  
#2, Lavelle Road,  
Bangalore- 560 001  
**Tel:** +91 80 4016 0000  
**Fax:** +91 80 4016 0001  
**Email:** sbtrights@almtlegal.com  
**Website:** www.almtlegal.com  
**Contact Person:** Ms. Dhanya Menon / Mr. Rajat Bopaiah

**Registrar to the Issue****Integrated Enterprises (India) Limited**

2<sup>nd</sup> Floor, Kences Tower,  
No.1 Ramakrishna Street,  
North Usman Road, T. Nagar,  
Chennai - 600 017  
**Tel:** +91 44 2814 0801-03  
**Fax:** +91 44 2814 2479  
**E-mail:** sbtrights@integratedindia.in  
**Website:** www.integratedindia.in  
**Contact Person:** Mr. K. Balasubramanian  
**SEBI Registration No. :** INR000000544  
**Corporate Identification No:** U65993TN1987PLC014964

**Auditors of our Bank****M/s. Abraham & Jose**

Chartered Accountants  
IX/467, Mission Quarters Road,  
Thrissur – 680001  
Kerala  
**Firm Registration No. 000010S**

**M/s. R.G.N. Price & Co.**

Chartered Accountants  
Simpson's Buildings,  
Post Box No. 335,  
861, Anna Salai,  
Chennai - 600002  
**Firm Registration No. 002785S**

**M/s. G.K. Rao & Co.**  
Chartered Accountants,  
6-3-865/A, Imperial House,  
Flat No. 101, Ameerpet Road,  
Hyderabad - 500016  
**Firm Registration No. 003124S**

**M/s. Kumar Vijay Gupta & Co.**  
Chartered Accountants  
408, New Delhi House,  
27, Barakhamba Road,  
Cannaught Place,  
New Delhi - 110001  
**Firm Registration No. 07814N**

#### **BANKERS TO THE ISSUE**

**State Bank of India**  
New Issue Department,  
Capital Market Br. (11777),  
Videocon Heritage Building  
Charanjit Rai Marg, Fort,  
Mumbai 400001  
Maharashtra  
**Tel:** + 91 22 22094927 / 22094932  
**Fax:** +91 22 22094921  
**Email:** nib.11777@sbi.co.in  
**Website:** www.sbi.co.in  
**Contact person:** Mrs. Leena Kamat  
**SEBI Registration No.:** INBI00000038

**State Bank of Travancore**  
New Administrative Complex Branch,  
Near Head Office, Poojapura,  
Thiruvananthapuram-695012  
**Tel:** + 91 0471 2351938  
**Fax:** +91 0471 2354973  
**Email:** nac@sbt.co.in  
**Website:** [www.statebankoftravancore.com](http://www.statebankoftravancore.com)  
**Contact person:** Mr. Satheeskumar A.P  
**SEBI Registration No:** INBI00000052

**HDFC Bank Limited**  
**Address:** HDFC Bank Ltd,  
FIG – OPS Department, - Lodha,  
I Think Techno Campus, O-3 Level,  
Next to Kanjurmarg Railway Station,  
Kanjurmarg (East), Mumbai - 400042  
**Tel:** +91 22 30752928  
**Fax:** +91 22 25799801  
**Email:** uday.dixit@hdfcbank.com  
**Website:** [www.hdfcbank.com](http://www.hdfcbank.com)  
**Contact person:** Mr. Uday Dixit  
**SEBI Registration No.:** INBI00000063

## REFUND BANKER

### HDFC Bank Limited

**Address:** HDFC Bank Ltd,

FIG – OPS Department, - Lodha,

I Think Techno Campus, O-3 Level,

Next to Kanjurmarg Railway Station,

Kanjurmarg (East), Mumbai - 400042

**Tel:** +91 22 30752928

**Fax:** +91 22 25799801

**Email:** uday.dixit@hdfcbank.com

**Website:** www.hdfcbank.com

**Contact person:** Mr. Uday Dixit

**SEBI Registration No.:** INBI00000063

## SELF CERTIFIED SYNDICATE BANKERS

**APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA):** Eligible Equity Shareholders may apply through the ASBA process. ASBA can be availed by all the Eligible Equity Shareholders. The Eligible Equity Shareholders are required to fill the ASBA form and submit the same to their bank which in turn will block the amount in the account as per the authority contained in ASBA form and undertake other tasks as per the specified procedure. On allotment, amount will be unblocked and account will be debited only to the extent required to pay for allotment of shares. Hence, there will be no need of refunds etc. ASBA form can be submitted to several banks, the list of such banks are given in the ASBA form and is available on website of SEBI at [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1365051213899.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html).

For more details on the ASBA process, please refer to the details given in ASBA form and also please refer to the chapter titled “Terms and Procedure of the Issue” on page 149 of this Letter of Offer.

The list of banks which have been notified by SEBI to act as SCSBs and as provided at [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1365051213899.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html). For details on designated branches of SCSBs collecting the ASBA Form, refer the aforesaid SEBI link.

## Credit Rating

As this is a Rights Issue of Equity Shares, credit rating is not required for this Issue. The details of the ratings received by our Bank for Innovative Perpetual Debt Instruments & Tier I / II subordinated bonds which are outstanding as on date are as follows:

Sr. No.	ISIN	Issued on	Amount (₹ crores)	Interest %	Date of Maturity	Ratings
1	INE654A09092	6-Oct-05	235.00	7.45%	6-May-15	CARE AAA [ICRA] AAA
2	INE654A09100	15-Feb-06	140.00	7.8%	15-May-15	[ICRA] AAA CRISIL AAA/ STABLE
3	INE654A09118	31-Oct-06	200.00	9.34% for first 10 years and 9.84% thereafter	Perpetual*	CARE AAA CRISIL AAA/ STABLE
4	INE654A09126	1-Mar-07	200.00	9.65% for first 10 years and 10.15% thereafter	1-Mar-22	CARE AAA CRISIL AAA/ STABLE
5	INE654A09134	18-May-07	300.00	10.25% for first 10 years and 10.75% thereafter	18-May-22	CARE AAA CRISIL AAA/ STABLE
6	INE654A09142	31-Jul-07	125.00	9.20%	31-Jul-17	CRISIL AAA/ STABLE [ICRA] AAA

Sr. No.	ISIN	Issued on	Amount (₹ crores)	Interest %	Date of Maturity	Ratings
7	INE654A09159	8-Jan-08	125.00	9.18%	8-Jan-18	CRISIL AAA/ STABLE [ICRA] AAA
8	INE654A09167	31-Mar-08	100.00	9.95% for first 10 years and 10.45% thereafter	Perpetual*	CARE AAA CRISIL AAA/ STABLE
9	INE654A09175	26-Mar-12	500.00	9.25%	26-Mar-27	CARE AAA CRISIL AAA/ STABLE

\* Call option is available after 10 years (subject to RBI permission at that time.)

### Statement of responsibility of Lead Managers

BOBCAPS and SBICAP are the Lead Managers for this Issue. Their responsibilities, *inter alia*, are:

Sr. No	Activities	Responsibilities	Coordinator
1	Capital structuring with the relative components and formalities	BOBCAPS	BOBCAPS
2	Due Diligence of the Bank, drafting and design of offer documents and of the advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the offer document	BOBCAPS and SBICAP *	BOBCAPS
3	Selection of various agencies connected with issue, such as registrars to the issue, printers, advertising agencies, etc.	BOBCAPS	BOBCAPS
4.	Liaisoning with the Stock Exchanges and SEBI for pre-Issue activities, including for obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI.	BOBCAPS	BOBCAPS
5.	Marketing of the issue, which shall cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centres for holding conferences of stock brokers, investors, etc., (iii) collection centres, and (iv) distribution of publicity and issue material including application form, letter of offer and brochure and deciding upon the quantum of issue material	BOBCAPS and SBICAP*	SBICAP*
6.	Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self-Certified Syndicate Banks, etc.	BOBCAPS	BOBCAPS

\* SBI Capital Markets Limited is a subsidiary of State Bank of India, which is the promoter of the Issuer. SBI Capital Markets Limited has signed the due diligence certificate and accordingly has been disclosed as a Lead Manager. Further, in compliance with the proviso to Regulation 21A (1) of SEBI (Merchant Bankers) Regulations, 1992, and proviso to Regulation 5(3) of the ICDR Regulations, SBI Capital Markets Limited is the Marketing Lead Manager and would be involved only in the marketing of the Issue.

## **Trustees**

As this is an issue of Equity Shares, the appointment of trustees is not required.

## **Appraisal Agency**

None of the purposes for which the Proceeds of the Issue are proposed to be utilised have been financially appraised by any bank or financial institution.

## **Monitoring Agency**

Our Bank is not required to appoint a monitoring agency pursuant to Regulation 16 of the ICDR Regulations. Our Board will monitor the use of the proceeds of this Issue as per clause 49 of the Listing Agreement.

## **Underwriting**

This Issue is not underwritten and our Bank has not entered into any underwriting arrangement.

## **Minimum Subscription**

If our Bank does not receive the minimum subscription of 90% of the Issue, our Bank shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Bank becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Bank shall pay interest for the delayed period, as prescribed under the applicable laws.

## **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of Section 38 of the Companies Act, 2013 read with Section 447 of the Companies Act, 2013 which is reproduced below:

*“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.”*

## **Principal Terms of Loan and Assets charged as security as on March 31, 2014**

Our Bank has not created any charge or security on our assets against the loans availed by us.

## CAPITAL STRUCTURE

The share capital of our Bank as on date of this Letter of Offer is as under:

	Aggregate nominal value (₹ In crores)	Aggregate Value at Issue Price (₹ In crores)
<b>AUTHORISED SHARE CAPITAL</b>		
50,00,00,000 Equity Shares of ₹10 each	500.00	
<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE</b>		
5,92,53,473 Equity Shares of ₹10 each	59.25	
<b>PRESENT ISSUE BEING OFFERED THROUGH THE LOF</b>		
1,18,50,694 Rights Equity Shares of ₹10 each at a price of ₹400 per share including a premium of ₹ 390 per Rights Equity Share.	11.85	474.03
<b>PAID UP EQUITY SHARE CAPITAL AFTER THE ISSUE</b>		
7,11,04,167 Equity Shares of ₹10 each	71.10	
<b>SHARE PREMIUM ACCOUNT</b>		
Before the Issue		518.25
After the Issue		980.43

### Details of shares held by promoter and promoter group

Our Bank is constituted as a subsidiary of the State Bank of India under the Subsidiary Banks Act. The State Bank of India is our Promoter. The shares held by our Promoter and Promoter group as on December 31, 2014, being the latest shareholding pattern filed with the Stock Exchanges are as under:

Category of shareholders	No. of Equity Shares	Percentage of Shareholding
<b>Promoter</b>		
State Bank of India	4,67,54,253	78.91%
<b>Promoter Group</b>		
	Nil	Nil
<b>Total*</b>	<b>4,67,54,253</b>	<b>78.91%</b>

*\*Our Promoter has on May 20, 2014 acquired 92,53,473 Equity Shares, ranking pari-passu with the existing equity shares of the Bank in all respect, including dividend, at an Issue Price of ₹416.06 per share (face value ₹10 each at a premium of ₹406.06 per equity share), by way of a preferential allotment. The said shares have been locked in for a period of three years up to June 10, 2017. The balance shareholding of our Promoter i.e. 3,75,00,780 equity shares was locked-in up to December 31, 2014 and the same was released on January 01, 2015.*

### Intention and extent of participation by Promoter

Our Promoter has confirmed, by their letter dated October 20, 2014 that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. Further, our Promoter reserves their right to apply for the unsubscribed portion of the shares over and above their rights entitlement. As a result of subscription to their Rights Entitlement, any unsubscribed portion and consequent allotment, our Promoter may acquire Rights Equity Shares over and above their Rights Entitlement in this Issue, which may result in an increase of their shareholding in our Bank. This subscription and acquisition of such additional Rights Equity Shares (whether undersubscribed or otherwise) by our Promoter, if any, will not result in change of control of the management of our Bank. Their entitlement to subscribe the undersubscribed portion over and above their Rights Entitlement would be restricted to ensure that the public shareholding in the Bank after the Issue does not fall below the permissible minimum level as specified in the applicable laws, including but not limited to, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, listing agreements entered with the Stock Exchanges and the Securities Contract (Regulations) Rules, 1957.

Allotment to our Promoter of any unsubscribed portion of the Rights Equity Shares, over and above their Rights Entitlement, if exercised, shall be done in compliance with applicable laws.

#### A) Shareholding Pattern of our Bank

The shareholding pattern of our Bank as on December 31, 2014, being the latest shareholding pattern filed with the Stock Exchanges is as under:

	Category of shareholder	Number of Shareholders	Total no. of shares	No. Of shares held in demat	Total shareholding as a % of total no. Of shares		Shares pledged of otherwise encumbered	
					As a % of A+B	As a % of A+B+C	No. of Shares	% of total no. of shares
<b>A</b>	<b>Shareholding Of Promoter And Promoter Group</b>							
(1)	<b>Indian</b>							
	Financial Institutions/Banks	1	4,67,54,253	4,67,54,253	78.91	78.91	-	-
	<b>SUB TOTAL A(1)</b>		<b>4,67,54,253</b>	<b>4,67,54,253</b>	<b>78.91</b>	<b>78.91</b>	-	-
(2)	<b>Foreign</b>		0.00	0.00	0.00	0.00	-	-
	<b>SUB TOTAL A(2)</b>							
	<b>Total Shareholding of promoter and Promoter Group(A)=A(1)+A(2)</b>	<b>1</b>	<b>4,67,54,253</b>	<b>4,67,54,253</b>	<b>78.91</b>	<b>78.91</b>	-	-
<b>B</b>	<b>Public Shareholding</b>							
(1)	<b>Institutions</b>							
	Mutual funds/UTI	3	5,32,685	5,32,685	0.90	0.90	-	-
	Financial Institutions/Banks	18	1,10,953	93,753	0.19	0.19	-	-
	Central Government/State Government	1	5,25,000	5,25,000	0.89	0.89	-	-
	Venture Capital Funds	-	-	-	-	-	-	-
	Insurance Companies	3	4,50,670	4,50,670	0.76	0.76	-	-
	Foreign Institutional Investors	23	11,81,970	11,81,820	1.99	1.99	-	-
	Foreign Venture Capital Investors	-	-	-	-	-	-	-
	Any other (foreign banks)	-	-	-	-	-	-	-
	<b>SUB TOTAL B(1)</b>	<b>48</b>	<b>28,01,278</b>	<b>27,83,928</b>	<b>4.73</b>	<b>4.73</b>	-	-
(2)	<b>Non-Institutions</b>							
	Bodies Corporate (Indian/Foreign/Overseas)	588	13,37,995	12,38,705	2.26	2.26	-	-
	Individuals							
(i)	Individual shareholders holding Nominal share Capital up to ₹1 Lakh	58,820	76,44,141	37,72,028	12.90	12.90	-	-
	Individual shareholders holding Nominal share Capital in excess of ₹1 Lakh	19	5,79,862	5,79,862	0.98	0.98	-	-
	<b>Any other (specify)</b>	304	1,35,944	1,35,944	0.23	0.23	-	-
	Clearing Members	299	1,24,374	1,24,374	0.21	0.21	-	-
	Trusts	1	970	970	0.00	0.00	-	-
	Limited Liability	4	10,600	10,600	0.02	0.02	-	-

	Category of shareholder	Number of Shareholders	Total no. of shares	No. Of shares held in demat	Total shareholding as a % of total no. Of shares		Shares pledged of otherwise encumbered	
					As a % of A+B	As a % of A+B+C	No. of Shares	% of total no. of shares
	Partnership							
	<b>SUB TOTAL B(2)</b>	<b>59,731</b>	<b>96,97,942</b>	<b>57,26,539</b>	<b>16.37</b>	<b>16.37</b>	-	-
	<b>Total Public Share Holding (B)=B(1)+B(2)</b>	<b>59,779</b>	<b>1,24,99,220</b>	<b>85,10,467</b>	<b>21.09</b>	<b>21.09</b>	-	-
	<b>TOTAL (A)+(B)</b>	<b>59,780</b>	<b>5,92,53,473</b>	<b>5,52,64,720</b>	<b>100.00</b>	<b>100.00</b>	-	-
<b>C</b>	Shares held by Custodians and against which Depository Receipts have been issued		-	-	-	-		
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>59,780</b>	<b>5,92,53,473</b>	<b>5,52,64,720</b>	<b>100.00</b>	<b>100.00</b>	-	-

**B) Details of outstanding instruments:**

The Bank does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Letter of Offer, which would entitle the holders to acquire further Equity Shares.

**C) List of equity shareholders of our Bank belonging to the category “Promoter and Promoter Group” as on December 31, 2014, is as listed below:**

Sl. No. (I)	Name of the shareholder (II)	Details of Shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Shares held	As a % of grand total (A) + (B) + (C)	No.	As a percentage	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
	State Bank of India	4,67,54,253	78.91	0	0.00	0.00	0	0.00	0	0.00	78.91
<b>Total</b>		<b>4,67,54,253</b>	<b>78.91</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>78.91</b>

**D) The details of equity shareholders belonging to the public and holding more than 1% of the paid up capital of our Bank as on December 31, 2014, is as detailed below:**

I. No.	Name of the Shareholder	Number of shares held	Shares as a percentage of total number of shares (i.e., grand total (a) + (b) + (c) indicated in Statement at para (i) (a) above	Details of Warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities as a % of diluted share capital)
				Number of warrants held	As a % of total number of warrants of the same class	Number of convertible securities held	% w.r.t. total number of convertible securities of the same class	
1.	Edgbaston Asian Equity Trust	6,51,530	1.10	Nil	Nil	Nil	Nil	0.00
	<b>Total</b>	<b>6,51,530</b>	<b>1.10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>

**Notes:**

1. Except as disclosed below, as on the date of this Letter of Offer, none of the Equity Shares held by any shareholder of our Bank are locked in

Sr. No	Name of the shareholder	Category of Shareholders (Promoters / Public)	Number of locked-in shares	Locked-in shares as a percentage of total of shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}*
1	State Bank of India	Promoter and Promoter Group Shareholding	92,53,473	15.62%
<b>Total</b>			<b>92,53,473</b>	<b>15.62%</b>

*\*Our Promoter has on May 20, 2014 acquired 92,53,473 Equity Shares, ranking pari-passu with the existing equity shares of the Bank in all respect, including dividend, at an Issue Price of ₹416.06 per share (face value ₹10 each at a premium of ₹406.06 per equity share), by way of a preferential allotment. The said shares have been locked in for a period of three years upto June 10, 2017.*

2. No member of our Promoter Group holds any Equity Shares of our Bank, as on date of this Letter of Offer.
3. Our Promoter and Promoter Group have not acquired any Equity Shares in the last one year immediately preceding the date of this Letter of Offer except 92,53,473 Equity Shares, acquired by our Promoter on May 20, 2014 at an Issue Price of ₹ 416.06 per share (face value ₹ 10 each at a premium of ₹ 406.06 per equity share), by way of a preferential allotment.
4. The Issue being a rights issue, as per Regulation 34(c) of the SEBI Regulations, the requirements of promoters' contribution and lock-in are not applicable.
5. The Bank does not have any employee stock option scheme or employee stock purchase scheme.
6. No further issue of capital by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner which will affect the equity capital of our Bank, shall be made during the period commencing from the filing of the Draft Letter of Offer with the SEBI to the date on which the Rights Equity Shares issued under the Letter of Offer are listed or application moneys are refunded on account of the failure of the Issue.

7. Further, our Bank has no intention to alter the equity capital structure by way of split/consolidation of the denomination of the shares, or issue of shares on a preferential basis or issue of bonus or rights or public issue of shares or any other securities for a period of six months from the date of opening of the Issue.
8. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Bank shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
9. The ex-rights price of the Equity Shares as per Regulation 10 (4) (b) of the Takeover Regulations on BSE is ₹ 518.05 and on NSE is ₹ 519.50.

## OBJECTS OF THE ISSUE

We are a banking body corporate regulated by the RBI. The RBI guidelines require us to maintain a minimum CAR of 9% of risk weighted assets, out of which at least 7% must be Tier- I capital under Basel III norms. As per our Audited Financial Statements, as of March 31, 2014, our total CAR was 10.79% (under Basel III norms) including Tier-I CAR of 8.46% and Tier-II CAR of 2.33%.

The objects of the Issue are to augment our capital base to meet the capital requirements and growth in our assets, primarily our loan and investment portfolio. The Subsidiary Banks Act enables us to undertake the existing activities and the activities for which funds are raised by us through this Issue.

### Requirement and Sources of Funds

Particulars	Amount (₹ in Crores)
Augment our capital base to meet our capital adequacy requirements arising out of growth in our business	474.03
<b>Total</b>	<b>474.03</b>

The stated objects of the Issue are proposed to be financed entirely from the proceeds of the Issue. Therefore, excluding the amount to be raised through proposed Rights issue, there is no requirement of firm arrangements of finance.

### Augment our capital base to meet our capital adequacy requirements arising out of growth in our businesses

The objects of the Issue are to augment our capital base to augment Tier I capital in line with growth in our business. As we are engaged in the business of banking, we are seeking to strengthen our capital base to support the future growth in our assets and comply with the capital adequacy requirements applicable to us.

**The expenses related to this Issue shall be met out of internal accruals of our Bank. For details of the expenses related to the Issue, please refer to the chapter titled “Other Regulatory and Statutory Disclosures” on page 139 of this Letter of Offer.**

### Utilisation of Funds

In terms of the Regulation 16(1) of the ICDR Regulations, as the Issuer is a bank, a monitoring agency is not required to be appointed.

Our Bank will disclose the details of the utilisation of the proceeds, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilised or otherwise disclosed as per the disclosure requirements of our Listing Agreements with the Stock Exchanges. We will indicate investments, if any, of unutilised proceeds of the Issue in the balance sheet of our Bank for the relevant fiscal years subsequent to the listing.

The key industry regulations for the proposed objects of the Issue are not different from our existing business.

### Interest of Directors or Key Management Personnel in the Objects of the Issue

No part of the proceeds of the Issue will be paid by us as consideration to our Promoters, Directors, associates or key management personnel.

## STATEMENT OF TAX BENEFITS

Date: 18.12.2014

The Board of Directors  
State Bank of Travancore  
Head Office  
Poojappura,  
Thiruvananthapuram-695 012.

Dear Sir

### **Sub: Tax benefits to Bank and Share holders**

With reference to your request regarding current position of tax benefits available to State Bank of Travancore, being a Scheduled Bank ("the Bank") and to its shareholders as per the provisions of the Income-tax Act, 1961 ("the Act") and the Wealth-tax Act, 1957 for the year ending 31st March, 2015, same is as under:

### **Statement of Direct Tax Benefits available to State Bank of Travancore ("the Bank") and its Shareholders**

#### **INCOME TAX**

#### **I. TO THE BANK**

##### ***Special Tax Benefits***

1. Under section 36(1)(iiia) of the Act read with Rule 8B of the Income Tax Rules, deduction is allowed for the pro rata amount of discount on zero coupon bond having regard to the period of life of such bond calculated in the manner as prescribed in the Rules.
2. Under section 36(1)(viiia) of the Act, in respect of any provision made for bad and doubtful debts, a Scheduled Bank is entitled to a deduction not exceeding:
  - a. 7.5% of the total income (computed before making any deductions under this clause and Chapter VIA) and
  - b. 10% of the aggregate average advances made by the rural branches of the Bank computed in the manner prescribed in the Rules.

Also the Bank shall, at its option, be allowed a further deduction in excess of the limit specified above, for an amount not exceeding the income derived from redemption of securities in accordance with a scheme framed by the Central Government provided such income has been disclosed in its return of income under the head "Profits and gains of business or profession".

3. Under section 36(1)(viii) of the Act, deduction is allowed for amount transferred to special reserve account subject to maximum 20% of profit derived from providing long term finance in India for industrial or agriculture development or development of infrastructure facility in India or development of housing in India.

However, where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of general reserves of the bank, no allowance under this section shall be made in respect of such excess.

4. Under section 43D of the Act, interest income on certain categories of bad or doubtful debts as specified in Rule 6EA of the Income Tax Rules having regard to the guidelines issued by Reserve Bank of India in relation to such debts shall be chargeable to tax, only in the year in which it is actually received or the year in which it is credited to the Profit and Loss Account by the Scheduled Bank, whichever is earlier.

### ***General Tax Benefits***

1. Under section 10(15)(i) of the Act, income by way of interest, premium on redemption or other payment on securities, bonds, etc. issued by the Government and deposits notified by the Government is exempt from tax, subject to such conditions and limits as may be specified by Government in this behalf.
2. Under section 10 (33) of the Act, any income arising from the transfer of a capital asset, being a unit of the Unit Scheme, 1964 referred to in Schedule I to the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002) is exempt.
3. Under section 10(34) of the Act, any dividend income as referred to in section 115O of the Act which is declared, distributed or paid by any domestic company is exempt. However, under section 94 (7) of the Act, the losses arising from the sale/transfer of any securities or units purchased up to three months prior to the record date and sold/transferred within a period of three months in case of securities or with a period of nine months in case of units after such date, will be disallowed to the extent of dividend */income received or receivable* on such shares/securities which is claimed as tax exempt by the shareholder.
4. Under section 10(35) of the Act, the following incomes are exempt:
  - a) Income received in respect of the units of a Mutual Fund specified under section 10(23D) the Act; or
  - b) Income received in respect of units from the Administrator of the specified undertaking; or
  - c) Income received in respect of units from the specified company;

Provided that this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

5. Under section 10(38) of the Act, long-term capital gains arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund is exempt, provided, the transaction of sale of such equity share or unit is chargeable to securities transaction tax. However, minimum alternate tax (MAT) of 18.5% (plus applicable surcharge and education cess) on book profits (which would include such long term capital gains) is payable under Section 115JB of the Act, if 18.5% of book profit computed as per provision of Section 115JB of the Act is higher than the total income tax payable as per normal provisions of the Act.
6. Under section 32 of the Act, deduction is allowed towards depreciation on tangible and intangible assets owned by it and used for the purpose of its business. The unabsorbed depreciation if any can be carried forwarded to the subsequent years.
7. Under section 35 of the Act, deduction is allowed in respect of expenditure laid out or expended on scientific research *related to business* not being in the nature of capital expenditure. Further a weighted deduction is allowed in respect of any sum paid to a scientific research association which has as its object the undertaking of scientific research or to a university or college or company or other institution to be used for scientific research subject to the conditions specified therein or in certain cases to be used for research in social science or statistical research.
8. Under section 35DD of the Act, any expenditure incurred wholly and exclusively for the purposes of amalgamation/ *demerger* , is allowed as deduction for an amount equal to one-fifth of such expenditure for each of the five successive years beginning with the year in which amalgamation/ *demerger* takes place.
9. Under section 35 DDA of the Act, any expenditure by way of payment of any sum to an employee in connection with his voluntary retirement in accordance with any scheme or schemes of voluntary retirement, is allowed as deduction for an amount equal to one-fifth of such expenditure for each of the five successive years beginning with the year in which expenditure incurred.
10. Under section 36(1)(vii) of the Act, in addition to the deduction available under section 36(1)(viiia) of the Act, a deduction is allowed for the amount of bad debts written off as irrecoverable in the accounts. The deduction shall be limited to the amount by which such debt or part thereof, which exceeds the credit balance in the provision for bad and doubtful debts account made under section 36(1)(viiia) of the Act and subject to the compliance of provisions of section 36(2)(v) of the Act. The amount subsequently recovered

would be chargeable to income-tax in the year of recovery in accordance with the provisions of section 41(4) of the Income-tax Act.

11. Under section 36 (1) (xv) of the Act, any payment of securities transaction tax in respect of taxable securities transactions which are taxable under the head “profits and gains of business or profession” is allowed as deduction against such income.
12. Under section 47(viaa) of the Act, any transfer of a capital asset by a banking company to the banking institution, in a scheme of amalgamation of a banking company with a banking institution sanctioned and brought into force by the Central Government is not liable to capital gains under section 45 of the Act.
13. Under section 54EC of the Act and subject to conditions specified therein, long term capital gains is exempt to the extent such capital gain is invested in certain *long term* specified assets subject to a maximum of Rupees fifty lakhs, within six months from the date of transfer of capital asset.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the *long term* specified asset is transferred or converted into money.

For this purpose *long term* specified asset means, any Bond redeemable after three years but issued on or after 01.4.2007, by the National Highways Authority of India or by the Rural Electrification Corporation Limited.

14. Under section 72AA of the Act, where there has been an amalgamation of a banking company with any other banking institution under a scheme sanctioned and brought into force by the Central Government, notwithstanding the provision of Section 2(1B) or Section 72A of the Act, the accumulated loss other than speculation loss and the unabsorbed depreciation of such banking company shall be deemed to be the loss or, as the case may be, allowance for depreciation of such banking institution for the previous year in which the scheme of amalgamation was brought into force and other provisions of the Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.
15. Under section 80G of the Act, deduction (50% / 100%) is allowed in respect of donations to certain funds, charitable institutions, etc subject to a maximum of 10% of the gross total income (as reduced by any portion thereof on which income tax is not payable under any provision thereof and by any amount which is entitled to a deduction under any other provision of chapter VI A of the Act).
16.
  - i. Under section 80LA of the Act, where the gross total income of a scheduled bank or any bank incorporated by or under the laws of a country outside India and having an Offshore banking Unit in a Special Economic Zone or being an unit of an International Financial Services Centre includes specified income, there shall be allowed in accordance with and subject to the provisions of this section, a deduction from such income, of an amount equal to –
    - a. One hundred percent of such income for five consecutive assessment years beginning with the assessment year relevant to the previous year in which the permission under clause (a) of subsection (1) of section 23 of the Banking regulations Act, 1949 (10 of 1949) or registration under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or any other relevant law was obtained and thereafter.
    - b. Fifty percent of such income for five consecutive assessment years.
  - ii. the specified income referred to above shall be
    - a. From an offshore banking unit in a special economic zone.
    - b. From the business, referred to in the sub-section(1) of the section 6 of the Banking Regulation Act,1949 with an undertaking located in a special economic zone or any other undertaking which develops, develops and operates or develop, operates and maintains a Special Economic Zone

- c. From any Unit of the International Financial Services Centre from its business for which it has been approved for setting up in such a Centre in a Special Economic Zone.
17. Under section 111A of the Act, short-term capital gains arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund is chargeable to tax at the rate of 15%, provided, the transaction of sale of such equity share or unit is chargeable to securities transaction tax.
  18. Under section 10(38) of the Act, the exemption for long term capital gains, or, concessional rate of tax under Section 111A on short-term capital gains will not be available, where no securities transactions tax is paid. In such cases, under the provisions of Section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units would be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess), after considering indexation benefits, or at 10% (plus applicable surcharge and education cess) without indexation benefits in accordance with and subject to the provision of Section 48 of the Act. Under Section 48 of the Act, the long-term capital gains arising out of sale of capital assets **excluding** bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/improvement.

The short term capital gains not eligible for the concessional rate under Section 111A of the Act, are chargeable to tax as per the relevant rate applicable to the bank plus applicable surcharge and education cess.

19. Under section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 10 years succeeding the year in which the MAT becomes allowable.

## **II. TO THE RESIDENT SHAREHOLDERS OF THE BANK**

The following are the benefits as per the current tax laws to shareholders of the Bank:

1. Under section 10 (32) of the Act, any income of minor children clubbed with the total income of the parent under section 64 (1A) of the Act, will be exempt from tax to the extent of Rs. 1500 per minor child.
2. Under section 10(34) of the Act, any dividend income as referred to in section 115O of the Act which is declared, distributed or paid by any domestic company is exempt. However, under section 94 (7) of the Act, the losses arising from the sale/transfer of any securities or units purchased up to three months prior to the record date and sold/transferred within a period of three months in case of securities or with a period of nine months in case of units after such date, will be disallowed to the extent of dividend */income received or receivable* on such shares which is claimed as tax exempt by the shareholder.
3. Under section 10(38) of the Act, long-term capital gains arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund is exempt, provided, the transaction of sale of such equity share or unit is chargeable to securities transaction tax. However, minimum alternate tax (MAT) of 18.5% (plus applicable surcharge and education cess) on book profits (which would include such long term capital gains) is payable under Section 115JB of the Act, if 18.5% of book profit computed as per provision of Section 115JB of the Act is higher than the total income tax payable as per normal provisions of the Act.
4. Under section 111A of the Act, short-term capital gains arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund is chargeable to tax at the rate of 15%, provided, the transaction of sale of such equity share or unit is chargeable to securities transaction tax.
5. Under section 10(38) of the Act, the exemption for long term capital gains, or, concessional rate of tax under Section 111A on short-term capital gains will not be available, where no securities transactions tax is paid. In such cases, under the provisions of Section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units would be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess), after considering indexation benefits, or at 10% (plus applicable surcharge and education cess) without indexation benefits in accordance with and subject to the provision of Section

48 of the Act. Under Section 48 of the Act, the long-term capital gains arising out of sale of capital assets **excluding** bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/improvement.

The short term capital gains not eligible for the concessional rate under Section 111A of the Act, are chargeable to tax as per the relevant rate applicable to the shareholder plus applicable surcharge and education cess.

6. Under section 36 (1) (xv) of the Act, any payment of securities transaction tax in respect of taxable securities transactions which are taxable under the head “profits and gains of business or profession” shall be allowed as deduction against such income.
7. Under section 54EC of the Act and subject to conditions specified therein, long term capital gains is exempt to the extent such capital gain is invested in certain specified assets subject to a maximum of Rupees fifty lakhs, within six months from the date of transfer of capital asset.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred or converted into money.

For this purpose specified asset means, any Bond redeemable after three years but issued on or after 01.4.2007, by the National Highways Authority of India or by the Rural Electrification Corporation Limited.

8. Under section 54F of the Act, long term capital gains arising in the hands of an individual or HUF on transfer of Bonds/securities of the Bank is exempt if the net consideration is invested in purchase of residential house within a period of one year before or two years from the date of transfer or constructs a residential house within a period of three years from the date of transfer. The exemption is available proportionately if only a portion of the net consideration is invested as above. The exemption is subject to other conditions specified in that Section.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

### III. TO NON-RESIDENT SHAREHOLDERS INCLUDING NRIs, OCBs and FIIs

1. Under section 10(34) of the Act, any dividend income as referred to in section 115O of the Act which is declared, distributed or paid by any domestic company is exempt. However, under section 94 (7) of the Act, the losses arising from the sale/transfer of any securities or units purchased up to three months prior to the record date and sold/transferred within a period of three months in case of securities or within a period of nine months in case of units after such date, will be disallowed to the extent of dividend */income received or receivable* on such shares which is claimed as tax exempt by the shareholder.
2. Long-term capital gains would arise to non-resident shareholders where the equity shares are held for a period of more than 12 months prior to the date of transfer of the shares. In accordance with and subject to the provisions of Section 48 of the Income-tax Act, in order to compute capital gains, the following amounts would be deductible from the full value of consideration:
  - (i) Cost of acquisition/improvement of the shares as adjusted by the Cost Inflation Index notified by the Central Government and
  - (ii) Expenditure incurred wholly and exclusively in connection with the transfer of the shares.

Under 1st proviso of section 48 of the Act, in case of a non-resident, capital gains arising from the transfer of a capital asset being shares in, or debentures of, an Indian company shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of the consideration received or accruing as result of the transfer of the capital asset into the same foreign currency as was initially utilised in the purchase of the shares or debentures, and the capital gains so computed in such foreign currency shall be reconverted into Indian

currency, so, however, that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing or arising from every reinvestment thereafter in, and sale of, shares in, or debentures of, an Indian company.

Further, the aforesaid manner of computation of capital gains shall be applicable in respect of every reinvestment thereafter in and sale of, shares in, or debentures of an Indian company.

3. Under section 10(38) of the Act, the exemption for long term capital gains, or, concessional rate of tax under Section 111A on short-term capital gains will not be available, where no securities transactions tax is paid. In such cases, under the provisions of Section 112 of the Act, taxable long-term capital gains, if any, on sale of listed securities or units would be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess), after considering indexation benefits, or at 10% (plus applicable surcharge and education cess) without indexation benefits in accordance with and subject to the provision of Section 48 of the Act. Under Section 48 of the Act, the long-term capital gains arising out of sale of capital assets **excluding** bonds and debentures (except Capital Indexed Bonds issued by the Government) will be computed after indexing the cost of acquisition/improvement.

The short term capital gains not eligible for the concessional rate under Section 111A of the Act, are chargeable to tax as per the relevant rate applicable to the shareholder plus applicable surcharge and education cess.

4. Any under section 36 (1) (xv) of the Act, any payment of securities transaction tax in respect of taxable securities transactions which are taxable under the head “profits and gains of business or profession” is allowed as deduction against such income.
5. Under section 54EC of the Act and subject to conditions specified therein, long term capital gains is exempt to the extent such capital gain is invested in certain specified assets subject to a maximum of Rupees fifty lakhs, within six months from the date of transfer of capital asset.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred or converted into money.

For this purpose specified asset means, any Bond redeemable after three years but issued on or after 01.4.2007, by the National Highways Authority of India or by the Rural Electrification Corporation Limited.

6. Under section 54F of the Act, long term capital gains arising in the hands of an individual or HUF on transfer of Bonds/securities of the Bank is exempt if the net consideration is invested in purchase of residential house within a period of one year before or two years from the date of transfer or constructs a residential house within a period of three years from the date of transfer. The exemption is available proportionately if only a portion of the net consideration is invested as above. The exemption is subject to other conditions specified in that Section.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

7. Capital gains arising to Non Resident Indians (NRIs) on sale of shares on which securities transaction tax is not paid, is governed by Chapter XII-A of the Income-tax Act, subject to fulfilling the conditions stipulated therein.
  - (i) In accordance with and subject to the provisions of Section 115D read with Section 115E of the Income-tax Act, long-term capital gains arising on transfer of specified capital assets (including bank’s Equity Shares) acquired out of convertible foreign exchange, are taxable at the rate of 10% (plus applicable surcharge and cess). Cost indexation benefits will not be available in such case.
  - (ii) In accordance with and subject to the provisions of Section 115F of the Income-tax Act, long-term capital gains arising on sale of shares acquired by a NRI shareholder out of convertible

foreign exchange shall be exempt from income tax entirely/proportionately, if the entire/part of the net consideration is invested for a period of three years in any savings certificates specified under Section 10(4B) or specified assets as defined in Section 115C(f) of the Income-tax Act, within six months from the date of transferring the shares. The amount so exempted will be chargeable to tax under the head 'Capital Gains' if these new assets are transferred or converted (otherwise than by way of transfer) into money within three years from the date of its acquisition in accordance with the provisions of Section 115F(2) of the Income-tax Act.

- (iii) Under section 115G of the Income-tax Act, a NRI would not be required to file a return of income under Section 139(1) of the Income-tax Act, where the total income consists only of investment income and/or long-term capital gains and tax deductible at source has been deducted from such income as per provisions of Chapter XVIIIB of the Income-tax Act.
  - (iv) As per the provision of Section 115I of Income-tax Act, a NRI may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Income-tax Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the provisions of the Income-tax Act.
8. A capital gain arising to FIIs on sale of shares on which securities transaction tax is not paid is governed by Section 115AD of the Income-tax Act. Under Section 115AD of the Income-tax Act, long-term capital gains arising on transfer of shares purchased by FIIs are taxable at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess). Short-term capital gains are however, taxable at the rate of 30% (plus applicable surcharge, education cess and secondary and higher education cess). Cost indexation benefits will not be available. Further, the provisions of the first proviso of Section 48 of the Income-tax Act as stated above will not apply.
9. In accordance with and subject to the provisions of Section 115AD read with Section 196D(2) of the Income-tax Act, no deduction of tax at source is applicable in respect of capital gains arising from the transfer of the equity shares payable to FIIs.
10. In the case of all non-resident shareholders, the above tax rates are subject to the benefits, if any, available under the double taxation avoidance agreements signed by India with the country of which the non-resident shareholder may be a tax resident, subject to fulfillment of conditions prescribed there under.

#### IV. BENEFITS AVAILABLE TO MUTUAL FUNDS

Under Section 10(23D) of the Act, any income of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, mutual funds set up by the Public Sector Banks or Public Financial Institutions and Mutual Funds authorized by the Reserve Bank of India and subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf would be exempt from income-tax.

#### **WEALTH TAX**

Shares are not treated as assets within the meaning of Section 2(ea) of the Wealth Tax Act, 1957 and accordingly, the bank's equity are not liable to Wealth-tax in the hands of the shareholders.

#### **Notes:**

- (i) This statement is only intended to provide possible tax benefits under the current direct tax laws to the company or its share holders in a general and summary manner and does not purport to be a complete analysis of all provisions or possible tax implications of subscriptions, purchase, ownership, disposal of shares etc. Several of these benefits are dependent on compliance with the prescribed conditions under the relevant direct tax laws and the company or its share holders may or may not choose to comply with the prescribed conditions based on the business/investment considerations prevailing at the relevant time and in the event of non compliance the tax benefit is not available in full or part. All the above benefits are as per the current tax law and will be available only to the sole/first names holder in case the shares are held by joint holders.

(ii) In view of the individual nature of tax implications each investor is advised to consult his own tax adviser with respect to specific tax implications.

This Letter is intended solely for information and for the inclusion in the Offer Document in connection with the proposed Right Issue of the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Thanking You

Yours Faithfully,

For Abraham & Jose  
Chartered Accountants

For G.K.Rao & Co.  
Chartered Accountants

Sd/-  
Mukesh. K.P  
Partner  
Membership No. 214773  
FRN: 000010S

Sd/-  
B.Suryanarayana Reddy  
Partner  
Membership No.021071  
FRN: 003124S

For R G N Price & Co  
Chartered Accountants

For Kumar Vijay Gupta & Co  
Chartered Accountants

Sd/-  
P.M.Veeramani  
Partner  
Membership No.023933  
FRN: 002785S

Sd/-  
Mahesh Kumar Goyal  
Partner  
Membership No.088958  
FRN: 07814N

## **REGULATIONS AND POLICIES**

Our Bank is constituted under the provisions of the Subsidiary Banks Act and we are governed by the provisions thereof. The legislations governing banks in India are the Banking Regulation Act, 1949, Reserve Bank of India Act, 1934, the Negotiable Instruments Act, 1881 and the Banker's Books Evidence Act, 1891. Additionally, RBI, from time to time, issues guidelines to be followed by the banks. Compliance with all regulatory requirements is evaluated with respect to financial statements under Indian GAAP. As our Bank is listed on Indian Stock Exchanges, Listing Agreement entered into with the Stock Exchanges and various regulations of SEBI would also apply.

No new regulations are applicable for the proposed objects of the issue since the object is to augment our capital base to meet our capital adequacy requirements arising out of growth in our business.

## SECTION IV - HISTORY AND CORPORATE STRUCTURE

Our Bank was constituted under the State Bank of India (Subsidiary Banks) Act, 1959 as a subsidiary of State Bank of India under the name “State Bank of Travancore” on January 1, 1960 pursuant to notifications issued under section 3 of the Subsidiary Banks Act.

In terms of Section 10(1) of the Subsidiary Banks Act, when our Bank was constituted, the corresponding bank, i.e. the Travancore Bank Ltd. stood transferred and vested in it. Travancore Bank Limited origin can be traced back to September 12, 1945 with the incorporation of the Travancore Bank Limited in the erstwhile state of Travancore. Subsequent to its incorporation under the Travancore Companies Act, IX of 1114, the Travancore Bank Limited was issued a certificate of commencement of business on October 29, 1945 by the Registrar of Joint Stock Companies.

Subsequently, at the instance of the RBI and SBI, 9 banks viz Travancore Forward Bank Limited, Kottayam Orient Bank Limited, The Bank of New India Limited, The Vasudeva Vilasom Bank Limited, The Cochin Nair Bank Limited, The Latin Christian Bank Limited, The Champkulam Catholic Bank Limited, The Bank of Always Limited, The Chaldian Syrian Bank Limited got acquired/amalgamated in to our Bank.

Our Bank has opened 27 branches during April 1, 2014 till January 31, 2015 and has 13,787 employees on its rolls as on January 31, 2015.

Our Bank’s shares were listed at MSE on October 27, 1961 and at CSE on April 17, 1996. Our Bank, through a public issue in the year 1997, listed its Equity Shares on BSE and NSE.

### Key Milestones of our Bank since 1997

Year ending March 31	Milestone
1997	<ul style="list-style-type: none"> <li>• Public issue of 11,54,000 Equity Shares of ₹ 100 each at a premium of ₹500 per share aggregating to ₹69.24 crores.</li> <li>• Equity Shares of our Bank were listed on BSE and NSE.</li> </ul>
2003	<ul style="list-style-type: none"> <li>• Total business turnover crossed ₹25,000 crores.</li> </ul>
2004	<ul style="list-style-type: none"> <li>• 100% computerisation of our branches.</li> </ul>
2005	<ul style="list-style-type: none"> <li>• Core Banking Solutions implemented in all branches of our Bank.</li> </ul>
2007	<ul style="list-style-type: none"> <li>• Total business turnover crossed over ₹50,000 crores.</li> <li>• Best Bank Award was bestowed by Kerala State Kudumbasree Mission for our Bank’s performance in poverty alleviation programmes and women empowerment projects.</li> </ul>
2008	<ul style="list-style-type: none"> <li>• Opened Representative Office in Dubai.</li> </ul>
2009	<ul style="list-style-type: none"> <li>• Launch of “MONEYTRANS E-REMIT”, a web based, fast and secured facility for remittances from Gulf countries developed in-house.</li> </ul>
2010	<ul style="list-style-type: none"> <li>• Our Bank was conferred the Special Award for Excellence in MSE Lending for the year 2009-10 by the Ministry of Micro, Small and Medium Enterprises, the fifth time in last seven years.</li> </ul>
2011	<ul style="list-style-type: none"> <li>• 792 branches and 833 ATMs spanning across 13 states and 3 Union Territories, ₹58,158 crores deposits, ₹46,044 crores advances, ₹1,175 crores operating profits.</li> <li>• Gross business turnover of our Bank crossed ₹1,00,000 crores.</li> </ul>
2012	<ul style="list-style-type: none"> <li>• Received Special National Award for Excellence in Lending to Micro Enterprises for financial years 2011-12</li> <li>• Scaling new business heights ₹ 1,25,000 Crores</li> </ul>
2013	<ul style="list-style-type: none"> <li>• Received Special National Award for Excellence in Lending to Micro Enterprises for financial year 2012-13</li> <li>• Crossed total business of ₹ 1,50,000 Crores and 1,000 branches.</li> </ul>
2014	<ul style="list-style-type: none"> <li>• Allotted 92,53,473 Equity Shares, ranking pari-passu with the existing equity shares of the Bank in all respect, including dividend, at an Issue Price of ₹ 416.06 per share (face value ₹ 10 each at a premium of ₹ 406.06 per share), to State Bank of India on preferential basis.</li> <li>• Crossed total business of ₹ 1,60,000 Crores and 1,111 branches.</li> </ul>

## **Our Main Objects**

Being a bank constituted under the Subsidiary Banks Act, we are governed by the provisions of the said Subsidiary Banks Act. Sections 36, 36A and 37 of the Subsidiary Banks Act deal with the business of the subsidiary banks and the provisions of the Subsidiary Banks Act are as under:

### ***Section 36 of the Subsidiary Banks Act: - Subsidiary Bank to act as agent of the State Bank.***

- (1) A subsidiary bank shall, if so required by the State Bank, act as agent of the State Bank at any place in India for:
  - (a) paying, receiving, collecting and remitting money, bullion and securities on behalf of any Government in India; and
  - (b) undertaking and transacting any other business which the Reserve Bank may, from time to time, entrust to the State Bank.
- (2) The terms and conditions on which any such agency business shall be carried on by the subsidiary bank on behalf of the State Bank shall be such as may be determined by the State Bank, after consultation with the subsidiary bank and with the approval of the Reserve Bank.

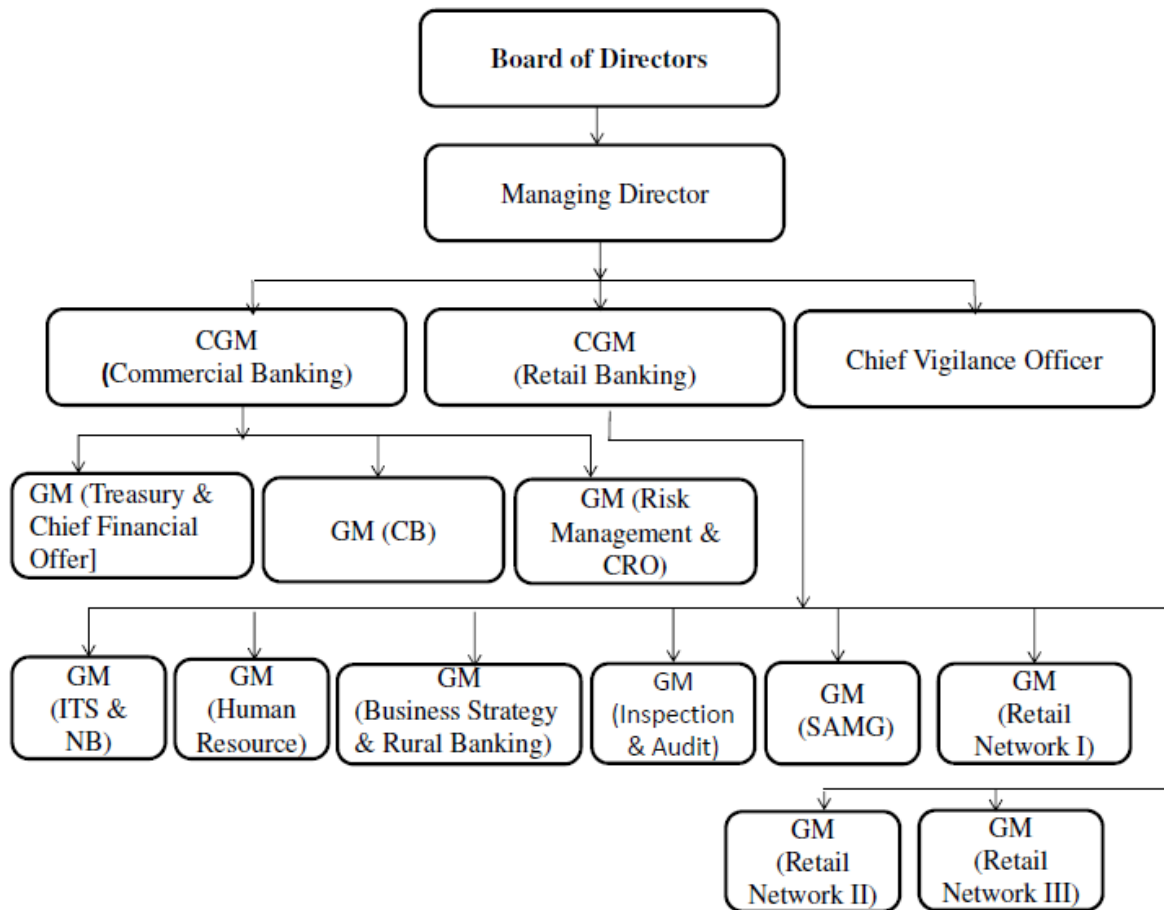
### ***Section 36A of the Subsidiary Banks Act: - Subsidiary bank to act as agent of the Reserve Bank***

- (1) A subsidiary bank shall, if so required by the Reserve Bank, act as agent of the Reserve Bank at all places in India, where it has a branch, for-
  - (a) paying, receiving, collecting and remitting money, bullion and securities on behalf of any Government in India; and
  - (b) undertaking and transacting any other business which the Reserve Bank may from time to time entrust to it.
- (2) The terms and conditions on which any such agency business shall be carried on by the subsidiary bank on behalf of the Reserve Bank shall be such as may be agreed upon.
- (3) if, no agreement can be reached on any matter referred to in sub-section (2) or if a dispute arises between a subsidiary bank and Reserve Bank as to the interpretation of any agreement between them, the matter shall be referred to the Central Government and the decision of the Central Government thereon shall be final.
- (4) A subsidiary bank may transact any business or perform any functions entrusted to it under sub-section (1), by itself or through any agent approved by the Reserve Bank.

### ***Section 37 of the Subsidiary Banks Act: - Other business which a subsidiary bank may transact.***

- (1) Subject to the other provisions contained in this Act, a subsidiary bank may carry on and transact the business of banking as defined under the Banking Regulation Act, 1949 and may engage in one or more of the other forms of business as specified therein.
- (2) The Central Government may, after consultation with the Reserve Bank and the State Bank, by order in writing—
  - (a) authorise a subsidiary bank to do such other forms of business as the Central Government may consider necessary or expedient;
  - (b) direct that any form of business as is mentioned in the order, shall be carried on subject to such restrictions, conditions and safeguards as may be specified therein; or
  - (c) Prohibit a subsidiary bank from carrying on or transacting any form of business which, but for this clause, it is lawful for the subsidiary bank to engage in.
- (3) Save as otherwise provided in sub-section (2), a subsidiary bank shall not engage in any form of business other than as referred to under sub-section (1).

## CORPORATE STRUCTURE



## SECTION V - OUR MANAGEMENT

### Our Board

The Board of Directors of our Bank is constituted in accordance with Section 25 of the Subsidiary Banks Act. The Board consists of 12 (Twelve) Directors viz., the Chairman, the Managing Director, three Directors nominated by SBI, one nominee each from Reserve Bank of India and Government of India, an Officer Employee Director, a workmen Employee Director, two Directors elected by the Shareholders and one director nominated in consultation with Central Government. The brief particulars of our Bank's Directors are set out below:

Sr No.	Name, Designation, Address, Occupation, Term and DIN	Nationality	Age (Years)	Other Directorships
1.	<p><b>Smt. Arundhati Bhattacharya</b></p> <p>Designation: Chairman</p> <p>Appointed under Section 25(1)(a) of the Subsidiary Banks Act</p> <p>Address: D-7, Kinellan Tower, 100 A, J.M. Mehta Marg, Walkeshwar, Mumbai - 400006</p> <p>Occupation: Banking</p> <p>Term: for a period of 3 (Three) years w.e.f. October 7, 2013 or until further orders</p> <p>DIN: 02011213</p>	Indian	58	<ul style="list-style-type: none"> <li>▪ State Bank of India</li> <li>▪ State Bank of Patiala</li> <li>▪ State Bank of Bikaner &amp; Jaipur</li> <li>▪ State Bank of Hyderabad</li> <li>▪ State Bank of Mysore</li> <li>▪ SBI Global Factors Ltd.</li> <li>▪ SBI Pension Funds Pvt Ltd.</li> <li>▪ SBI Life Insurance Company Ltd.</li> <li>▪ SBI Funds Management Pvt Ltd.</li> <li>▪ SBI General Insurance Company Ltd.</li> <li>▪ SBI DFHI Ltd.</li> <li>▪ SBI Cards &amp; Payment Services Pvt Ltd.</li> <li>▪ SBI Capital Markets Limited</li> <li>▪ Indian Institute of Banking and Finance</li> <li>▪ Export Import Bank of India</li> </ul>
2.	<p><b>Shri. Jeevandas Narayan</b></p> <p>Designation: Managing Director</p> <p>Appointed under Section 29(1) of the Subsidiary Banks Act</p> <p>Address: Bank House, Cliff House Road, Nanthancode, Thiruvananthapuram - 695003</p> <p>Occupation : Banking</p> <p>Term: w.e.f. January 10, 2014 till April 30, 2016.</p> <p>DIN: N.A.</p>	Indian	58	Nil
3.	<p><b>Dr. J. Sadakkadulla</b></p> <p>Designation: Director (RBI Nominee)</p> <p>Appointed under Sec. 25(1)(b) of the Subsidiary Banks Act.</p> <p>Address : B-4, RBI Staff Quarter, Poonamalle High Road, Chennai</p> <p>Occupation: Regional Director, Reserve Bank of India, Chennai</p>	Indian	57	Nil

Sr No.	Name, Designation, Address, Occupation, Term and DIN	Nationality	Age (Years)	Other Directorships
	Term: w.e.f. January 03, 2011 until further orders DIN: N.A.			
4.	<b>Shri. V.G. Kannan</b> Designation: Director (SBI Nominee) Appointed under Sec. 25(1)(c) of the Subsidiary Banks Act. Address : Flat No. 11-D, 100-A, Nepean Sea Road, Malabar Hills, Mumbai - 400006 Occupation: Managing Director & Group Executive, (Associates & Subsidiaries), State Bank of India Term: w.e.f. October 21, 2014 until further orders DIN: 03443982	Indian	58	<ul style="list-style-type: none"> <li>▪ State Bank of India</li> <li>▪ State Bank of Mysore</li> <li>▪ State Bank of Hyderabad</li> <li>▪ State Bank of Patiala</li> <li>▪ State Bank of Bikaner &amp; Jaipur</li> <li>▪ SBI Capital Markets Limited</li> <li>▪ SBICAP Securities Ltd</li> <li>▪ SBICAP Ventures Ltd</li> <li>▪ SBICAP (UK) Ltd</li> <li>▪ SBICAP (Singapore) Ltd</li> <li>▪ SBI Cards &amp; Payments Services Pvt. Ltd.</li> <li>▪ SBI Funds Management Pvt. Ltd.</li> <li>▪ SBI DFHI Ltd.</li> <li>▪ SBI Global Factors Ltd.</li> <li>▪ SBI Pension Funds Pvt. Ltd.</li> <li>▪ SBI Life Insurance Company Ltd.</li> <li>▪ SBI General Insurance Company Ltd.</li> </ul>
5.	<b>Shri. B. Ramesh Babu</b> Designation: Director (SBI Nominee) Appointed under Sec. 25(1)(c) of the Subsidiary Banks Act. Address : C/12A, Harbour Heights, N A Sawant Marg, Near Colaba Fire Station, Colaba, Mumbai - 400005 Occupation: Chief General Manager (Associates & Subsidiaries), State Bank of India Term: w.e.f. May 5, 2014 DIN: 06900325	Indian	54	<ul style="list-style-type: none"> <li>▪ State Bank of Mysore</li> <li>▪ State Bank of Hyderabad</li> <li>▪ State Bank of Patiala</li> <li>▪ State Bank of Bikaner &amp; Jaipur</li> <li>▪ SBI SG-Global Securities &amp; Services Pvt. Ltd.</li> <li>▪ GE Capital Business Process Management Services Pvt. Ltd.</li> </ul>
6.	<b>Shri. Ramesh Chandra Srivastava</b> Designation: Director (SBI Nominee) Appointed under Sec.25(1)(c) of the Subsidiary Banks Act Address: 303, Silver Crest Apartments, Rest House Road, Bangalore -560001 Occupation: General Manager (Associates and Subsidiaries), State Bank of India	Indian	57	<ul style="list-style-type: none"> <li>▪ State Bank of Mysore</li> <li>▪ State Bank of Hyderabad</li> <li>▪ State Bank of Patiala</li> <li>▪ State Bank of Bikaner &amp; Jaipur</li> </ul>

Sr No.	Name, Designation, Address, Occupation, Term and DIN	Nationality	Age (Years)	Other Directorships
	Term: w.e.f. July 17, 2014 DIN: NA			
7.	<b>Shri. V. Kaliappan</b> Designation: Director (SBI Nominee) Appointed under Sec. 25(1)(c) of the Subsidiary Banks Act Address: 79, Santhivinayagar Koil Street, Sivagiri - 627757 Occupation: Retired Teacher Term: 3 (three) w.e.f. November 11, 2013 to November 10, 2016. DIN: 05214254	Indian	67	GNTS Technologies Private Limited
8.	<b>Shri. P.V. Prasad</b> Designation: Workmen Employee Director Appointed under Sec. 25(1)(ca) read with Sec. 26(2A) of the Subsidiary Banks Act Address: Sreesailam Manthanam P O, Kunnamthanam, Occupation : Special Assistant (State Bank of Travancore) Term: 3 (Three) years w.e.f. the date of taking charge on or after July 19, 2013 or till he ceases to be a workmen employee of the Bank or until further orders, whichever is earliest. DIN: N.A	Indian	52	Nil
9.	<b>Shri. C. Rajkumar</b> Designation: Officer Employee Director Appointed under Sec.25(1)(cb) read with Sec. 26(2A) of the Subsidiary Banks Act Address: 5D, SFS Richmond, Sasthamangalam, Trivandrum - 695010 Occupation : Chief Manager, Sports Board, State Bank of Travancore	Indian	53	Nil

Sr No.	Name, Designation, Address, Occupation, Term and DIN	Nationality	Age (Years)	Other Directorships
	<p>Term: For a period of three years w.e.f. October 01, 2013 till he ceases to be an officer of our Bank or until further orders, whichever is earliest.</p> <p>DIN: N.A</p>			
10.	<p><b>Shri. Mannur Chacko Jacob</b></p> <p>Designation: Director (Elected Shareholder Nominee)</p> <p>Appointed under Sec. 25(1)(d) of the Subsidiary Banks Act</p> <p>Address: Mannur House, 20. Avittom Lane, Thiruvananthapuram - 695011</p> <p>Occupation: Retd. Chief General Manager of State Bank of Travancore</p> <p>Term: 3 (three) years w.e.f. April 29, 2014</p> <p>DIN: N.A</p>	Indian	62	Nil
11.	<p><b>Shri. Sajen Peter</b></p> <p>Designation: Director (Elected Shareholder Nominee)</p> <p>Elected under Sec.25(1)(d) of the Subsidiary Banks Act</p> <p>Address: Vengaseril, NCC Gardens, NCC Road, Thiruvananthapuram. - 695005</p> <p>Occupation: IAS (Retd.)</p> <p>Term: 3 (three) years w.e.f. April 29, 2014</p> <p>DIN: N.A</p>	Indian	61	Nil
12.	<p><b>Shri. Ashok Kumar Singh</b></p> <p>Designation: Director (G.O.I Nominee)</p> <p>Appointed under Sec. 25(1)(e) of the Subsidiary Banks Act</p> <p>Address: 403, Nankar I, IIT Kanpur, UP - 208018</p> <p>Occupation: Director, Department of Financial Services, Ministry of Finance</p> <p>Term: w.e.f. January 29, 2015 until</p>	Indian	45	Nil

Sr No.	Name, Designation, Address, Occupation, Term and DIN	Nationality	Age (Years)	Other Directorships
	further orders. DIN: N.A			

Our Board of Directors meets, regularly in accordance with the requirements of our Bank, at least six times in a year and at least once in a quarter. Board Meetings were held seven times during the year 2013-14 and eight times since 1<sup>st</sup> April, 2014 till 28<sup>th</sup> February, 2015.

**Details of current and past directorship(s) in listed companies whose shares have been/ were suspended or delisted**

- (i) None of our Directors are or were directors of listed companies whose shares have been/were suspended from being traded on BSE and/or NSE at any time during the last five years from the date of this Letter of Offer.
- (ii) None of our Directors are or were directors of listed companies whose shares have been/were delisted from stock exchanges.

**Brief profile of our Directors**

**Smt. Arundhati Bhattacharya, *Chairman***

Smt. Arundhati Bhattacharya, Chairman of the State Bank of India, is the Chairman of our Bank. Her appointment was effected under Section 25(1)(a) of the Subsidiary Banks Act *vide* notification dated October 07, 2013 issued by the Ministry of Finance, Government of India under the State Bank of India Act, 1955. She holds a Master's degree in Arts. She has an experience of 37 years in banking sector across the group.

**Shri. Jeevandas Narayan, *Managing Director***

Shri. Jeevandas Narayan is the Managing Director of our Bank. His appointment was effected *vide* notification dated January 10, 2014 issued by the State Bank of India under section 29(1) of the Subsidiary Banks Act. He holds a Bachelor's degree in Commerce. He is also a Certified Associate of Indian Institute of Bankers (CAIIB). He has an experience of 36 years in the banking sector and has held many responsible positions such as CGM of Patna Circle, SBT, General Manager, Human Resource etc. prior to being appointed as the Managing Director of State Bank of Travancore.

**Dr. J. Sadakkadulla, *Director, RBI Nominee***

Dr. J. Sadakkadulla is the Nominee Director appointed on behalf of Reserve Bank of India. He was nominated and appointed under Sec. 25(1)(b) of the Subsidiary Banks Act. He holds a Ph.D. in Economics with MS (Management) degree from USA. He also holds a Master's degree in Agricultural Science. He is currently the Regional Director, Reserve Bank of India, Chennai. He has 32 years of experience.

**Shri. V.G. Kannan, *Director, SBI Nominee***

Shri. V.G. Kannan is the Nominee Director appointed on behalf of State Bank of India. He was nominated and appointed under Sec. 25(1)(c) of the Subsidiary Banks Act. He holds a Master's degree in Business Administration. He is currently the Managing Director & Group Executive, (Associates & Subsidiaries), State Bank of India. He has 36 years of experience in the field of banking.

**Shri. B. Ramesh Babu, *Director, SBI Nominee***

Shri. B. Ramesh Babu is the Nominee Director appointed on behalf of State Bank of India. He was nominated and appointed under Sec. 25(1)(c) of the Subsidiary Banks Act. He holds a Master's Degree in Commerce; a Certification in Trade Finance; FCI Course on International Factoring and Diploma in Treasury, Investment & Risk Management. He is currently the Chief General Manager (Associates & Subsidiaries), State Bank of India. He has 34 years of experience in the field of banking.

**Shri. Ramesh Chandra Srivastava, Director, SBI Nominee**

Shri. Ramesh Chandra Srivastava, is the Nominee Director appointed on behalf of State Bank of India. He was nominated and appointed under Sec. 25(1)(c) of the Subsidiary Banks Act. He holds a Bachelor's degree in Science. He is currently the General Manager (Associates and Subsidiaries), State Bank of India. He has 36 years of experience in the field of banking.

**Shri. V. Kaliappan, Director, SBI Nominee**

Shri. V. Kaliappan is the Nominee Director appointed on behalf of State Bank of India. He was nominated and appointed by State Bank of India in consultation with the Central Government under Sec. 25(1)(c) of the Subsidiary Banks Act. He holds a Bachelor's degree in Education and Master's degree in Arts. He is a retired Teacher and has 25 years of experience in teaching.

**Shri. P.V. Prasad, Workmen Employee Director**

Shri. P.V. Prasad is the Workmen Employee Director of our Bank. He was appointed under Sec. 25(1)(ca) read with Sec. 26(2A) of the Subsidiary Banks Act. He holds a Bachelor's degree in Science. He is currently a Special Assistant, State Bank of Travancore and has 31 years of experience.

**Shri. C. Rajkumar, Elected Officer Employee Director**

Shri. C. Rajkumar is the Officer Employee Director of our Bank. He was appointed by Government of India under Sec. 25(1)(cb) read with and Sec. 26(2A) of the Subsidiary Banks Act. He holds a Bachelor Degree in Science (Physics). He is currently the Chief Manager with our Bank and has 30 years of experience in banking.

**Shri. Mannur Chacko Jacob, Elected Shareholder Director**

Shri. Mannur Chacko Jacob is a Shareholder Director of our Bank. He was elected under Sec. 25(1)(d) of the Subsidiary Banks Act. He holds a Master's degree in Science. He is also a Certified Associate of Indian Institute of Bankers (CAIIB). He retired as a Chief General Manager, State Bank of Travancore. He has 38 years of varied experience in banking sector.

**Shri. Sajen Peter, Elected Shareholder Director**

Shri. Sajen Peter is a Shareholder Director of our Bank. He was elected under Sec. 25(1)(d) of the Subsidiary Banks Act. He holds a Master's in English Language and Literature, Master's in Business Administration and also holds a Bachelor's degree in Law. He also holds a Master's of Arts in Rural Development. He retired from IAS. He has 36 years of experience in Public Service.

**Shri. Ashok Kumar Singh, Director, G.o.I. Nominee**

Shri. Ashok Kumar Singh is a Nominee Director appointed on behalf of Government of India under Sec. 25 (1)(e) of the Subsidiary Banks Act, He holds a Bachelors degree in Technology and Post Graduate Diploma in Integrated Rural Development Programme. Currently, he is the director of Department of Financial Services, Ministry of Finance, Government of India. He has 16 years of experience in government service.

**Compensation payable to our Directors**

With respect to compensation for members of the Board, sitting fees are paid as per provisions of the Subsidiary Banks Act and the State Bank of India (Subsidiary Banks) Regulations, 1959. The fees payable for Board meetings to the i) Share Holders nominees and ii) Non-Executive Director under section 25(i)(c) of Subsidiary Banks Act, is ₹10,000 (Rupees Ten Thousand Only) per meeting and for other Board-level Committees fees is ₹5,000 (Rupees Five Thousand Only) per meeting.

**Performance linked Incentive to Managing Director**

The Ministry of Finance, Department of Financial Services, has vide letter dated November 28, 2013 notified the performance linked incentives payable to whole time directors of public sector banks. In accordance with the

same, our Managing Director is eligible, subject to the achievement of certain quantitative and qualitative parameters, to receive performance linked incentives up to a maximum amount of ₹ 8 lakhs per annum.

Salary and other perquisites paid during the FY 2014 upto January 2015, to the Managing Director is as below:

- a) Salary from 01.04.2014 to 31.01.2015 = ₹ 0.16 crores
- b) Perquisites = ₹ 0.04 crores

Except as stated above and as per applicable laws, there are no other benefits available to our Managing Director or to any other Directors.

#### **Family Relationship between our Directors**

None of the directors of our bank are related to each other.

#### **Shareholding of our Board of Directors in our Bank is as follows:**

<b>Name of Director</b>	<b>No. of Equity Shares held</b>
Smt. Arundhati Bhattacharya	Nil
Shri. Jeevandas Narayan	Nil
Dr. J. Sadakkadulla	Nil
Shri. V.G. Kannan	Nil
Shri B. Ramesh Babu	Nil
Shri. Ramesh Chandra Srivastava	Nil
Shri. V. Kaliappan	Nil
Shri P.V. Prasad	Nil
Shri. C. Rajkumar	50
Shri. Mannur Chacko Jacob	2,650
Shri. Sajen Peter	150
Shri. Ashok Kumar Singh	Nil

#### **Interest of Directors**

Except as stated in “Related Party Disclosures” on page 111 appearing in the chapter titled “Financial Statements” of this Letter of Offer, and to the extent of shareholding in our Bank, our Directors do not have any other interest in our business.

All our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee. The Managing Director will be interested to the extent of remuneration paid to him for services rendered by him. The Officer Employee Director and Workmen Employee Director will be interested to the extent of remuneration paid to them for services rendered by them. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Bank and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors may also be regarded as interested in their Rights Entitlements, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners and/or trustees.

Save and except as disclosed in this Letter of Offer, our Bank has not entered into any contract, agreement or arrangement during the preceding two years from the date of this Letter of Offer in which our Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Further, our Directors may be deemed to be interested in contracts, agreements / arrangements entered into or to be entered into by us with any company in which they hold directorships or any partnership firm in which they are partners.

**Arrangement with major shareholders, customers, suppliers or others, pursuant to which a director was selected as a director or member of senior management.**

Our Bank has no arrangement or understanding with any major shareholders, customers, suppliers or others, pursuant to which a director was selected on our board or as a member of senior management. The directors on the board of our Bank have been appointed in pursuance of the provisions of Section 25 and Section 26(2A) of the Subsidiary Bank Act.

**Details of service contracts entered into by the directors with the issuer providing for benefits upon termination of employment**

Save and except as required by applicable law, our Bank has not entered into any service contracts providing for benefits upon termination of employment.

## SECTION VI – FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

#### AUDITORS' REPORT

**To,  
The Board of Directors  
State Bank of Travancore,  
Head Office,  
Poojapura  
Thiruvananthapuram – 695 012**

Dear Sirs,

1. We are engaged to report on the financial statements of State Bank of Travancore (“the Bank”) for the year ended 31<sup>st</sup> March 2014, as approved by the Board of Directors of the Bank, annexed to this report in for the purpose of inclusion in Draft letter of Offer and Letter of Offer (“the Offering documents”) prepared by the Bank in connection with the proposed Rights Issue of Equity Shares, in accordance with the requirements of Securities and Exchange Board of India ( Issue of Capital and Disclosure Requirements ) Regulations 2009 (“the Regulations”) as amended to date.
2. We have examined such Financial statements taking into consideration:
  - a) The terms of our engagement agreed upon with you as per our letter of engagement dated 25<sup>th</sup> September, 2014 requesting us to carry out the assignment, in connection with the Offering Documents being issued by the Bank for its proposed Rights Issue of Equity shares under the Regulations.
  - b) The Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

We report that the figures disclosed in the financial statements have been extracted by the Management from the Audited Financial Statements for the year ended 31<sup>st</sup> March 2014. These Statements have been audited by us in respect of which an unqualified audit opinion dated 25<sup>th</sup> April 2014 has been issued.

3. For the purpose of this report we have not performed any additional audit procedures on the above referred audited financial statements of the Bank for the year ended 31<sup>st</sup> March 2014 including evaluating the possible impact, if any, of subsequent events on the earlier audited financial statements of the Bank and we have no responsibility to update our report for events and circumstances occurring after the date of report.
4. These Financial statements have been prepared using the same set of accounting policies disclosed in the Audited Financial Statements as at 31<sup>st</sup> March 2014 except the changes having no material impact on the Accounts. The Significant Accounting Policies and Note to Accounts as disclosed in audited accounts for the year ended 31<sup>st</sup> March 2014 have been reproduced in offer documents.
5. We have not audited any financial statement of the Bank as of any date or for any period subsequent to 31<sup>st</sup> March 2014. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Bank as of any date or for any period subsequent to 31<sup>st</sup> March 2014.
6. At the Bank’s request, we have also examined the following information proposed to be included in the Offering Documents prepared by the management and annexed to this report:
  - (i) Accounting Ratios and
  - (ii) Capitalization Statement
7. In our opinion, the financial information contained in Annexed to this report read together with the Notes to Accounts & Significant Accounting Policies have been prepared in accordance with the

provisions of Section 29 of the Banking Regulation Act, 1949 and requirements of the Regulations as amended till date.

8. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit report issued by us nor should this report be construed as a new opinion on any of the financial statement referred to herein.
9. This report is intended solely for your information and for inclusion in the Offering Documents in connection with the proposed Rights Issue of Equity Shares by the Bank and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Abraham & Jose  
Chartered Accountants

Sd/-  
Mukesh K P  
Partner  
Membership No.214773  
FRN 000010S

For R G N Price & Co  
Chartered Accountants

Sd/-  
P M Veeramani  
Partner  
Membership No.023933  
FRN 002785S

Thiruvananthapuram  
Date: 18.12.2014

For G K Rao & Co  
Chartered Accountants.

Sd/-  
B Suryanarayana Reddy  
Partner  
Membership No.021071  
FRN 003124S

For Kumar Vijay Gupta & Co  
Chartered Accountants.

Sd/-  
Mahesh Kumar Goyal  
Partner  
Membership No.088958  
FRN 07814N

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2014**

*(₹ in Crores)*

<b>I. CAPITAL AND LIABILITIES</b>		<b>SCHEDULE</b>	<b>As at 31-Mar-14</b>	<b>As at 31-Mar-13</b>
1	Capital	1	50.00	50.00
	Share Application Money Pending Allotment		385.00	0.00
2	Reserves and Surplus	2	4,524.82	4,314.98
3	Deposits	3	89,336.68	84,623.72
4	Borrowings	4	6,818.38	8,747.16
5	Other Liabilities and Provisions	5	4,170.54	3,843.47
	<b>Total</b>		<b>1,05,285.42</b>	<b>1,01,579.33</b>
<b>II. ASSETS</b>				
1	Cash and Balance with Reserve Bank of India	6	4,458.57	4,544.00
2	Balances with Banks and Money at Call & Short Notice	7	1,200.60	223.70
3	Investments	8	27,941.37	27,225.50
4	Advances	9	69,404.61	67,483.62
5	Fixed Assets	10	339.01	286.29
6	Other Assets	11	1,941.26	1,816.22
	<b>Total</b>		<b>1,05,285.42</b>	<b>1,01,579.33</b>
	Contingent Liabilities	12	29,060.72	20,803.29
	Bills for Collection		4,236.55	3,588.89
	Principal Accounting Policies	17		
	Notes to Accounts	18		

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

*(₹ in Crores)*

<b>I. INCOME</b>		<b>SCHEDULE</b>	<b>For the Year ended 31-Mar-14</b>	<b>For the year ended 31-Mar-13</b>
1	Interest Earned	13	9,706.55	8,634.84
2	Other Income	14	851.95	653.02
	<b>Total</b>		<b>10,558.50</b>	<b>9,287.86</b>
<b>II. EXPENDITURE</b>				
1	Interest Expended	15	7,323.40	6,506.63
2	Operating Expenses	16	1,865.41	1,430.22
3	Provisions & Contingencies		1,065.35	735.97
	<b>Total</b>		<b>10,254.16</b>	<b>8,672.82</b>
<b>III. PROFIT / LOSS</b>				
1	Net Profit for the Year		304.34	615.04
2	Profit brought forward		1.37	6.86
	<b>Total</b>		<b>305.71</b>	<b>621.90</b>
<b>APPROPRIATIONS</b>				
1	Transfer to Statutory Reserves		76.09	153.76
2	Transfer to Capital Reserves (net of tax adjustments)		7.93	14.55
3	Transfer to Revenue and Other Reserves		0.00	0.00
	a) Reserve under Sec 36(1)(viii) of IT ACT		74.05	66.00
	b) General Reserves		130.00	270.00
	d) Investment Reserve Account		0.00	0.00
4	Proposed Dividend		0.00	15.00
5	Tax on Dividend		0.00	2.43
6	Interim Dividend		12.50	85.00
7	Tax on Interim Dividend		2.12	13.79
8	Balance carried over to Balance Sheet		3.02	1.37
	<b>Total</b>		<b>305.71</b>	<b>621.90</b>
	Principal Accounting Policies	17		
	Notes to Accounts	18		
<b>Basic and diluted Earnings per share (in Rupees)</b>			<b>60.87</b>	<b>123.01</b>

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

*(₹ in Crores)*

	For The Year Ended 31-Mar-2014		For The Year Ended 31-Mar-2013	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>843.90</b>		<b>-640.89</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>-132.69</b>		<b>-101.77</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>180.25</b>		<b>-306.30</b>
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		<b>891.46</b>		<b>-1,048.96</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>4,767.71</b>		<b>5,816.66</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D)</b>	<b>891.46</b>	<b>5,659.17</b>	<b>-1,048.96</b>	<b>4,767.70</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit for the year		304.34		615.04
Add : Provision for Income Taxes	270.00		339.00	
Provision for other Taxes	0.25		0.83	
Deferred taxes	-37.57		-59.16	
Net Profit before Taxes		537.02		895.71
Adjustment for :				
Depreciation charges	79.97		58.76	
Provision for NPAs	577.78		288.14	
Provision on standard assets	66.90		54.38	
Provision on Restructured standard assets	85.35		90.41	
Provision on Restructured NPA	5.55		14.18	
Depreciation on Investments	96.74		12.01	
Amortisation of Investments	57.16		57.29	
Other provisions	0.35		-3.81	
Deferred Revenue Expenditure written off during the year	134.38		134.38	
Dividend from subsidiaries (investing activity)	0.00		0.00	
Interest paid on Innovative Perpetual Debt Instruments	28.65		28.63	
Interest paid on Upper Tier II Bonds	96.24		96.30	
Interest paid on SBT Bonds	65.23		65.15	
Less : Direct Taxes	347.92		360.87	
SUB-TOTAL	946.38		534.95	
<b>Adjustment for :</b>				
Increase / (Decrease) in Deposits	4,712.96		13,153.89	
Increase / (Decrease) in Borrowings	-1,928.78		1,139.85	
(Increase) / Decrease in Investments	-869.76		-4,857.22	
(Increase) / Decrease in Advances	-2,589.68		-12,530.39	
Increase / (Decrease) in Other Liabilities	259.83		749.51	
(Increase) / Decrease in Other Assets	-224.07		272.81	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>843.90</b>		<b>-640.89</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investments in Subsidiaries and/or Joint Ventures				
Income earned on such Investments				
Fixed Assets	-132.69		-101.77	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>-132.69</b>		<b>-101.77</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Share Capital				
Share Premium				
Share Application Money Pending Allotment	385.00			
Issue of Innovative Perpetual Debt Instruments				
Issue of Upper Tier II Bonds				
Issue of Subordinated Bonds				
Redemption of IPDI Bonds				

	For The Year Ended 31-Mar-2014		For The Year Ended 31-Mar-2013	
Redemption of Upper Tier II Bonds				
Redemption of Subordinated Bonds				
Interest Paid on IPDI Bonds	-28.65		-28.63	
Interest Paid on Upper Tier II Bonds	-96.24		-96.30	
Interest Paid on Subordinate Bonds	-65.23		-65.15	
Dividends Paid	-14.63		-116.22	
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>180.25</b>		<b>-306.30</b>
<b>D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>				
i) Cash in hand (including foreign currency notes and gold)	355.30		388.74	
ii) Balances with Reserve Bank of India	4,188.71		4,387.90	
iii) Balances with Banks and Money at Call and Short Notice	223.70		1,040.02	
		<b>4,767.71</b>		<b>5,816.66</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>				
i) Cash in hand (including foreign currency notes and gold)	489.02		355.30	
ii) Balance with Reserve Bank of India	3,969.55		4,188.70	
iii) Balances with Banks and Money at Call and Short Notice	1,200.60		223.70	
		<b>5,659.17</b>		<b>4,767.70</b>

**SCHEDULES TO ACCOUNTS**

(₹ in Crores)

<b>Schedule 1 – CAPITAL</b>		<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
A)	Authorised Capital (50,00,00,000 shares of ₹ 10 each)		500.00		500.00
B)	Issued, Subscribed & Paid up Capital (500,00,000 shares of ₹ 10 each)		<b>50.00</b>		<b>50.00</b>

(₹ in Crores)

<b>Schedule 2 - RESERVES &amp; SURPLUS</b>		<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
<b>I.</b>	<b>Statutory Reserves</b>				
	Opening Balance	1,491.50		1,337.74	
	Additions during the year	76.09		153.76	
	Deductions during the year		1,567.59		1,491.50
<b>II.</b>	<b>Capital Reserves</b>				
	Opening Balance	96.09		81.54	
	Additions during the year	7.93		14.55	
	Deductions during the year		104.02		96.09
<b>III.</b>	<b>Share Premium</b>				
	Opening Balance	142.50		142.50	
	Additions during the year				
	Deductions during the year		142.50		142.50
<b>IV.</b>	<b>Revenue &amp; Other Reserves</b>				
a)	<b>Special Reserve account -Interest Rate Derivatives</b>				
	Opening Balance	2.67		2.67	
	Additions during the year				
	Deductions during the year		2.67		2.67
b)	<b>Reserve under Sec 36(1)(viii) of IT ACT</b>				
	Opening Balance	235.00		169.00	
	Additions during the year	74.05		66.00	
	Deductions during the year		309.05		235.00
c)	<b>General Reserves</b>				
	Opening Balance	2,335.72		2,065.72	
	Additions during the year	130.00		270.00	
	Deductions during the year	79.88	2,385.84		2,335.72
d)	<b>Investment Reserve Account</b>				
	Opening Balance	10.13		10.13	
	Additions during the year				
	Deductions during the year		10.13		10.13
<b>V.</b>	<b>Balance in Profit &amp; Loss Account</b>		3.02		1.37
	<b>Total</b>		<b>4,524.82</b>		<b>4,314.98</b>

(₹ in Crores)

<b>Schedule 3 – DEPOSITS</b>			<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
<b>A</b>	<b>I</b>	<b>Demand Deposits</b>				
		From Banks	257.76		276.05	
		From Others	2,511.85	2,769.61	2374.49	2,650.54
	<b>II</b>	<b>Savings Bank Deposits</b>		21,932.63		19,171.31
	<b>III</b>	<b>Term Deposits</b>				
		From Banks	372.30		301.49	
		From Others	64262.14	64,634.44	62,500.38	62,801.87
	<b>Total</b>			<b>89,336.68</b>		<b>84,623.72</b>
<b>B</b>	<b>I</b>	<b>Deposits of Branches in India</b>	89,336.68		84623.72	
	<b>II</b>	<b>Deposits of Branches outside India</b>				
	<b>Total</b>			<b>89,336.68</b>		<b>84,623.72</b>

(₹ in Crores)

<b>Schedule 4 - BORROWINGS</b>			<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
<b>I.</b>	<b>Borrowings in India</b>					
	i)	Reserve Bank of India	790.00			
	ii)	Other Banks	225.00		400.00	
	iii)	Other Institutions & Agencies	3,084.23		4,582.32	
	iv)	Capital Instruments	2,120.00	6,219.23	2,120.00	7,102.32
<b>II.</b>	<b>Borrowings outside India</b>			599.15		1,644.84
	<b>Total</b>			<b>6,818.38</b>		<b>8,747.16</b>
<b>III.</b>	<b>Secured Borrowings included in above</b>			-		-

(₹ in Crores)

<b>Schedule 5 - OTHER LIABILITIES &amp; PROVISIONS</b>			<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
<b>I.</b>	Bills Payable			1,224.92		1,209.86
<b>II.</b>	Inter Office Adjustments (net)			12.17		0.00
<b>III</b>	Interest Accrued			1,067.79		949.25
<b>IV</b>	Others (including provisions) #			1,865.66		1,684.36
	<b>Total</b>			<b>4,170.54</b>		<b>3,843.47</b>
#	<b>includes</b>					
	Provision against Standard Assets		376.45		309.55	

(₹ in Crores)

<b>Schedule 6 - CASH &amp; BALANCE WITH R.B.I.</b>			<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
<b>I.</b>	<b>Cash in hand (including foreign currency notes)</b>			489.02		355.30
<b>II.</b>	<b>Balances with Reserve Bank of India</b>					
	i)	in Current Account	3,969.55		4,188.70	
	ii)	in Other Accounts	0.00	3,969.55	0.00	4,188.70
	<b>Total</b>			<b>4,458.57</b>		<b>4,544.00</b>

(₹ in Crores)

<b>Schedule 7 - BALANCES WITH BANKS &amp; MONEY AT CALL &amp; SHORT NOTICE</b>			<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
<b>I.</b>	<b>In India</b>					
	i)	Balances with Banks				
		a) in Current Accounts	2.28		23.16	
		b) in Other Deposit Accounts		2.28	46.14	69.30
	ii)	Money at Call & Short Notice				
		a) with Banks	599.15			
		b) with other institutions		599.15		
<b>II.</b>	<b>Outside India</b>					
	i)	in Current Accounts	599.17		154.40	
	ii)	in Other Deposit Accounts				
	iii)	Money at Call & Short Notice		599.17		154.40
	<b>Total</b>			<b>1,200.60</b>		<b>223.70</b>

(₹ in Crores)

<b>Schedule 8 - INVESTMENTS</b>			<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
<b>A</b>	<b>I</b>	<b>In India in:</b>				
		i) Government Securities	23,522.58		23,363.11	
		ii) Other Approved Securities				
		iii) Shares	158.43		171.14	
		iv) Debentures & Bonds	572.32		368.19	
		v) Subsidiaries and/or Joint Ventures				
		vi) Others	3,688.04	27,941.37	3,323.06	27,225.50
<b>A</b>	<b>II</b>	<b>Outside India</b>				
	<b>Total</b>			<b>27,941.37</b>		<b>27,225.50</b>
<b>B</b>	<b>I</b>	<b>Investment in India</b>				
		i) Gross Value of Investments	28,034.70		27,272.74	
		ii) Less: Aggregate provision for Depreciation	93.33		47.24	
		iii) Net Value of Investments		27,941.37		27,225.50
<b>B</b>	<b>II</b>	<b>Investments outside India</b>				
	<b>Total</b>			<b>27,941.37</b>		<b>27,225.50</b>

(₹ in Crores)

<b>Schedule 9 – ADVANCES</b>			<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
A	i)	Bills Purchased & Discounted		4,183.81		4,588.10
	ii)	Cash Credits, Overdrafts & Loans repayable on demand		30,420.15		29,315.53
	iii)	Term Loans		34,800.65		33,579.99
	Total			<b>69,404.61</b>		<b>67,483.62</b>
B	i)	Secured by Tangible Assets (includes advances against Book Debts)		60,822.20		57,644.60
	ii)	Covered by Bank/Government Guarantees		245.45		1,289.52
	iii)	Unsecured		8,336.96		8,549.50
	Total			<b>69,404.61</b>		<b>67,483.62</b>
C	I	Advances in India				
	i)	Priority Sector		26,947.93		24,498.61
	ii)	Public Sector		3,176.95		1,911.34
	iii)	Banks				
	iv)	Others		39279.73		41,073.67
	Sub Total			<b>69,404.61</b>		<b>67,483.62</b>
C	II	Advances outside India				
	i)	Due from Banks				
	ii)	Due from Others				
		a) Bills purchased & discounted				
		b) Syndicated Loans				
		c) Others				
	Sub Total					
	<b>Total</b>			<b>69,404.61</b>		<b>67,483.62</b>

(₹ in Crores)

<b>Schedule 10- FIXED ASSETS</b>			<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
I.	Premises					
	i)	At cost as on 31st March of the preceding year	100.27		88.96	
	ii)	Additions during the year	1.25		11.31	
	iii)	Deductions during the year				
	iv)	Depreciation to date	40.02	61.50	36.94	63.33
II.	Other Fixed Assets (including Furniture & Fixtures)					
	i)	At cost as on 31st March of the preceding year	671.53		591.59	
	ii)	Additions during the year	157.19		111.64	
	iii)	Deductions during the year	41.34		31.70	
	iv)	Depreciation to date	509.87	277.51	448.57	222.96
III.	Leased Assets					
	i)	At cost as on 31st March of the preceding year	4.67		4.67	
	ii)	Additions during the year				
	iii)	Deductions during the year				
	iv)	Depreciation to date	4.67	0.00	4.67	0.00
	<b>Total</b>			<b>339.01</b>		<b>286.29</b>

(₹ in Crores)

<b>Schedule 11 - OTHER ASSETS</b>		<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
I.	Inter Office Adjustments (net)				10.50
II.	Interest Accrued		937.68		826.87
III.	Tax paid in Advance/ Tax Deducted at source (net of Provisions)		371.46		293.80
IV.	Stationery & Stamps		4.65		4.13
V	Non banking assets acquired in satisfaction of claims		0.09		0.09
VI	Others #		627.38		680.83
	<b>Total</b>		<b>1,941.26</b>		<b>1,816.22</b>
#	Includes:				
	Deferred Expenditure - Pension 2nd Option & Gratuity	134.38		268.77	
	Deferred Tax Assets (Net)	66.59		108.90	

(₹ in Crores)

<b>Schedule 12 - CONTINGENT LIABILITIES</b>		<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
I.	Claims against the Bank not acknowledged as debts		1.74		1.56
II.	Liability for partly paid Investments		0.00		0.00
III.	Liability on account of outstanding forward exchange contracts		18,420.25		10,352.20
IV.	Liability on account of outstanding int. rate swap contracts		313.75		568.85
V	Guarantees given on behalf of constituents:-				
	i) In India	5,058.26		3858.21	
	ii) Outside India	190.00	5,248.26	697.58	4,555.79
VI	Acceptances, endorsements & other obligations		4,916.21		4,829.57
VII.	Disputed Income-tax liability		158.74		493.48
VIII.	Capital commitments on account of unexecuted contracts		1.77		1.84
	<b>Total</b>		<b>29,060.72</b>		<b>20,803.29</b>
	<b>BILLS FOR COLLECTION</b>		<b>4,236.55</b>		<b>3,588.89</b>

(₹ in Crores)

<b>Schedule 13- INTEREST EARNED</b>		<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
I.	Interest/Discount on Advances/Bills		7,400.92		6,746.10
II.	Income on Investments		2,224.35		1,816.37
III.	Interest on balances with Reserve Bank of India and other inter-bank funds		49.91		41.22
IV.	Others		31.37		31.15
	<b>Total</b>		<b>9,706.55</b>		<b>8,634.84</b>

(₹ in Crores)

<b>Schedule 14- OTHER INCOME</b>		<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
I.	Commission, Exchange & Brokerage		505.50		435.84
II.	Profit on sale of investments			135.73	
	Less: Loss on sale of Investments		190.52	4.54	131.19
III.	Profit on revaluation of Investments	-		-	
	Less: Loss on revaluation of investments	-		-	-
IV.	Profit on sale of land, buildings & other assets	0.06		0.22	
	Less: Loss on sale of land, buildings & other assets	0.93	-0.87	0.53	-0.31
V.	Profit (net of loss) on exchange transactions		80.72		25.29
VI.	Income earned by way of dividends etc from subsidiaries/companies and/or joint ventures abroad/in India		-		-
VII.	Miscellaneous Income		76.08		61.01
	<b>Total</b>		<b>851.95</b>		<b>653.02</b>
	<b>Total Income</b>		<b>10,558.50</b>		<b>9,287.86</b>

(₹ in Crores)

<b>Schedule 15 - INTEREST EXPENDED</b>		<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
I.	Interest on Deposits		6,688.86		5,863.98
II.	Interest on R.B.I. / Inter-bank Borrowings		118.71		64.62
III.	Others		515.83		578.03
	<b>Total</b>		<b>7,323.40</b>		<b>6,506.63</b>

(₹ in Crores)

<b>Schedule 16 - OPERATING EXPENSES</b>		<b>As at 31-Mar-14</b>		<b>As at 31-Mar-13</b>	
I.	Payments to & Provisions for Employees		1,198.83		884.76
II.	Rent, Taxes & Lighting		144.74		120.13
III.	Printing & Stationery		13.32		12.19
IV.	Advertisement & Publicity		11.83		9.93
V.	Depreciation on Bank's Property		79.97		58.76
VI.	Directors' Fees, Allowances and Expenses		0.28		0.45
VII.	Auditors' Fee and Expenses		16.25		12.21
VIII.	Law Charges		6.01		7.00
IX.	Postage, Telegrams, Telephones etc.		11.26		7.90
X.	Repairs & Maintenance		17.86		16.29
XI.	Insurance		100.11		68.29
XII.	Other Expenditure		264.95		232.31
	<b>Total</b>		<b>1,865.41</b>		<b>1,430.22</b>

**SCHEDULE 17**  
**PRINCIPAL ACCOUNTING POLICY 2013-14**

**1. GENERAL**

- 1.1 The accompanying financial statements have been prepared under the historical cost convention and they conform to Generally Accepted Accounting Principles (GAAP) in India, which comprise the statutory provisions, guidelines of regulatory authorities and Reserve Bank of India (RBI), Accounting Standards and guidance notes issued by the Institute of Chartered Accountants of India (ICAI) and the practices prevalent in the banking industry in India.
- 1.2 The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from estimates.

**2. TRANSACTIONS INVOLVING FOREIGN EXCHANGE**

- 2.1. Foreign Currency transactions are recorded at the exchange rates prevailing on the date of the respective transactions.
- 2.2. Monetary assets and liabilities denominated in Foreign Currencies are translated at the Foreign Exchange Dealers Association of India (FEDAI) closing spot rates prevailing on the Balance Sheet date.
- 2.3. Guarantees / Standby Letters of Credit, Letters of Credit, Forward Rate Agreements, Foreign Currency Options and Forward Exchange Contracts are translated at FEDAI closing spot rates as on the Balance Sheet date.
- 2.4. a) Each outstanding forward exchange contract (Other than those mentioned in para 2.4 c) is subject to revaluation process separately.  
b) The revaluation rate for each outstanding contract is derived by maturity date-wise arithmetic interpolation. The difference between revalued and the contracted amount is recognized as profit or loss as the case may be.  
c) FCNB swaps with RBI and swaps done for arbitrage are not subject to marked to market valuation. The premium or discount arising at the inception of such forward exchange contracts is amortised as expense or income over the life of the contract.
- 2.5. Premium received / paid on outstanding currency options are accounted for as per FEDAI guidelines.
- 2.6. Gains/Losses on account of change in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognized in profit and loss account.

**3. INVESTMENTS – Domestic**

Investments are accounted for in accordance with the extant regulatory guidelines.

**3.1. Classification**

Investments are classified into three categories namely: Held to Maturity, Available for Sale and Held for Trading. Investments are further classified into the following six groups in the balance sheet:

(i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Subsidiaries / Joint Ventures and (vi) Others (CPs, Mutual Funds, Units, etc.)

**3.2. Basis of Classification**

Investments that the Bank intends to hold till maturity are classified as Held to Maturity.

Investments that are held principally for resale within 90 days from the date of purchase are classified as Held for Trading.

Investments that are not classified in the above two categories are classified as Available for Sale.

An investment is classified as 'Held to Maturity', 'Available for Sale' or 'Held for Trading' at the time of its purchase and subsequent shift amongst categories is done in conformity with Regulatory Guidelines.

### **3.3. Valuations and Accounting**

(i) In determining the cost of an investment:

- (a) Brokerage / commission received on subscription is reduced from the cost.
- (b) Brokerage / commission etc., paid in connection with the acquisition of investments is charged to revenue and not included in cost.
- (c) Broken period interest paid / received on debt instruments is treated as interest expended / income and is not included in cost / sale consideration.
- (d) Cost is determined on the weighted average cost method.
- (e) Transfer of scrips from AFS /HFT category to HTM category should be made at the lower of book value or market value. In cases where the market value is less than the book value, the provision against depreciation held against this security should be adjusted to reduce the book value to the market value and the security should be transferred at the market value.

Transfer of scrips from HTM to AFS/HFT category will be done at the acquisition price/book value. After transfer, these securities should be immediately revalued and resultant depreciation, if any, may be provided.

#### **(ii) Held to Maturity categories:**

Each security is carried at acquisition cost or at amortized cost, if acquired at a premium over the face value. Any premium on acquisition is amortized over the remaining maturity period of the security on constant yield basis. Such amortization of premium is adjusted against income under the head "Interest on investments".

#### **(iii) Available for Sale and Held for Trading categories:**

- (a) The value of investments held under the Available For Sale category is determined as per Reserve bank of India guidelines as under:
- Central Government Securities: Marked to market on the basis of prices declared for the purpose of valuation jointly by Fixed Income Money Market and Derivatives Association of India (FIMMDA) and Primary Dealers Association of India (PDAI).
  - State Government Securities and Other Trustee Securities: Marked to market on the basis of prices derived out of the yield for respective maturities declared for the purpose of valuation jointly by FIMMDA and PDAI.
  - Shares: Wherever Stock Exchange quotations are available valuation is done as per lower of the quotations in Bombay Stock Exchange or National Stock Exchange. Wherever current quotations are not available and in respect of unquoted shares (i) Valuation is as per Book Value (without considering Revaluation Reserves, if any) ascertained from the latest Balance Sheet of the Company (which is not more than one year prior to the date of valuation) (ii) In case the latest Balance Sheet is not available, the shares are valued at Re.1.00 per Company.
  - Bonds & Debentures: Valued on the YTM method for the respective maturity and rating put out by FIMMDA and PDAI.
  - Mutual Fund Units: Investment in quoted MF Units should be valued as per Stock Exchange quotations.
  - Investment in un-quoted MF Units is to be value on the basis of the latest re-purchase price declared by the MF in respect of each particular scheme. In case of funds with a lock in period, where re-purchase price/market quote is not available, units are valued at Net Asset Value(NAV). If NAV is not available, then these are valued at cost, till the end of lock in period.
  - Treasury Bills, Certificates of Deposits and Commercial Papers are valued at carrying cost.
  - Preference Shares are valued at lower of market value determined on YTM basis and its redemption value.

- (b) Each security in the above two categories is revalued at the market price or fair value determined as per Regulatory Guidelines and only the net depreciation of each group for each category is provided for and net appreciation is ignored. On provision for depreciation, the book value of the individual securities remains unchanged after marking to market.
- (iv) Security receipts issued by an Asset Reconstruction Company (ARC) are valued in accordance with the guidelines applicable for Non-SLR investments.
- (v) Investments are classified as performing and non-performing based on the following guidelines issued by the RBI.
  - (a) Interest / Installment (including maturity proceeds) is due and remains unpaid for more than 90 days.
  - (b) The above would apply mutatis mutandis to preference shares where the fixed dividend is not paid.
  - (c) In the case of equity shares, in the event of the investment in the share of any company is valued at ₹1.00 per company on account of the non-availability of the latest balance sheet, those equity shares would be reckoned as NPI.
  - (d) If any credit facility availed by the issuer is NPA in the books of the Bank, investment in any of the securities, including preference shares issued by the same issuer would also be treated as NPI and vice versa. However, if only the preference shares are classified as NPI, the investment in any of the other performing securities issued by the same issuer may not be classified as NPI and any performing credit facilities granted to that borrower need not be treated as NPA.
  - (e) The investments in debentures / bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.
- (vi) The Bank has adopted the Uniform Accounting Procedure prescribed by the RBI for accounting of Repo and Reverse Repo transactions.

### **3.4. Non-Performing Investments**

All such securities where repayment of principal or interest not serviced within 90 days from the due date are classified as Non-performing Investments, except securities guaranteed by the Central Government, which is, treated as performing investments notwithstanding arrears of principal / interest payments. In respect of investments classified as Non-performing, appropriate provisions are made for the depreciation in the value. The depreciation requirement in respect of these securities is not set off against appreciation in respect of other performing securities.

## **4. DERIVATIVES**

- 4.1. The Bank enters into derivative contracts, such as foreign currency options, interest rate swaps, currency swaps, and cross currency interest rate swaps and forward rate agreements in order to hedge on-balance sheet/off-balance sheet assets and liabilities or for trading purposes. The swap contracts entered to hedge on-balance sheet assets and liabilities are structured in such a way that they bear an opposite and offsetting impact with the underlying on-balance sheet items. The impact of such derivative instruments is correlated with the movement of the underlying assets and accounted in accordance with the principles of hedge accounting.
- 4.2. Derivative contracts classified as hedge are recorded on accrual basis. Hedge contracts are not marked to market unless the underlying Assets / Liabilities are also marked to market.
- 4.3. Except as mentioned above, all other derivative contracts are marked to market as per the generally accepted practices prevalent in the industry. In respect of derivative contracts that are marked to market, changes in the market value are recognized in the profit and loss account in the period of change. Any receivable under derivatives contracts, which remain overdue for more than 90 days, are reversed through profit and loss account.
- 4.4. Option premium paid or received is recorded in profit and loss account at the expiry of the option. The Balance in the premium received on options sold and premium paid on options bought have been considered to arrive at Mark to Market value for forex Over the Counter options.
- 4.5. Exchange Traded Derivatives entered into for trading purposes are valued at prevailing market rates based on rates given by the Exchange and the resultant gains and losses are recognized in the Profit and Loss Account.
- 4.6. Interest Rate Swaps and Forward Rate Agreements

- (a) When a hedge becomes naked in part or full owing to shrinking portfolio, and if allowed to continue till maturity, it is marked to market at regular intervals.
- (b) The periodical net cash flows arising out of Interest Rate Swaps in domestic currency are booked as income / expenditure.
- (c) The periodical net cash flows arising out of Interest Rate Swaps in foreign currency are booked as income / expenditure and form part of the exchange position in Forex transactions.
- (d) Gain / Loss arising out of swap transactions in respect of Tier I / II bonds, is computed separately. Losses, if any, are fully provided for. Gains on reset or sale is recognized as Income and appropriated to Special Reserve net of taxes and mandatory transfer to statutory reserve.

## 5. ADVANCES

5.1. All advances have been classified under four categories i.e., (i) Standard Assets (ii) Sub-Standard Assets (iii) Doubtful Assets and (iv) Loss Assets as per RBI directives / guidelines.

5.2. Advances shown in the Balance Sheet are net of:

- (a) Provision made on Non-Performing Assets (NPA)
- (b) Uncollected Interest Income in respect of NPA
- (c) Bills rediscounted with IDBI / SIDBI
- (d) Claims received
- (e) Diminution in fair value of Restructured Assets
- (f) Technical write-off
- (g) Inter-Bank Participations with Risk sharing

5.3. Provision on advances have been made in accordance with RBI guidelines / directives as under:

- (a) For Standard Assets:
  - (i) 0.25% on direct advance to agriculture and SME sectors
  - (ii) Advances to commercial real estate.
    - a. 0.75% on Advances to Commercial Real Estate - Residence Housing sector.
    - b. 1.00% on advances to Commercial Real Estate - Others.
  - (iii) 2% on Teaser Home Loans. Provisioning on these assets would be reverted to 0.40% after 1 year from the date on which the rates are reset at higher rates if the accounts remain 'standard'
  - (iv) For Restructured accounts classified as standard advances provision has been made at a higher provision in the first two years from the date of restructuring. In cases of moratorium on payment of interest/principal after restructuring, such advances will attract the prescribed higher provision for the period covering moratorium and two years thereafter.
  - (v) Restructured accounts classified as non-performing advances, when upgraded to standard category will attract a higher provision in the first year from the date of upgradation.

In respect of new restructured standard accounts with effect from June 1, 2013, provision has been made at 5 per cent and in respect of stock of restructured standard accounts as on May 31, 2013, the provision would increase from 2.75 per cent in a phased manner as under:

- 3.50 per cent - with effect from March 31, 2014 (spread over the four quarters of 2013-14)
- 4.25 per cent - with effect from March 31, 2015 (spread over the four quarters of 2014-15)
- 5.00 per cent - with effect from March 31, 2016 (spread over the four quarters of 2015-16)
- (vi) 0.40% on all other advances

(b) For all Non-Performing Assets (NPA):

- (i) Sub-standard Assets:
  - (a) A general provision of 15%
  - (b) Additional provision of 10% for exposures, which are unsecured ab-initio (where realizable value of security is not more than 10% ab-initio)
- (ii) Doubtful assets at 25%, 40% or 100% of the secured portion based on the number of years the account remained as "Doubtful Asset" and at 100% of the unsecured portion of the outstanding after netting retainable amount of the guarantee cover under the scheme of Export Credit and Guarantee Corporation (ECGC) / Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), wherever applicable and
- (iii) Loss Assets at 100%.

- 5.4. Restructuring of Advances: In respect of restructured accounts, where the outstanding is ₹1.00 crore and above, the erosion in the fair value of the advance is computed as the difference between the fair value of the loan before and after restructuring.

Fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at a rate equal to the Bank's BPLR or Base rate (which ever is applicable to the Borrower) as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring. Fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at a rate equal to the Bank's BPLR or Base rate (which ever is applicable to the Borrower) as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring.

In respect of restructured accounts, where the outstanding is less than ₹1.00 crore, the amount of diminution in the Fair value has been computed at 5% of the outstanding.

- 5.5. In the case of suit filed accounts, legal expenses are charged to Profit & Loss account and credited to revenue expenditure, when recovered.

- 5.6. Financial assets sold to Asset Reconstruction Company (ARC) / Securitisation Company (SC) are recognized as under:

- (a) In case the sale is at a price lower than the Net Book Value (NBV), the difference is charged to the Profit & Loss account.
- (b) In the case the sale is at a price higher than NBV, the surplus provision is not reversed but held separately for meeting the loss on account of sale of other NPAs.

## 6. DEPOSITS

Interest on deposits, with provision for re-investment of interest, is capitalized for every completed quarter and shown as principal.

## 7. FIXED ASSETS & DEPRECIATION

- 7.1. Premises and other fixed assets have been accounted for at historical cost. Pending registration, the land and buildings acquired by the Bank are capitalized, based on letters of allotment / agreement and the physical possession.

- 7.2. (a) Cost of furnishing items like curtains (including stitching charges) / carpets / mattresses and pillows irrespective of cost,

(b) Cost of replacement of Batteries for UPS / Inverters irrespective of cost and

(c) Other individual items costing ₹1000 or less are charged to profit and loss account in the year of purchase.

- 7.3. Depreciation on premises and other fixed assets including system software is provided for on written down value method in the manner and at rates as per Income Tax Act.

No.	Description of fixed assets	Method of charging depreciation	Depreciation/ Amortisation rate
1.	Computers including ATMs and Mobile Phones	Straight Line Method	33.33% every year
2.	Computer Software forming an integral part of hardware	Written Down Value Method	60%
3.	Computer Software which does not form an integral part of hardware	Straight Line Method	100% in the year of acquisition

- 7.4. In respect of assets acquired during the year, depreciation is charged for half year in respect of assets used for 182 days or less and for the full year in respect of assets used for more than 182 days, except depreciation on computers and software, which is charged for the full year irrespective of the period for which the asset was put to use. No depreciation is provided in the year of sale / disposal of an asset.

- 7.5. In respect of Leasehold Properties, the lease premium is amortized over the period of the lease.

## 8. EMPLOYEE BENEFITS

### 8.1. Short Term Employee benefits:

Amount of short-term employee benefits, such as casual leave and medical benefits, expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service.

### 8.2. Post Employment benefits:

#### (i) Defined Contribution Plan

The Bank operates a Provident Fund scheme, which is a defined contribution plan. All eligible employees are entitled to receive benefits under the Bank's Provident Fund scheme. The Bank contributes monthly at a determined rate (currently 10% of employee's basic pay plus eligible allowance). These contributions are made to a fund set up by the Bank and administered by a Board of Trustees. The Bank has no liability for future provident fund benefits other than its annual contribution, and recognizes such contributions as an expense in the year to which they relate.

#### (ii) Defined Benefit Plan

- (a) The Bank operates gratuity, pension and resettlement schemes, which are defined benefit plans.
- (b) The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on superannuation, on death while in employment or on termination of employment. The rate of gratuity payable to an employee is 15 days based on the rate of wages / salary last drawn by the employee as per the Payment of Gratuity Act, 1972 for every completed year of service. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for a period of not less than 5 years (on retirement, resignation, except death & disablement). To be eligible under SBT (Payment of Gratuity to Employees) Regulations, 1972 minimum service required is 10 years. The Bank makes annual contribution to the Fund administered by the Board of Trustees based on independent actuarial valuation carried out annually. The maximum amount payable as per the Payment of Gratuity Act, 1972 is ₹10.00 lakhs. The amount payable to the employees will be higher of the amount calculated as per SBT (Payment of Gratuity to Employees) Regulations or Payment of Gratuity Act, 1972, subject to deduction of Income Tax on amount in excess of ₹10.00 lakhs.
- (c) The Bank provides for pension to all eligible employees who have opted for pension and joined the services of the Bank on or before 31<sup>st</sup> March 2010. The benefit is in the form of monthly payments as per rules and regular payments to vested employees on retirement, on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules. The Bank makes annual contributions to fund administered by Board of Trustees based on an independent external actuarial valuation carried out annually.
- (d) The cost of providing defined benefits is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. Actuarial gains / losses are immediately recognized in the statement of profit and loss and are not deferred.
- (e) The bank has exercised the option of recognizing the transitional liability on adoption of Accounting Standard 15 (2005) for its defined benefit schemes against revenue and other reserves.
- (f) Defined Contributory Pension Scheme: Employees, joining services of the Bank on or after 1<sup>st</sup> April 2010 are eligible for Defined Contributory Pension Scheme in line with the New Pension Scheme introduced for employees of Central Government.
- (g) The additional liability on account of reopening of pension option for serving employees who had not opted for pension earlier as well as the enhancement in gratuity limits is being amortized over a period of five years beginning with the financial year ending March 31, 2011 as per the RBI notification.
- (h) The additional liability on account of reopening of pension option for retired employees who had not opted for pension earlier as well as the enhancement in gratuity limit is being charged to the profit and loss account.

**(iii) Other Long Term Employee benefits:**

- (a) All eligible employees of the bank are eligible to encash certain portion of their earned leave while in employment or on retirement, on death or on termination of employment, subject to a maximum amount. This is paid by the Bank as and when the liability arises.
- (b) The cost of providing other long-term benefits is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. Past service cost is immediately recognized in the statement of profit and loss and is not deferred.

**9. PROVISION FOR TAXATION**

- (a) Income tax expense is the aggregate amount of current tax, deferred tax and wealth tax. Current year taxes are determined in accordance with the prevailing tax rates and tax laws. Deferred tax adjustments comprise of changes in the deferred tax assets or liabilities during the year.
- (b) Deferred tax assets and liabilities are recognized on a prudent basis for the future tax consequences of timing differences arising between the carrying values of assets and liabilities and their respective tax basis and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted prior to the balance sheet date. The impact of changes in the deferred tax assets and liabilities is recognized in the profit and loss account.
- (c) Deferred tax assets are recognized and reassessed at each reporting date, in accordance with Accounting Standard 22 and based upon Management's judgment as to whether realization is considered certain. Deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable income.

**10. REVENUE RECOGNITION**

10.1. Income: Interest and other income are recognized on accrual basis except for the following, which are recognized on cash basis:

- (a) Income from Non performing assets (NPAs), projects under implementation with time over run and government guaranteed accounts where interest is not received regularly, is recognized upon realization as per RBI prudential norms.
- (b) Dividend on investment in shares and income distributed on units of Mutual Funds;
- (c) Locker Rent;
- (d) Exchange on demand bills purchased / commission on bills sent for collection;
- (e) Interest on Overdue bills on realization basis;
- (f) Income on cross selling products and management fee;
- (g) Interest on application money for Investments
- (h) Insurance claims.
- (i) Funded interest on restructured accounts represented by FITL.
- (j) Profit on sale / redemption of HTM securities is recognized as income and appropriated to Capital Reserve net of taxes and mandatory transfer to statutory reserves.
- (k) Income (other than interest) on investments in "Held to Maturity" category acquired at a discount to the face value, is recognized as follows:
  - a. On interest bearing securities, it is recognized only at the time of sale/redemption
  - b. On zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.

10.2. Adjustment in respect of recoveries made in NPA accounts – the recoveries made are appropriated in the order of Charges, Interest and then to Principal in live NPA and in respect of protested bills accounts, the recoveries made are appropriated in the order of Principal, Charges and then to unrealized Interest.

10.3. Income from interest on refund of income tax is accounted for in the year the assessment order is passed by the concerned authority.

10.4. Expenditure: Revenue expenditure is accounted for on accrual basis except Property Taxes and Bank's liabilities in respect of disputes pertaining to additional rent / lease rent, which are accounted for on cash basis.

## **11. NET PROFIT**

The net profit disclosed in the Profit and Loss account is arrived at, after making provisions for the following:

- (a) Provision for taxes on Income including Deferred Tax and Wealth Tax,
- (b) Provision for Non-performing Advances and / or Investments,
- (c) Provision on Standard Assets,
- (d) Interest sacrifice on restructured accounts,
- (e) Depreciation on Investments,
- (f) Transfers to contingencies and
- (g) Other usual and necessary provisions.

## **12. IMPAIRMENT OF ASSETS**

Impairment loss, if any, on Fixed Assets is recognized in accordance with the Accounting Standard 28 issued in this regard by the Institute of Chartered Accountants of India.

## **13. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

- 1 In conformity with Accounting Standard 29, "Provisions, Contingent Liabilities and Contingent Assets", the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligations, and when a reliable estimate of the amount of the obligation can be made.
- 2 No provision required for
  - i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or
  - ii. any present obligation that arises from past events but is not recognized because
    - a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
    - b) a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

- 3 Contingent Assets are not recognized in the financial Statements.

## SCHEDULE 18 – NOTES TO ACCOUNTS

### 1. CAPITAL

#### Capital Adequacy Ratio

As per the extant guidelines of RBI, Bank has migrated to Basel III framework with effect from 01.04.2013. Bank has adopted Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk towards compounding the minimum Capital under BASEL - III.

(₹ in crores)

Sl. No.	Particulars	31.03.2014	31.03.2013
i)	Common Equity Tier I capital ratio	8.12%	7.55%
ii)	Tier I capital ratio (%)	8.46%	7.89%
iii)	Tier II capital ratio (%)	2.33%	2.85%
iv)	Total Capital ratio (CRAR) (%)	10.79%	10.74%
v)	Percentage of the shareholding of the Government of India in public sector banks	--	--
vi)	Amount of equity capital raised (application money pending allotment)	385	--
vii)	Amount of Additional Tier I capital raised; of which PNCPS: PDI :	-- --	-- --
viii)	Amount of Tier II capital raised; of which Debt capital instrument: Preference Share Capital Instruments	-- --	-- --

Subordinate debts and Hybrid instruments raised as part of Tier I / Tier II Capital

(₹ in crore)

Details	Year of issue	Tenor	Interest Rate %	Amount 31.03.2014	Amount 31.03.2013
<b>Subordinated Debt</b>					
Series VI	2004-2005	111 months	7.05	195.00	195.00
Series VII	2005-2006	115 months	7.45	235.00	235.00
Series VIII	2005-2006	111 months	7.80	140.00	140.00
Series IX	2007-2008	120 months	9.20	125.00	125.00
Series X	2007-2008	120 months	9.18	125.00	125.00
Upper Tier II Bond	2006-2007	180 months	9.65	200.00	200.00
Upper Tier II Bond	2007-2008	180 months	10.25	300.00	300.00
Upper Tier II Bonds	2011-2012	180 months	9.25	500.00	500.00
<b>Innovative Perpetual Debt Instrument (IPDI) - Tier I Capital</b>					
Series I	2006-2007	Perpetual	9.34	200.00	200.00
Series II	2007-2008	Perpetual	9.95	100.00	100.00
Total				2120.00	2120.00

## 2. INVESTMENTS

(₹ in crore)

Particulars	31.03.2014	31.03.2013
<b>Value of Investments</b>		
Gross value of Investments	28,034.70	27,272.74
a) In India	28,034.70	27,272.74
b) Outside India	NIL	Nil
Less: Provisions for Depreciation	93.34	47.24
a) In India	93.34	47.24
b) Outside India		Nil
Net value of Investments	27,941.36	27,225.50
a) In India	27,941.36	27,225.50
b) Outside India	NIL	Nil
<b>Movement of Provisions held towards Depreciation on Investments</b>		
Opening Balance (as on 1 <sup>st</sup> April)	47.24	35.23
Add: Provisions made during the year	96.74	12.01
Less: Write back of excess provisions during the year		Nil
Less: Write-off during the year	*50.63	Nil
Closing Balance (as on 31 <sup>st</sup> March)	93.34	47.24

\* Depreciation on account of shifting of securities ₹50.63 crore.

2.1 In accordance with the RBI guidelines, the Bank's domestic gross investment portfolio has been classified into three categories. The classification as on 31.03.2014 is given hereunder:

(₹ in crore)

Classification	31.03.2014		31.03.2013	
	Amount	%	Amount	%
Held to Maturity - HTM	22,572.99	80.52	20,598.08	75.53
Available for Sale - AFS	5,294.80	18.89	6,674.66	24.47
Held for Trading - HFT	166.91	0.59	Nil	NA
Total	28,034.70	100.00	27,272.74	100.00

Domestic HTM securities (SLR) as a percentage of Net Demand and Time Liabilities works out to 21.38 % (\*19.85 %) as against a stipulated maximum level of 24.50% (\* 25.00 %)

### 2.2 Repo transactions during the year 2013-14

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31/03/2014
<b>Securities sold under Repo</b>				
Government Securities	*200.00 (75.00)	*,2658.00 (1700.00)	*441.00 (101.00)	#,2658.00 (Nil)
Corporate Debt Securities	Nil (NIL)	Nil (NIL)	Nil (NIL)	Nil (NIL)
<b>Securities purchased under reverse Repo</b>				
Government Securities	NIL * (100.00)	NIL * (800.00)	NIL * (11.50)	NIL (Nil)
Corporate Debt Securities	Nil (NIL)	Nil (NIL)	Nil (NIL)	Nil (NIL)

\* Amount represents LAF. (Note: Figures in brackets relate to the previous year)

# amount represents LAF, Term Repo, MSF

## 2.3 Non-SLR Investment Portfolio

Issuer composition of Non-SLR Investments as on 31.03.2014

(₹ in crore)

Sl. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Un-rated' Securities	Extent of 'Unlisted' Securities
(a)	(b)	(c)	(d)	(e)	(f)	(g)
1	PSUs	321.16 (197.30)	Nil (70.00)	1.50 (1.50)	114.00 (1.50)	Nil (13.10)
2	Financial Institutions	2368.08 (2659.82)	9.60 (62.46)	Nil (Nil)	(Nil) (Nil)	9.60 (2.91)
3	Banks	1517.27 (705.14)	Nil (62.00)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4	Private Corporate	218.72 (300.88)	17.60 (16.69)	1.23 (1.82)	2.42 (5.73)	43.39 (46.39)
5	Subsidiaries & JVs	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
6	Others	13.63 (12.50)	13.63 (12.50)	Nil (Nil)	Nil (Nil)	Nil (12.50)
7	Provision held towards Depreciation	20.06 (13.25)	Nil (1.39)	2.73 (1.50)	2.92 (1.50)	0.09 (1.50)
	<b>Total *</b>	<b>4418.80</b> <b>(3862.39)</b>	<b>40.83</b> <b>(222.26)</b>	<b>Nil</b> <b>(1.82)</b>	<b>113.50</b> <b>(5.73)</b>	<b>52.90</b> <b>(73.40)</b>

\* Total figure arrived net of depreciation. (Note: Figures in brackets relate to the previous year)

### Non Performing Non-SLR Investments

(₹ in crores)

Particulars	31.03.2014	31.03.2013
Opening balance	3.33	3.37
Additions during the year since 01.04.2013	12.15	0.00
Reductions during the above period	0.60	0.04
Closing Balance	14.88	3.33
Total Provisions held	14.88	3.33

## 2.4 a) Sale and transfers to/from HTM Category

(₹ in Crores)

Sl No	Particulars of transfer	Classification	Value of security	Total
1	Shifting from AFS TO HTM	G.SEC &SDL	4,456.28(Nil;)	4,456.28(Nil)
2	Shifting from HTM TO AFS	G.SEC &SDL	2,667.17(Nil)	2,667.17(Nil)
3	Shifting from HTM TO AFS	VCF	1.25(Nil)	1.25(Nil)
4	Sale from HTM	G.SEC & SDL	1,078.10 (1,384.58)*	1,078.10 (1,384.58)*

The value of sales and transfers of securities to/from HTM category does not exceeds 5 per cent of the book value of investments held in HTM category at the beginning of the year

Note : The 5 per cent threshold referred to above will exclude the one time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year and sales to the Reserve Bank of India under pre-announced OMO auctions

b) In terms of RBI Circular No.DBOD.BP.BC.No.41/21.04.141/2013-14 dated 23.08.2013 on "Investments portfolio of banks - Classification, Valuation and Provisioning", Bank has transferred SLR securities with face value of ₹4246.40 crores (Book Value of ₹4456.28 crores) held under AFS portfolio to HTM portfolio and the loss on such transfer amounting to ₹50.63 crores has been recognized during the year.

### 3. DERIVATIVES

#### 3.1 Interest Rate Swap / Forward Rate Agreement

##### Coupon only swap in Japanese Yen

(₹ in crore)

Particulars	31.03.2014	31.03.2013
The notional Principal of Swap agreements Interest Rate Swap	Nil	Nil
Coupon only Swap	140.00	140.00
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	14.00	14.00
Collateral required by the Bank upon entering into swaps	Nil	Nil
Concentration of credit risk arising from the swaps	Nil	Nil
The fair value of the swap book	(0.94)*	(1.36)

\*Net of provision and Special Reserve referred in para 3.1 (e) below

##### Interest Rate Swap in USD

(₹ in crore)

Particulars	31.03.2014	31.03.2013
The notional Principal of Swap agreements - Interest Rate Swap	185.74	428.85
Losses which would be incurred if counter parties failed to fulfill their obligations under the agreements	2.34	6.37
Collateral required by the Bank upon entering into swaps	Nil	Nil
Concentration of credit risk arising from the swaps	Nil	Nil
The fair value of the swap book	2.34	3.38

- The Bank has entered into (1) Interest Rate Swap (Coupon only swaps) for hedging the interest rate risks of Tier II Bonds and (2) Interest Rate Swap for hedging the interest rate risks of FCNR (B) deposits. No swap transaction was undertaken for trading purpose during the year.
- All the Interest Rate Swaps are within the counter party exposure limits.
- The value and maturity of the hedge have not exceeded the underlying liabilities and no stand-alone transactions are initiated / outstanding.
- The Coupon only swaps are done in Japanese Yen and Indian Rupees receiving Fixed Rate interest in Indian Rupee and paying Japanese Yen LIBOR for one year (plus a spread) with a cap of 1%.
- There is an exchange risk in respect of interest payout for coupon only swap transaction as the same is marked to market and provision of ₹1.20 crores is made
- Forex based Interest Rate Swaps are done in US Dollars receiving fixed and paying six month LIBOR – linked floating rate interest.
- Carrying value of the Notional Principal amount of the outstanding swaps is same as the Notional Principal amount and outstanding Interest Rate Swaps arrived at FEDAI revaluation rate as on balance sheet dates
- The Bank has not offered any collateral for undertaking the swaps.
- There is no concentration of credit risks arising from Interest Rate Swaps undertaken during the year.
- No Forward Rate Agreement transaction was undertaken during the year.
- Disclosure is made on the information/valuations provided by the counterparty banks, viz; State Bank of India and ICICI Bank Limited.

### 3.2 Exchange Traded Interest Rate Derivatives (Rupee & Forex)

(₹ in crore)

Sl. No.	Particulars	Amount
(i)	Notional Principal amount of exchange traded interest rate derivatives undertaken during the year.	Nil
(ii)	Notional Principal amount of exchange traded interest rate derivatives outstanding as on 31.03.2014.	Nil
(iii)	Notional Principal amount of exchange traded interest rate derivatives and not "highly effective".	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective".	Nil

### 3.3 Options

- (a) Options offered to customers have been covered back to back in the market.

The carrying value of the Notional Principal Amount of the outstanding options arrived at FEDAI rates and the fair value as on 31.03.2014 are:

(₹ in crore)

Particulars	Carrying Value		Fair Value	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Option Contracts	Nil	Nil	Nil	Nil

### 3.4 Disclosures on risk exposure in derivatives

#### a) Qualitative Disclosure

- Bank has started trading in currency futures through MCX Exchange with IL&FS as Clearing agent as per Board approved policy.
- As risk measurement and monitoring, the hedge instrument is marked to the market at periodical intervals to ensure its effectiveness.
- Identifying an underlying, employing a derivative to hedge the Rate Sensitive Gap and reviewing the effectiveness based on interest rate view are some of the processes in risk mitigation.
- Hedge transactions are accounted on accrual basis and no marking to market is done. However, fair value and likely loss in the event of counter party default is disclosed. Credit Risk is mitigated through counter party exposure norms set internally.

#### b) Quantitative Disclosure

Coupon only swap in Japanese Yen

(₹ in crore)

Sl. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
1	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	140.00	140.00
	b) For Trading	Nil	Nil	Nil	Nil
2	Marked to Market Positions				
	a) Asset (+)	Nil	Nil		
	b) Liability (-)	Nil	Nil	(0.94)	(1.36)
3	Credit Exposure	Nil	Nil	14.00	14.00
4	Likely impact of one percentage change in interest Rate (100*PV01)				
	a) On Hedging derivatives	Nil	Nil	1.73	2.50
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) On Hedging	Nil	Nil	1.73/2.27	2.50/3.28
	b) On Trading	Nil	Nil	Nil	Nil

\*Net of provision referred in para No.3.1 (e)

## Interest Rate Swap in USD

(₹ in crore)

Sl. No.	Particulars	Currency Derivatives		Interest Rate Derivatives	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
1	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	185.74	428.85
	b) For Trading	Nil	Nil	Nil	Nil
2	Marked to Market Positions				
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	1.05	3.38
3	Credit Exposure	Nil	Nil	2.34	6.37
4	Likely impact of one percentage change in interest Rate (100*PV01)				
	a) On Hedging derivatives	Nil	Nil	0.02	0.06
	b) On Trading derivatives	Nil	Nil	Nil	Nil
5	Maximum and Minimum of 100*PV01 observed during the year				
	a) On Hedging	Nil	Nil	0.03/0.02	0.08/0.06
	b) On Trading	Nil	Nil	Nil	Nil

(Disclosure is made based on the intimation received by the Management from the Counter party banks viz. State Bank of India and ICICI Bank Ltd.)

## 4. ASSET QUALITY

### 4.1 Non-Performing Asset

(₹ in Crores)

Particulars	31.03.2014	31.03.2013
i. Net NPAs to Net Advances (%)	2.78	1.46
ii. Movement of NPAs (Gross)		
(a) Opening balance	1,749.88	1,488.75
(b) Additions during the year	4,932.22	2,406.55
(c) Reductions during the year	3,605.16	2,145.42
(d) Closing balance	3,076.94	1,749.88
iii. Movement of Net NPAs		
(a) Opening Balance	988.58	853.57
(b) Additions during the year	4,354.17	2,118.42
(c) Reductions during the year	3,414.25	1,983.41
(d) Closing balance #	1,928.50	988.58
iv. Movement of Provisions for NPAs (Excluding provision on Standard Assets)		
(a) Opening balance @	735.42	623.12
(b) Provisions made during the year	578.05	288.13
(c) Write-off of excess provision (Utilized for write-off)	196.26	175.83
(d) Write back of excess provisions / reversal	0.00	0.00
(e) Closing balance @	1,117.21	735.42

1. Closing Balance of Gross & Net NPA is net of the interest Not Collected (INCA) and Uncollected Interest Previous Year (UIPY).
2. For the purpose of arriving at Net NPA, claims received from ECGC amounting to ₹10 cr (10.21 cr) and provision for diminution in fair value of Restructured NPA accounts amounting to ₹21.22 cr (15.67 cr) have been deducted from Gross NPA.
3. @ includes Floating provision of ₹100 cr

4.2 Disclosure of Restructured Accounts as on 31.03.2014		(₹ in Crores)																				
SL No	Type of Restructuring->	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
	Asset Classification -->	STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL	STD	SSA	DA	LA	TOTAL	
1	Restructured accounts as on April 1 of the FY (Opening Figure)*	No of borrowers	22	5	2	0	29	31	256	832	0	1119	52	76	208	0	336	105	337	1042	0	1484
		Amount outstanding	1033.1	111.3	55.2	0	1199.6	25.2	3.76	11.3	0	40.29	1055.7	77.18	18.7	0	1151.6	2114	192.2	85.22	0	2391.5
		Provision thereon	95.96	11.1	3.5	0	110.56	0.51	0.16	0.48	0	1.14	38.66	0.25	0.19	0	39.1	135.14	11.51	4.17	0	150.81
2	Fresh restructuring during the year	No of borrowers	12	0	0	0	12	37	1	0	0	38	15	0	2	0	17	64	1	2	0	67
		Amount outstanding	1514.4	0.36	0	0	1514.8	3.17	6.37	0.04	0	9.58	572.78	5.03	9.47	0	587.28	2090.4	11.77	9.5	0	2111.7
		Provision thereon	93.84	0	0	0	93.84	0.14	0.06	0	0	0.2	19.14	0	0.77	0	19.91	113.12	0.06	0.78	0	113.96
3	Upgradations to restructured standard category during the FY	No of borrowers	0	0	0	0	0	0	0	0	0	0	1	-1	0	0	0	1	-1	0	0	0
		Amount outstanding	0	0	0	0	0	0	0	0	0	0	31.96	-32	0	0	0	31.96	-32	0	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Restructured STD advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No of borrowers	1				1	40				40	13				13	54				54
		Amount outstanding	12.08				12.08	2.5				2.5	247.55				247.55	262.13				262.13
		Provision thereon	0.66				0.66	0.11				0.11	3.89				3.89	4.66				4.66
5	Downgradations of restructured accounts during the FY	No of borrowers	0	-1	1	0	0	-10	-125	134	1	0	-6	-35	40	1	0	-16	-161	175	13	11
		Amount outstanding	0	-28.4	28.4	0	0	-3.9	2.23	1.66	0	0	-75.94	23.53	52.4	0	0	-79.84	-2.6	82.43	0	0
		Provision thereon	0	-5.14	5.14	0	0	-0.2	0.08	0.07	0	0	-2.92	2.9	0.02	0	0	-3.07	-2.15	5.22	0	0
6	Write-offs of restructured accounts during the FY	No of borrowers	1	0	0	0	1	0	95	192	0	287	0	32	61	0	93	0	127	253	11	391
		Amount outstanding	20.3	1.46	3.22	0	24.98	4.04	3.09	3.86	0	10.99	124.18	7.9	15.2	0	147.23	148.53	12.46	22.22	0	183.21
		Provision thereon	9.66	0.74	2.51	0	12.91	0.04	0.14	0.14	0	0.32	8.75	0.67	0.06	0	9.48	18.47	1.55	2.71	0	22.73
7	Restructured accounts as on March 31 of the FY (Closing balance *)	No of borrowers	32	4	3	0	39	18	37	774	1	830	49	8	189	1	247	99	49	966	2	1116
		Amount outstanding	2515.2	81.83	80.3	0	2677.3	18	9.27	9.16	0	36.38	1212.8	65.88	65.5	0	1344.1	3745.9	157	154.9	0	4057.8
		Provision thereon	179.48	5.22	6.13	0	190.83	0.35	0.16	0.41	0	0.92	42.24	2.48	0.92	0	45.64	222.06	7.87	7.46	0	237.39
* Excluding the figures of Standard Advances which do not attract higher provisioning or risk weight (if applicable).																						
Data regarding borrowers restructured during the year adopted from audited branch returns. Remaining data taken from MIS statement of the Bank.																						

#### 4.3 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in crore)

Particulars	31.03.2014	31.03.2013
1. Number of accounts	Nil	Nil
2. Aggregate value (net of provisions) of accounts sold to SC / RC	Nil	Nil
3. Aggregate consideration	Nil	Nil
4. Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
5. Aggregate gain / loss over net book value	Nil	Nil

#### 4.4 Details of Non-performing financial assets purchased / sold

##### A. Details of Non-performing financial assets purchased

(₹ in crore)

Particulars	31.03.2014	31.03.2013
1. (a) Number of accounts purchased during the year	Nil	Nil
(b) Aggregate Outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate Outstanding	Nil	Nil

##### B. Details of Non-performing financial assets sold

(₹ in crore)

Particulars	31.03.2014	31.03.2013
1. Number of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

#### 4.5 Provision on Standard Assets

(₹ in crore)

Particulars	31.03.2014	31.03.2013
Provision made during the year towards Standard Assets	66.90	54.38
Cumulative Provision held for Standard Assets (Included under 'Other Liabilities & Provisions' in Schedule 5 to the Balance Sheet)	376.45	309.55

#### 4.6 Sector-wise NPAs

(₹ in crore)

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		31.03.2014	31.03.2013
1	Agriculture & Allied Activities	1.84	1.65
2	Industry (Micro & Small, Medium and Large)	5.80	2.37
3	Services	6.54	3.45
4	Personal Loans	2.47	2.36

#### 4.7 Movement of NPA

(₹ in crore)

Particulars	2013-14	2012-13
Gross NPA as on 1 <sup>st</sup> April of particular year (Opening balance)	1,749.88	1,488.75
Additions (fresh NPA) during the year	4,932.22	2,406.55
Sub - Total (A)	6,682.10	3,895.30
Less:		
i) Up gradations	2,751.74	1,485.73
ii) Recoveries (excluding recoveries made from upgraded accounts)	657.16	483.86
iii) Write-offs	196.26	175.83
Sub - Total (B)	3,605.16	2,145.42

Gross NPA as on 31 <sup>st</sup> March of following year (Closing balance) (A-B)	3,076.94	1,749.88
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#### 4.8 Overseas Assets, NPAs and Revenue

(₹ in crores)

Particulars	2013-14	2012-13
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

#### 4.9 Provision coverage ratio (PCR)

Particulars	2013-14	2012-13
Provisioning to Gross Non-Performing Assets of the Bank	52.63%	62.03%

### 5. BUSINESS RATIOS

Particulars	31.03.2014	31.03.2013
i. Interest Income as a percentage of Working Funds	9.22	9.21
ii. Non-Interest income as a percentage of Working Funds	0.81	0.70
iii. Operating profit as a percentage to Working Funds	1.30	1.44
iv. Return on Assets	0.29	0.66
f v. Business (Deposits plus Advances) per Employee (₹ in crore)	11.54	12.59
vi. Profit per Employee (₹ in crore)	0.02	0.05

## 6. ASSET LIABILITY MANAGEMENT

Maturity Pattern of certain items of Assets and Liabilities as at 31.03.2014:

(₹ in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	166.71 (154.86)	1339.10 (1706.06)	1414.30 (1715.66)	515.92 (2316.43)	4638.24 (3926.36)	5689.22 (1973.81)	6688.93 (7234.34)	20968.24 (23956.50)	17693.01 (15577.15)	30222.98 (26062.55)	89336.68 (84623.72)
Advances	350.06 (393.53)	537.79 (510.05)	600.88 (657.22)	1557.16 (2884.21)	8677.31 (13331.09)	7000.62 (7934.48)	18038.95 (13347.59)	9158.44 (8696.41)	5307.89 (5196.44)	18175.51 (14532.60)	69404.61 (67483.62)
Investments	320.35 (103.55)	39.86 (163.52)	334.73 (249.45)	76.65 (318.93)	991.65 (1743.54)	387.97 (382.80)	1602.65 (186.05)	3414.35 (3583.70)	4528.50 (3714.11)	16244.65 (16509.85)	27941.36 (27225.50)
Borrowings	974.09 (400.00)	0.00 (Nil)	0.00 (271.43)	0.00 (Nil)	1283.22 (2166.27)	987.80 (407.14)	708.41 (1270.76)	169.89 (1893.07)	769.85 (413.38)	1925.11 (1925.11)	6818.38 (8747.16)
Foreign Currency Assets	487.89 (345.38)	233.90 (286.36)	458.29 (302.72)	537.32 (39.63)	254.34 (524.11)	972.72 (623.33)	64.77 (215.73)	165.96 (108.72)	232.89 (75.78)	1.62 (0)	3409.70 (2521.76)
Foreign Currency Liabilities	92.51 (95.17)	14.50 (8.76)	13.78 (279.91)	27.44 (29.01)	111.56 (1044.63)	976.08 (573.07)	724.85 (400.22)	561.58 (550.30)	885.78 (165.80)	1.62 (15.45)	3409.70 (3162.32)

\* (Figures in brackets relate to previous year)

Note: In compiling the above data certain assumptions as per RBI guidelines and estimates have been made by the Management and relied upon by the Auditors.

## 7. EXPOSURES

### 7.1 Exposure to Real Estate Sector

(₹ in crore)

Particulars	31.03.2014	31.03.2013
<b>a. Direct Exposure</b>		
<b>i. Residential Mortgages</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (The above include priority sector advances)	10,186.00 (PSA 6,466.00)	9,064.47 (PSA 5,969.62)
<b>ii. Commercial Real Estate</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits;	683.02	752.47
<b>iii. Investments in Mortgage Based Securities (MBS) and other securitised exposures</b>		
- Residential	0.00	0.00
- Commercial Real Estate	0.00	0.00
<b>b. Indirect Exposure</b>		
Fund and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	678.17	877.30
<b>Total Exposure to Real Estate Sector</b>	<b>11,547.19</b>	<b>10,694.24</b>

(As compiled by the Management and relied upon by the Auditors)

## 7.2 Exposure to Capital Market

(₹ in crore)

Particulars	31.03.2014	31.03.2013
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds, the corpus of which is not exclusively invested in corporate debt	112.87	147.52
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	0.00	0.02
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	0.48	0.33
v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	21.42	23.24
vi) Loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
vii) Bridge loans to companies against expected equity flows / issues	Nil	Nil
viii) Underwriting commitments taken up by the Banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
ix) Financing to stockbrokers for margin trading	Nil	Nil
x) All exposures to Venture Capital Funds (both registered and unregistered)	13.63	12.52
<b>Total Exposure to Capital Market</b>	<b>148.40</b>	<b>183.63</b>

(As compiled by the Management and relied upon by the Auditors)

### 7.3 Risk Category-wise Country Exposure

(₹ in crore)

Risk Category	Based on Bank's Country Risk Management Policy			
	Exposure (net) as at 31.03.2014	Provision Held as at 31.03.2014	Exposure (net) as at 31.03.2013	Provision Held as at 31.03.2013
Insignificant	0.00	0.00	0.68	Nil
Low	1,082.38	0.00	683.73	Nil
Moderate	514.86	0.00	328.47	Nil
High	11.27	0.00	3.83	Nil
Very High	10.37	0.00	26.19	Nil
Off Credit / Restricted	0.00	0.00	0.05	Nil
Total	1,618.87	0.00	1,042.95	Nil

For compiling the country-wise risk exposure, the Bank has used the Country Risk Management Policy last reviewed and approved by the Board at its meeting held on 30.01.2014. Since the Bank does not have net funded exposure of more than 1% of its total assets as on 31.03.2014 to any of the Countries, provision for Country risk is not necessary.

### 7.4 Details of Single Borrower (SGL) / Group Borrower (GBL) Limit exceeded by the Bank

In terms of the Loan Policy, the exposure to a single borrower should not exceed 15% of Bank's capital funds. In exceptional circumstances with the approval of the Executive Committee of Bank's Board, additional exposure to a borrower up to a maximum of 5% of capital funds may be considered subject to the borrower consenting to the Bank to make appropriate disclosures in its Annual Report.

- Individual accounts (Ceiling level 15% of Capital Funds- ₹926.36 crore)  
Bank has not exceeded the exposure ceiling in any single borrower.
- Group Borrowers (Ceiling level of 40% of Capital Funds: ₹2470.28 crores)  
Bank has not exceeded the exposure ceiling in any group of borrowers.

### Unsecured Advances

(₹ in crores)

Particulars	31.03.2014	31.03.2013
Unsecured Advances against intangible securities such as charge over the rights, licenses, authority, etc. #	Nil	203.72
Other Unsecured Advances	9,159.41	8,906.93

# The estimated value of rights, licenses, authorities etc. charged on the total amount of advances are as follows:  
(₹ in crore)

31.03.2014	31.03.2013
Nil	400.00

## 8. MISCELLANEOUS

### 8.1 Amount of Provisions made for Taxes during the year:

(₹ in crore)

Particulars	31.03.2014	31.03.2013
Income Tax (including deferred tax)	232.43	279.84
Wealth Tax	0.25	0.83
Dividend Distribution Tax	2.12	16.22

### 8.2 Disclosures of Penalties imposed by Reserve Bank of India

During the year RBI has not imposed any penalty on the Bank under Section 46(4) of Banking Regulation Act.

## 9. DISCLOSURE AS PER ACCOUNTING STANDARDS (AS)

### 9.1 Accounting Standard 5: Net Profit or Loss for the period, prior period items and changes in Accounting Policies

There are no material prior period income / expenditure items and changes in accounting policies requiring disclosure under Accounting Standard 5.

### 9.2 Accounting Standard 6: Depreciation Accounting

Break up of total depreciation for the year for each class of assets is as under:

Class of Assets	(₹ in crore)	
	31.03.2014	31.03.2013
Premises	3.07	3.07
Other Fixed Assets	76.89	55.68
Leased Assets	Nil	Nil

### 9.3 Accounting Standard 9: Revenue Recognition

Certain items of income are recognized on realization basis as per Accounting Policy number 10.1. These are considered not material in terms of RBI guidelines, and hence do not require disclosure.

### 9.4 Accounting Standard 15 (Revised): Employee Benefits

#### 9.4.1 Significant changes in the Principal Accounting Policies

During the Financial Year 2010-11, the Bank re-opened the pension option for such of its employees who had not opted for pension scheme earlier. As a result of this exercise, the bank has incurred a liability of ₹ 558.35 crore. Further the limit of Gratuity payable to the employees of the Bank was also enhanced pursuant to the amendment to Payment of Gratuity Act, 1972. As a result of this the Gratuity liability of the bank has increased by ₹ 113.56 crore.

In accordance with the provision of the RBI Circular number DBOD.BP.BC.80/21.04.018/2010-11, the bank would amortize the amount of ₹ 671.91 crore over a period of five years commencing from the year ended 31.03.2011. Accordingly, ₹ 134.38 crore (representing one-fifth of ₹ 671.91 crore) has been charged to the Profit and Loss Account during the year. In terms of the requirements of the aforesaid circular, the balance amount carried forward, ie.134.38 crore does not include any amount relating to separated / retired employees and shown under "Other Assets" Schedule 11. Had such a circular not been issued by the RBI, and accounting had been done in terms of the Accounting Standard 15, Employee Benefit, the profit of the Bank for the year would have been higher by ₹134.38 crore and Reserves and Surplus would have been lower by ₹ 134.38 crore.

## 9.4.2 Employee Benefits

### i) Defined Benefit Pension Plan and Gratuity

The following table sets out the status of the defined benefit Pension Plan, Gratuity Plan and Resettlement Plan as required under Accounting Standard 15:

(₹ in crore)

Particulars	Pension Plan	Gratuity
Change in the present value of the defined benefit obligation		
Opening defined benefit obligation at 01.04.2013	2,216.64	414.87
Current Service Cost	37.70	18.82
Interest Cost	207.23	39.50
Actuarial Gains / (Losses)	100.60	15.28
Past Service Cost (Non-Vested Benefit)	Nil	Nil
Past Service Cost (Vested Benefit)	Nil	Nil
Benefits paid	-125.44	-54.90
Closing defined benefit obligation at 31.03.2014	2,235.53	403.31
Change in Plan Assets		
Opening fair value of Plan Assets at 01.04.2013	2,182.72	412.48
Expected Return on Plan Assets	190.99	36.09
Contributions by Employer	65.12	22.39
Benefit paid	-125.44	-54.90
Actuarial Gains / (Losses)	-120.55	-79.13
Closing fair value of Plan Assets at 31.03.2014	2,192.84	336.93
Reconciliation of present value of the obligation and fair value of the Plan Assets		
Present Value of Funded obligation at 31.03.2014	2,235.53	403.01
Fair Value of the Plan Assets at 31.03.2014	2,192.84	336.93
Deficit / (Surplus)	-42.69	-66.08
Experience adjustment on Plan Assets	Nil	Nil
Experience adjustment on Plan Liabilities	Nil	Nil
Unrecognized Past Service Cost	Nil	Nil
Net Liability / (Asset)	42.69	66.08
Liabilities	2,235.53	403.01
Assets	2,192.84	336.93
Net Liability / (Asset) recognized in Balance Sheet as at 31.03.2014	42.70	66.08
Net Cost recognized in the profit and loss account		
Current Service Cost	37.70	18.82
Interest Cost	207.23	39.50
Expected return on Plan Assets	-190.99	-36.09
Net actuarial losses (Gain) recognized during the year	19.95	63.85
Past Service Cost (Non-Vested Benefit) Recognized	Nil	Nil
Past Service Cost (Vested Benefit) Recognized	Nil	Nil
Total costs of defined benefit plans charged to P&L under Schedule 16 'Payments to and Provisions for Employees'	73.89	86.08
Reconciliation of expected return and actual return on Plan Assets		
Expected Return on Plan Assets	190.99	36.09
Actuarial Gain / (Loss) on Plan Assets	-125.55	-79.13
Actual Return on Plan Assets	70.44	-43.04
Reconciliation of opening and closing Net Liability recognized in Balance Sheet		
Opening Net Liability as at 01.04.2013	33.92	2.39
Expenses as recognized in profit and loss account	73.89	86.08
Employers' contribution	65.12	22.38
Net Liability / (Asset) recognized in Balance Sheet as at 31.03.2014	42.69	66.08
Expected Contribution in the next Financial Year (2014-15)	73.90	66.08

- ii) Investments under Plan Assets of Gratuity Fund & Pension Fund (Other than accrued interest, bank balance and other assets) as on 31.03.2014 are as follows:

(₹ in crore)

Category of Assets			
Gratuity Fund		Pension Fund	
Amount	% of Plan Assets	Amount	% of Plan Assets
332.62	98.72%	2,138.32	97.51%

Out of the above following investment are made in State Bank of India:

(₹ in crore)

Category of Assets			
Gratuity Fund		Pension Fund	
Amount	% of Plan Assets	Amount	% of Plan Assets
89.00	26.41%	52.00	2.37%

- iii) All the actuarial gains and losses have been fully recognized in the statement of profit and loss.

**iv) Brief description of type of plan:**

Pension is paid to all eligible pension optees, on superannuation, voluntary retirement, etc. To be eligible for pension, the employee should have put in minimum ten years of service.

Gratuity is payable to all eligible employees on superannuation, voluntary retirement, etc. To be eligible for gratuity, the employee should have put in minimum five years of service.

- v) The expected return on plan assets over the accounting period is based on an assumed rate of return. The assumed rate of return is 9.27% per annum for Pension Plan and 9.31% for Gratuity Plan.
- vi) Principal assumptions considered in the actuarial report:

Particulars	Defined Benefit Pension Plans	Gratuity
Discount Rate as at 01.04.2013	8.24%	8.24%
Expected Rate of return on Plan Asset as at 01.04.2013	7.50%	7.50%
Salary Escalation as at 01.04.2013	5.60%	5.60%
Discount Rate as at 31.03.2014	9.27%	9.31%
Expected Rate of return on Plan Asset as at 31.03.2014	9.27%	9.31%
Salary Escalation as at 31.03.2014	5.00%	5.00%

- vii) The estimates of future salary increase considered in actuarial valuation, take into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**9.4.3 Defined Contribution Plan**

Amount of ₹ 0.49 crore (₹ 0.89 crore) recognized as an expense towards the Provident Fund scheme of the Bank and ₹7.60 crores (₹ 3.09 crore) as an expense towards new pension scheme is included under the head 'Payments to and provisions for employees' in profit and loss account.

**9.4.4 Other Long term Employee Benefits**

Amount of ₹21.09 crore (Previous Year ₹14.07 crore) is recognized as an expense towards Other Long term Employee Benefits included under the head 'Payments to and Provisions for Employees' in profit and loss account.

## 9.5 Accounting Standard 17: Segment Reporting

### **Part A: Business Segments**

Pursuant to RBI guidelines, the Bank has re-classified the business segments in which the Bank operates into:

- a. Corporate / Wholesale Banking
- b. Retail Banking
- c. Treasury and
- d. Other Banking Operations

The classification has been done on the basis of following criteria:

- i) Corporate / Wholesale Banking: All loan and advance accounts with exposure of above ₹5 crore are classified under wholesale / corporate Banking.
- ii) Retail: All loan and advance accounts which are not covered above will be taken as Retail Banking.
- iii) Treasury: Entire investment portfolios are classified under Treasury segment.
- iv) Other Banking Operations: The Bank does not have Other Banking Operations segment.

### **Allocation of Income and Expenses and Assets / Liabilities:**

- a) Income and Expenses and Assets / Liabilities directly attributed to particular segment are allocated to the relative segment.
- b) Items that are not directly attributable to segments are allocated to retail and wholesale segments in proportion to the business managed / ratio of number of employees / ratio of directly attributable income.
- c) The Bank has certain common assets / liabilities and income / expense that cannot be attributed to any particular segment and hence the same are treated as unallocated.

**Part B: Business segments**

(₹ in crore)

Business Segments	Treasury		Corporate / Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Revenue	2,545.50	2,014.07	4,118.68	3,562.38	3,894.32	3,711.42	0.00	0.00	10,558.50	9,287.86
Result	-143.25	-118.47	349.66	496.70	330.61	517.48	0.00	0.00	537.02	895.71
Unallocated expenses									0.00	0.00
Operating profit *									537.02	895.71
Income taxes									232.68	280.67
Extraordinary profit / loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit									304.34	615.04
Other Information:										
Segment assets	7,902.52	32,200.61	49,829.66	33,781.36	47,115.19	35,194.66	0.00	0.00	1,04,487.37	1,01,176.63
Unallocated assets									438.05	402.70
Total assets									1,05,285.42	1,01,579.33
Segment liabilities	7,168.25	9,023.31	5,0432.23	45,329.79	47,684.94	47,226.23	0.00	0.00	105285.42	1,01,579.33
Unallocated liabilities									0.00	0.00
Total liabilities									1,05,285.42	1,01,579.33

\* Operating profit is arrived at after deduction of provisions & contingencies of ₹832.67 crore (previous year ₹455.30 crore).

## **Part C: Geographic Segment**

The Bank operates only in the Domestic segment and therefore, no separate disclosure under geographic segment is made.

### **9.6 Accounting Standard 18: Related Party Disclosures**

The Key Managerial Personnel of the Bank and their remuneration (including superannuation benefits) during 2013-14 are as below:

(₹ in crore)				
<b>Name</b>	<b>Designation</b>	<b>Period</b>	<b>Salary &amp; Allowances</b>	<b>Perquisites</b>
Shri P Nandakumaran	Managing Director	2013-2014	0.03	0.01
Shri Jeevandas Narayan	Managing Director	2013-2014	0.07	0.01

Note: As all the other related parties are State Controlled Enterprises as defined in Accounting Standard 18 issued by the Institute of Chartered Accountants of India, transactions with them are not disclosed.

### **9.7 Accounting Standard 19: Leases**

The properties taken on lease / rental basis are renewable / cancelable at the option of the Bank. The Bank's liabilities in respect of disputes pertaining to additional rent / lease rent are recognized on settlement or on renewal.

### **9.8 Accounting Standard 20: Earnings Per Share**

Earnings per share has been computed as under:

<b>Particulars</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Net Profit (₹ in crore)	304.34	615.04
Weighted Average Number of Equity Shares	5,00,00,000	5,00,00,000
Earnings per share in Rupees - Basic (Face value of share ₹10)	60.87	123.01
Earnings per share in Rupees – Diluted(Face value of share ₹10)	60.87	123.01

### **9.9 Accounting Standard 22: Accounting for Taxes and Income**

a) The breakup of the Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) as on 31.03.2014 into major components of the respective balances is as under:

(₹ in crore)			
<b>Tax effects of timing differences</b>	<b>Opening Balance as on 31.03.13</b>	<b>Adjustment during the year in P&amp;L</b>	<b>Closing Balance as on 31.03.14</b>
<b>Deferred Tax Assets (DTA)</b>			
Provision on Employee Benefits	63.38	4.01	67.39
Depreciation of Investments	135.86	-32.06	103.80
Wage Revision		46.80	46.80
Fixed Assets		1.48	1.48
<b>Total Deferred Tax Assets</b>	<b>199.24</b>	<b>20.23</b>	<b>219.47</b>
<b>Deferred Tax Liabilities (DTL)</b>			
Amortisation of Pension & Gratuity	(87.2)	41.52	(45.68)
SBT Spl. HL Insurance Premium	(2.47)	0.32	(2.15)
Fixed Assets	(0.67)	0.67	0.00
Provision u/s 36(1)viii		(25.17)	(25.17)
<b>Total Deferred Tax Liabilities</b>	<b>90.34</b>	<b>17.34</b>	<b>(73.00)</b>
Net Deferred Tax Assets/ (Liabilities)	108.90	(37.57)	146.47
DTL on balance in Spl. Reserve a/c u/s 36(1)(viii) as on 31.03.2013 debited to General Reserve			(79.88)
Net Deferred Tax Assets / (Liabilities)			66.59

- b) In terms of circular No.RBI/2013-14/412 DBOD.No. BP.BC.77/ 21.04.018/2013-14 dated 20.12.2013, issued by Reserve Bank of India, the bank has created DTL of ₹79.88 crores for the Special Reserve of ₹235.00 crores created under Section 36(1) (viii) of Income Tax Act, 1961 as at 31.03.2013 directly from General Reserves. The expenditure of ₹25.17 crores towards creation of DTL on Special Reserve for the current year is charged to the Profit and Loss Account.

#### **9.10 Accounting Standard 28: Impairment of Assets**

In the opinion of the Management, there is no impairment to the assets to which Accounting Standard 28 on “Impairment of Assets” applies.

#### **9.11 Accounting Standard 29: Statement of Provisions, Liabilities and Contingent Liabilities**

##### **a) Movement in Provision for Contingent liabilities**

Particulars	(₹ in crores)	
	31.03.2014	31.03.2013
Balance as on 1 <sup>st</sup> April	1.72	1.72
Additions during the year	Nil	Nil
Utilized / Reversed during the year	Nil	Nil
Balance as on 31 <sup>st</sup> March	1.72	1.72

##### **b) Contingent liabilities**

Liabilities at Item - I and VIII of Schedule 12 of the Balance Sheet are dependent upon the outcome of court / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, development and raising of demand by concerned parties, respectively.

##### **c) Claims against the Bank, not acknowledged as debts**

Total claims against the Bank, which is not acknowledged as debt includes tax demands in respect of which the Bank is in appeal of ₹158.74 crore and the cases sub-judice ₹1.73 crore.

The Bank is a party to various proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank’s financial conditions, results of operations or cash flows.

##### **d) Liability on account of outstanding forward exchange contracts**

The bank enters in to foreign exchange contracts, currency options forward rate agreements, currency swaps and interest rate swaps with inter-Bank participants on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts that are recorded as Contingent Liabilities, are typically amounts used as a benchmark for the calculation of the interest component of the contracts.

##### **e) Guarantees given on behalf of Constituents, acceptance, endorsements and other obligations**

As part of its commercial banking activities, the Bank issues Documentary credits and guarantees on behalf of its customers Documentary credits enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfill his financial or performance obligations.

##### **f) Other items for which the bank is contingently liable**

The Bank is a party to various taxation matters in respect of which appeals are pending. These are being contested by the Bank and not provide for. Further, the Bank has made commitments to subscribe to shares in the normal course of business.

## 10. FIXED ASSETS

- a) Depreciation on flats has been provided on the actual cost of acquisition, as land value is not separately available
- b) Gross Value of fixed assets (other than premises) jointly owned by State Bank of India and other Associate Banks

(₹ in crore)

	31.03.2014		31.03.2013	
	Gross Value	Bank's Share(10%)	Gross Value	Bank's Share(10%)
Gross Value	990.40	99.04	808.09	80.81
Accumulated Depreciation	912.90	91.29	757.99	75.80
Written Down Value	77.50	7.75	50.10	5.01

## 11. INTER OFFICE ACCOUNTS

Reconciliation of transactions in inter-branch transactions, ATM balances, Accounts with State Bank of India & Associate Banks, Government (Central & State) transactions accounts, Draft Payable account, Nostro accounts, System Suspense account, Clearing and other Adjusting accounts are completed upto 31.3.2014 and steps for elimination of outstanding entries are in progress. In the opinion of the management, there are no significant items in the reconciliation to have any material consequential effect.

## 12. OTHER / ADDITIONAL DISCLOSURES

### 12.1 Details of Provisions and Contingencies

(₹ in crore)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit & Loss account	2013-14	2012-13
Provision for Depreciation on Investment	96.74	12.01
Provision towards NPA	577.78	288.13
Provision towards Standard Asset	66.90	54.38
Provision made towards Income Tax (Including deferred tax)	232.43	279.84
Other Provision and Contingencies (with details)		
a) Provision for interest sacrifice on restructured NPA accounts	5.55	14.18
b) Provision for interest sacrifice on restructured Standard Assets	85.35	90.41
c) Provision for other Miscellaneous items	0.35	(3.81)
d) Wealth Tax	0.25	0.83
<b>TOTAL</b>	<b>1065.35</b>	<b>735.97</b>

### 12.2 Floating Provision

(₹ in crore)

Particulars	2013-14	2012-13
a) Opening Balance in the floating provisions account	100.00	100.00
b) The quantum of floating provisions made in the accounting year	Nil	Nil
c) Amount of draw down made during the accounting year	Nil	Nil
d) Closing balance in the floating provisions account	<b>100.00</b>	<b>100.00</b>

### 12.3 Draw Down from Reserves

Amount drawn from reserves during the year is ₹79.88 crores (Nil) in terms of circular No.RBI/2013-14/412 DBOD.No. BP.BC.77/ 21.04.018/2013-14 dated 20.12.2013, issued by Reserve Bank of India.

## 12.4 Disclosure of Complaints

### A. Customer Complaints

Sl. No.	Particulars	Numbers
1	Number of Complaints pending at the beginning of the year	61
2	Number of Complaints received during the year	1970
3	Number of Complaints redressed during the year	1971
4	Number of Complaints pending at the end of the year	60

### B. Award passed by the Banking Ombudsman

Sl. No.	Particulars	Numbers
1	Number of Unimplemented Awards at the beginning of the year	NIL
2	Number of Awards passed by the Banking Ombudsmen during the year	NIL
3	Number of Awards implemented during the year	NIL
4	Number of Unimplemented Awards at the end of the year	NIL

## 12.5 Disclosure of Letter of Comforts (LoCs) issued by the Bank

The Bank has not issued any Letter of Comforts (LoCs) during the year other than those issued in the normal course of business.

## 12.6 Fees/Remuneration received in respect of Banc-assurance business undertaken by the Bank

The Bank has received the following fees / remuneration in respect of the Banc-assurance business undertaken by the Bank:

Sl. No.	Nature of income	2013-14	2012-13
1	For selling Life Insurance Policy	7.51	6.70
2	For selling Non-Life Insurance Policy	2.78	2.12
3	For selling Mutual Fund products	0.82	0.97
4	Others - SBI Cards, etc.	0.04	0.08
	TOTAL	11.15	9.87

(₹ in crore)

## 12.7 Concentration of Deposits, Advances, Exposures and NPAs

### A. Concentration of Deposits

Particulars	2013-14	2012-13
Total Deposits of twenty largest Depositors	12059.40	10210.65
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	13.49%	12.07%

(₹ in crore)

### B. Concentration of Advances

Particulars	2013-14	2012-13
Total Advances to twenty largest Borrowers	9116.16	7,944.87
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	12.93%	11.57%

(₹ in crore)

C. **Concentration of Exposures**

Particulars	(₹ in crore)	
	2013-14	2012-13
Total Exposure to twenty largest Borrowers / Customers	13,309.10	10,074.16
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	12.74%	12.21%

D. **Concentration of NPA**

Particulars	(₹ in crore)	
	2013-14	2012-13
Total Exposure to Top four NPA accounts	772.37	324.40

**12.8 Off-Balance Sheet SPVs sponsored**

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

**12.9 Previous year's figures have been regrouped / rearranged wherever necessary.**

## EXAMINATION REPORT

**The Board of Directors**  
**State Bank of Travancore**  
Poojappura,  
Thiruvananthapuram

**Re: Examination Report on the Unaudited Limited Reviewed Abridged Financial Statements of State Bank of Travancore (“Bank”) in connection with the proposed rights issue of securities of the Bank (“Issue”).**

1. We have reviewed the accompanying un-audited Balance Sheet of State Bank of Travancore (the “**Bank**”) as at September 30, 2014, and the related Profit and Loss Account for six months ended on that date annexed thereto (all of which are hereinafter referred to as the “**Abridged Financial Statements**”), for the purpose of its inclusion in the Draft Letter of Offer /Letter of Offer prepared by the Bank in connection with its proposed rights issue. The Statement is responsibility of the Bank’s management and has been taken on record by Board of Directors of the Bank. Our responsibility is to issue a report on the Statement based on our review of the Statement, which has been prepared by the Bank’s management pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended (“**SEBI (ICDR) Regulations 2009**”), issued by the Securities and Exchange Board of India (“**SEBI**”), in accordance with Accounting Standard 25 (“**AS 25**”) on Interim Financial Reporting, and other applicable accounting standards.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 – “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” – issued by Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A limited review of interim financial statements consists principally of applying analytical procedures to financial data and making enquiries with the Bank personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards followed in India, objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement, prepared in all material respects in accordance with AS 25, has not disclosed the information required to be disclosed in terms of AS 25 read with Paragraph A (3) in Clause X in Part E of SEBI (ICDR) Regulations 2009, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. This report is intended solely for the use of the Bank for filing with SEBI and Stock Exchanges in connection with the proposed rights issue of Equity shares of the Bank under SEBI (ICDR) Regulations 2009 and the same should not be used, referred to or distributed for any other purpose, without our prior written consent. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

For Abraham & Jose  
Chartered Accountants

Sd/-  
Mukesh K P  
Partner  
Membership No.214773  
FRN 000010S

For G K Rao & Co  
Chartered Accountants.

Sd/-  
B Suryanarayana Reddy  
Partner  
Membership No.021071  
FRN 003124S

For R G N Price & Co  
Chartered Accountants

Sd/-  
P M Veeramani  
Partner  
Membership No.023933  
FRN 002785S

For Kumar Vijay Gupta & Co  
Chartered Accountants.

Sd/-  
Mahesh Kumar Goyal  
Partner  
Membership No.088958  
FRN 07814N

**Date:** 18.12.2014  
**Place:** Thiruvananthapuram

**BALANCE SHEET AS AT SEPTEMBER 30, 2014**

₹ in Crores

	As on 30-Sep-2014	As on 31-Mar-2014
<b>CAPITAL AND LIABILITIES</b>		
Capital	59.25	50.00
Share Application Money Pending for Allotment	0.00	385.00
Reserves and Surplus	4,969.78	4,524.82
Deposits	92,586.22	89,336.68
Borrowings	3,954.61	6,818.38
Other liabilities and provisions	3,458.66	4,170.54
<b>TOTAL</b>	<b>1,05,028.52</b>	<b>1,05,285.42</b>
<b>ASSETS</b>		
Cash and balances with Reserve Bank of India	4,752.31	4,458.57
Balances with banks and money at call and short notice	1,623.92	1,200.60
Investments	28,377.14	27,941.37
Advances	67,722.58	69,404.61
Fixed Assets	375.58	339.01
Other Assets	2,176.99	1,941.26
<b>TOTAL</b>	<b>1,05,028.52</b>	<b>1,05,285.42</b>
Contingent liabilities	25,263.51	29,060.72
Bills for Collection	4,481.03	4,236.55
Notes on accounts		

**PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2014**

₹ in Crores

		Half Year ended 30-Sep-2014	Half Year ended 30-Sep-2013	Year ended 31-Mar-2014
<b>I.</b>	<b>INCOME</b>			
	Interest earned	4,859.75	4,785.57	9,706.55
	Other income	393.41	397.57	851.95
	<b>TOTAL</b>	<b>5,253.16</b>	<b>5,183.14</b>	<b>10,558.50</b>
<b>II.</b>	<b>EXPENDITURE</b>			
	Interest expended	3,752.15	3,603.54	7,323.40
	Operating expenses	945.33	850.26	1,865.41
	Provisions and contingencies	486.46	488.34	1,065.35
	<b>TOTAL</b>	<b>5,183.94</b>	<b>4,942.14</b>	<b>10,254.16</b>
<b>III.</b>	<b>PROFIT</b>			
	Net Profit	69.22	241.00	304.34
	Profit brought forward	3.02	1.37	1.37
	<b>TOTAL</b>	<b>72.24</b>	<b>242.37</b>	<b>305.71</b>
<b>IV.</b>	<b>APPROPRIATIONS</b>			
	Transfer to Statutory Reserves			76.09
	Transfer to Capital Reserves			7.93
	Transfer to Investment Reserves			0
	Transfer to Revenue and Other Reserves			204.05
	Proposed Dividend 25%			12.50
	Dividend Tax			2.12
	Balance carried over to Balance Sheet			3.02
	<b>TOTAL</b>			<b>305.71</b>
	Basic/Diluted Earnings per Share (in ₹)	11.68	48.20	60.87
	Notes on Accounts			

NOTES:	
1	The above financial results have been arrived at after considering provisions for Non-Performing Assets, Standard Assets, all applicable taxes, amortisation of premium relating to investment under 'Held to Maturity' category, Depreciation on Investments and Fixed Assets, Diminution in fair value of Advances in respect of Restructured Accounts and other usual and necessary provisions on estimated and proportionate basis. There are no changes in the accounting policies during the period.
2	Reconciliation of Inter-branch transactions, Accounts with State Bank of India, Associate Banks / Other Banks, Government Transactions (both State and Central), Balance in Office account, Nostro Accounts, System Suspense Account, Clearing, other Adjusting Accounts and ATM Balances is in progress. In the opinion of the management, no material impact of such reconciliation on financial statements is anticipated.
3	The operating results for the quarter ended 30th September, 2014 are the balancing figures between published figures in respect of Ist half year and the published year-to-date figures upto the Ist quarter of the respective years.
4	The employees cost comprising provision for Pension and Gratuity for the half year ended 30th September, 2014 includes an amount of ₹67.19 Crores (corresponding period during previous year-₹67.19 Crores) towards amortization of expenses relating to second option for pension for serving employees and enhancement in ceiling of Gratuity as per the guidelines of Reserve Bank of India vide circular No.DBOD.BP.BC.80/21.04.018/2010-11 dated 09 <sup>th</sup> February 2011.

5	In accordance with RBI guidelines, the Bank has shifted the securities from AFS to HTM category amounting to ₹1,445.00 crores (Book value of ₹1402.15 crores) during the half year and the resultant depreciation of ₹35.74 crores has been charged to Profit & Loss account.								
6	In terms of RBI Circular DBOD.BP.BC.2/21.06.201/2013-14 dated 1 <sup>st</sup> July, 2013, banks are required to make half yearly Pillar 3 disclosure under Basel III capital requirements with effect from 30 <sup>th</sup> September 2013. The disclosure has been placed on the website of the bank which can be accessed at the link <a href="http://sbt.co.in/sbtr/basel/basel.htm">http://sbt.co.in/sbtr/basel/basel.htm</a> This disclosure has not been subjected to limited review by the statutory auditors of the bank.								
7	Based on the available data, financial statements and declaration from the borrowers wherever received, the Bank has estimated the liability of ₹16.35 crore on Unhedged Foreign Currency Exposure to their constituents in terms of RBI Circular DBOD.No.BP.BC.85/21.06.200/2013-14 dated 15 <sup>th</sup> January 2014 and subsequent clarification vide circular DBOD.No.BP.BC.116/21.06.200/2013-14 dated 3 <sup>rd</sup> June 2014. As permitted in the said RBI circular, out of the total liability of ₹12.00 crore as at 30th June, 2014, one half amounting to ₹6.00 crore has been provided during the half year ended 30th September, 2014 by the Bank. The incremental liability of ₹4.35 crores as at 30th Sept. 2014 is also provided for.								
8	During the half year ended 30th September 2014, the Bank has allotted 9253473 Equity Shares of ₹10/- each @ ₹416.06 per share to State Bank of India aggregating to ₹385.00 crore on preferential basis.								
9	During the half year, Bank has assigned financial assets having a Net Book Value of ₹514.17 crore to asset reconstruction company for a consideration of ₹267.32 crore. In terms of RBI Circular DBOD.BP.BC.No. 98/21.04.132/2013-14 dated 26 <sup>th</sup> February 2014; the Bank has spread over the net short fall of ₹246.85 crore over a period of two years. Consequently, an amount of ₹61.72 crores has been charged off during the half year ended 30 <sup>th</sup> September 2014.								
10	During the half year ended 30th September, 2014, the Bank has recognised Deferred Tax Assets on provision for Diminution in fair value of restructured standard assets, which was hitherto not being done. Accordingly, an amount of ₹81.62 crores (including ₹77.82 crores relating to the period upto 31.03.2014) has been accounted for in the current period under review.								
11	Corresponding previous period/ year figures have been regrouped / rearranged, wherever necessary.								
12	The above results have been taken on record and approved by the Board of Directors of the Bank at its meeting held on 29th October, 2014.								
13	Details of Investor Complaints for the half year ended 30th September, 2014:								
	<table border="1"> <thead> <tr> <th>Beginning</th> <th>Received</th> <th>Disposed off</th> <th>Lying Un-resolved</th> </tr> </thead> <tbody> <tr> <td>NIL</td> <td>9</td> <td>9</td> <td>NIL</td> </tr> </tbody> </table>	Beginning	Received	Disposed off	Lying Un-resolved	NIL	9	9	NIL
Beginning	Received	Disposed off	Lying Un-resolved						
NIL	9	9	NIL						

## STOCK MARKET DATA FOR THE EQUITY SHARES OF OUR BANK

Our Bank's Equity Shares are currently listed on the BSE, NSE, MSE & CSE\*. The equity shares of our Bank have not been traded during the last 3 (three) years on MSE and CSE. As the equity shares are only traded on the BSE and NSE, the stock market data has been given separately of these Stock Exchanges. Stated below is the stock market data for our Bank's Equity Shares for the period indicated.

\*SEBI has vide order dated December 23, 2014 bearing No. WTM/RKA /MRD/163/2014 allowed exit to the CSE.

**1. The high and low prices recorded on the BSE and the NSE for the preceding three Financial Years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.**

BSE									
Year ending March 31,	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Turnover on date of High (₹ In crores)	Date of Low	Low (₹)	Volume on Date of Low (No. of Equity Shares)	Turnover on Date of Low (₹ In crores)	Average price for the year (₹)
2012	Apr 26, 2011	816.00	36,953	2.96	Jan 02, 2012	451.00	1,151	0.05	628.78
2013	Dec 10, 2012	648.00	2,24,109	13.84	May 23, 2012	470.10	1,433	0.07	528.60
2014	May 08, 2013	574.00	9,775	0.55	Mar 14, 2014	364.50	1,994	0.07	452.39

(Source: [www.bseindia.com](http://www.bseindia.com))

NSE									
Year ending March 31,	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Turnover on date of High (₹ In crores)	Date of Low	Low (₹)	Volume on Date of Low (No. of Equity Shares)	Turnover on Date of Low (₹ In crores)	Average price for the year (₹)
2012	Apr 26, 2011	815.00	89,091	7.13	Jan 02, 2012	450.00	5,628	0.26	628.99
2013	Dec 10, 2012	644.90	7,07,411	43.67	Jun 04, 2012	458.00	6,485	0.31	528.55
2014	May 08, 2013	574.40	31,921	1.78	Feb 11, 2014	342.80	11,542	0.44	452.43

(Source: [www.nseindia.com](http://www.nseindia.com))

**Notes:**

- (1) High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares for the year
- (2) Average price is the average of the daily closing prices of the Equity Shares for the year
- (3) In case of two days with the same high/low/closing price, the date with the higher volume has been considered.

**2. Monthly high and low prices and trading volumes on the Stock Exchanges for the six months preceding the date of filing of this Letter of Offer:**

BSE									
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Turnover on date of High (₹ In crores)	Date of Low	Low (₹)	Volume on Date of Low (No. of Equity Shares)	Turnover on Date of Low (₹ In crores)	Average price for the month (₹)
Feb-15	Feb 02, 2015	570.05	7,421	0.42	Feb 09, 2015	516.05	4637	0.25	542.55
Jan-15	Jan 15, 2015	577.00	7,255	0.41	Jan 07, 2015	517.65	9853	0.52	547.07
Dec-14	Dec 01, 2014	555.00	4,374	0.22	Dec 17, 2014	441.00	8309	0.38	487.53
Nov-14	Nov 20, 2014	519.40	28,059	1.41	Nov 05, 2014	421.05	9,401	0.40	461.14
Oct-14	Oct 28, 2014	493.05	62,279	2.91	Oct 30, 2014	417.40	35,377	1.50	438.29
Sep-14	Sep 01, 2014	540.00	3,054	0.16	Sep 30, 2014	442.50	1,789	0.08	498.82

(Source: [www.bseindia.com](http://www.bseindia.com))

NSE									
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Turnover on date of High (₹ In crores)	Date of Low	Low (₹)	Volume on Date of Low (No. of Equity Shares)	Turnover on Date of Low (₹ In crores)	Average price for the month (₹)
Feb-15	Feb 24, 2015	569.90	43,908	2.46	Feb 11, 2015	520.00	13,314	0.71	544.03
Jan-15	Jan 15, 2015	577.70	59,550	3.34	Jan 1, 2015	521.35	164,929	8.94	547.14
Dec-14	Dec 31, 2014	550.95	122,232	6.56	Dec 17, 2014	440.00	27,534	1.24	487.67
Nov-14	Nov 20, 2014	522.00	2,17,169	10.91	Nov 03, 2014	420.00	43,532	1.85	461.66
Oct-14	Oct 28, 2014	492.75	4,10,153	19.09	Oct 30, 2014	416.40	1,56,766	6.67	437.18
Sep-14	Sep 01, 2014	544.60	13,391	0.72	Sep 30, 2014	440.10	13,891	0.62	498.17

(Source: [www.nseindia.com](http://www.nseindia.com))

**Notes:**

- (1) High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares for the month
- (2) Average price is the average of the daily closing prices of the Equity Shares for the month
- (3) In case of two days with the same high/low/closing price, the date with the higher volume has been considered.

**3. The week-end closing prices, highest prices and lowest prices of the Equity Shares for last four weeks on the BSE and NSE is provided in the tables below:**

BSE					
Week Ending on	Closing Price (₹)*	Highest Price (₹)	Date of High	Lowest Price (₹)	Date of Low
February 28, 2015	558.20	568.40	February 24, 2015	533.25	February 25, 2015
February 20, 2015	540.85	547.85	February 20, 2015	521.35	February 18, 2015
February 13, 2015	536.90	545.75	February 11, 2015	516.05	February 09, 2015
January 06, 2015	536.75	570.05	February 02, 2015	534.20	February 06, 2015

Source: [www.bseindia.com](http://www.bseindia.com)

\*Closing price on the last trading day of the week

NSE					
Week Ending on	Closing Price (₹)*	Highest Price (₹)	Date of High	Lowest Price (₹)	Date of Low
February 28, 2015	559.95	569.90	February 24, 2015	537.40	February 25, 2015
February 20, 2015	542.15	549.00	February 20, 2015	520.25	February 19, 2015
February 13, 2015	534.30	548.00	February 11, 2015	520.00	February 11, 2015
January 06, 2015	537.80	567.90	February 02, 2015	532.00	February 06, 2015

Source: [www.nseindia.com](http://www.nseindia.com)

\*Closing price on the last trading day of the week

**4. Market price on March 27, 2014, the first working day following the Board Meeting approving the Issue was:**

Date	BSE				NSE			
	Open(₹)	High(₹)	Low(₹)	Close(₹)	Open(₹)	High(₹)	Low(₹)	Close(₹)
March 27, 2014	440.00	440.00	422.00	423.60	430.50	439.25	420.05	423.25

(Source: [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com).)

**5. Current Market Price**

The closing prices of our Equity Shares on BSE and NSE on March 03, 2015, the trading day immediately prior to the date of the Letter of Offer were ₹ 518.05 and ₹ 519.50 per Equity Share, respectively. (Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), the websites of BSE and NSE, respectively)

## ACCOUNTING AND OTHER RATIOS

The following table presents certain accounting and other ratios derived from our audited financial statements as at March 31, 2014, included in the chapter titled "Financial Statements" on page 73 of this Letter of Offer.

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Number of equity shares outstanding	5,00,00,000	5,00,00,000
Net Worth (₹ crores)	4,758.85*	3,987.31
Earnings per Equity Share:		
- Basic (₹)	60.87	123.01
- Diluted (₹)	60.87	123.01
Return on Net Worth (%)	6.40	15.42
Net Asset Value Per Equity Share (₹)	874.77#	797.46

\*includes share application money pending allotment

#Share application money pending allotment amounting to ₹385.00 crores has not been considered

The following table presents certain accounting and other ratios derived from our Bank's Limited review for the six months period ended on September 30, 2014:

Particulars	For the six months period ended September 30, 2014
Number of equity shares outstanding	5,92,53,473
Net Worth (₹ crores)	4,598.82
Earnings per Equity Share:	
- Basic (₹)	11.68*
- Diluted (₹)	11.68*
Return on Net Worth (%)	3.01**
Net Asset Value Per Equity Share (₹)	776.17

\*Non Annualised

\*\* Annualised

The Ratios have been computed as below:

<b>Earnings per Equity Shares (Basic) (₹)</b>	<u>Net profit /(loss) after tax attributable to Equity Shareholders</u>
	Weighted average number of Equity Shares outstanding at the end of the fiscal year/period
<b>Earnings per Equity Shares (Diluted) (₹)</b>	<u>Net profit /(loss) after tax attributable to Equity Shareholders</u>
	Weighted average number of diluted Equity Shares outstanding at the end of the fiscal year/period
<b>Return On Net worth (%):</b>	<u>Net profit /(loss) after tax</u>
	Net Worth (being sum of equity share capital and reserves, excluding forfeiture amount, Excluding Net Deferred Tax Asset and Deferred Expenditure) at the end of the fiscal year/period (excluding revaluation reserves)
<b>Net Asset Value per Equity Share (₹)</b>	<u>Net Worth (being sum of equity share capital and reserves, excluding Net Deferred Tax Asset and Deferred Expenditure) at the end of the fiscal year (excluding revaluation reserves)</u>
	Weighted average number of Equity shares outstanding at the end of the fiscal year/period

**CAPITALISATION STATEMENT:**

₹ in Crores

Capitalisation Statement	Pre-Issue as on March 31, 2014 *	As adjusted for the Issue
<b>Loan Funds</b>		
Long Term Debt (Refer Note 1)	2,864.85	2864.85
Short Term Debt (Refer Note 2)	3,953.52	3953.52
<b>Total debt</b>	<b>6,818.37</b>	<b>6818.37</b>
<b>Shareholders Fund</b>		
<b>Share Capital</b>	50.00	71.10**
Share Application Money Pending Allotment	385.00	---
Reserves & Surplus (Net of Revaluation Reserve Deferred Tax Assets and deferred Expenditure)	4,323.85	5161.78 <sup>#</sup>
<b>Total Shareholders' Funds</b>	<b>4,758.85</b>	<b>5232.88</b>
Long Term Debt/Equity ratio	0.60	<b>0.55</b>
Total debt / Equity ratio	1.43	<b>1.30</b>

\* The above has been computed on the basis of audited financial statements.

\*\*Includes ₹9.25 crores being the face value of paid up capital allotted to SBI vide preferential allotment on 20.05.2014 and ₹11.85 crores being the face value of the paid up capital of the proposed Rights Issue.

<sup>#</sup>Includes ₹375.75 crores being the share premium on shares allotted to SBI vide preferential allotment on 20.05.2014 and ₹462.18 crores being the share premium on shares to be allotted in the proposed Rights Issue

## Notes:

1. Long Term Debts represent Sub-ordinate Debt, Perpetual Debt and other Debts payable after one year from March 31, 2014.
2. Short Term Debts represent Debts maturing within one year from March 31, 2014 and interest accrued on Debts.
3. The long term debt/equity ratio has been computed as under:  
Long term debt / total shareholders' funds
4. The total debt / equity ratio has been computed as under:  
Total debt / total shareholders' funds
5. Total Shareholders' Fund / Equity = Equity Share Capital + Securities Premium Account + General Reserve + Debenture Redemption Reserve + Capital Reserve + Surplus in the Statement of Profit and Loss (Excluding Foreign Currency Translation Reserve, Cash Flow Hedge Reserve and Capital Reserve on Consolidation)

**The Issue price of ₹ 400 has been arrived at in consultation between our Bank and the Lead Managers.**

## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND OTHER DEFAULTS

Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against us that would have a material adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, dues payable to holders of any debentures and bonds that would have a material adverse effect on our business other than unclaimed liabilities against us as of the date of this Letter of Offer. Except as disclosed below, we are not aware of any litigation involving moral turpitude, material violations of statutory regulations and or proceedings relating to economic offences which have arisen in the last ten years.

Further, except as disclosed below, our Bank is not subject to:

- a) Any outstanding litigations, which does not impact the future revenues of our Bank, but which impacts more than one percent of the net worth of our Bank for the last completed financial year.
- b) Any outstanding litigations which impacts the future revenues of our Bank, on a several basis which impacts more than one percent of the revenue of our Bank for the last completed financial year.

Further, except as specifically provided below, we confirm that:

- a) None of our directors are on the RBI's list of willful defaulters;
- b) No regulatory action has been initiated in the last three years against us;
- c) There have been no notices issued against us in the last five year period by SEBI or Stock Exchanges and no proceedings have been initiated by SEBI or Stock Exchanges against us.

Further from time to time, we have been and continue to be involved in legal proceedings filed by and against us, rising in the ordinary course of our business. These legal proceedings are both in the nature of civil, labour and tax proceedings. We believe that the number of proceedings in which we are/ were involved is not unusual for a Bank of our size doing business in India.

Summary of outstanding legal proceedings, having material adverse effect, initiated against our Bank and Directors (in respect of matters relating to our Bank), as on the date of this Letter of Offer:

Category	Bank		Directors	
	Total number of Cases	Amount Involved in ₹ crores (to the extent quantifiable)	Total number of Cases	Amount Involved in ₹ Crores (to the extent quantifiable)
<b>Criminal proceedings</b>	-	-	2	Non-Quantifiable
<b>Civil proceedings</b>	3	Non-Quantifiable	1	-
<b>Total</b>	<b>3</b>	-	<b>3</b>	-

Summary of outstanding legal proceedings, having material adverse effect, initiated by our Bank, Directors (in respect of matters relating to our Bank), as on the date of this Letter of Offer:

Category	Bank		Directors	
	Total number of Cases	Amount Involved in ₹ crores (to the extent quantifiable)	Total number of Cases	Amount Involved in ₹ crores (to the extent quantifiable)
<b>Suits filed by our Bank against defaulting borrowers</b>	6	346.69	-	-
<b>Tax Proceedings*</b>	1	132.58	-	-
<b>Total</b>	<b>7</b>	<b>479.27</b>	-	-

\*Tax proceedings typically pertain to disallowance of expenses and not further tax claims. Should any of the Tax proceedings be decided against us, expenses or exemptions that we have claimed will not be allowed, hence increasing our tax liability. The amount of disputed tax liability is mentioned herein.

## A. Cases filed against our Directors

### *Criminal cases*

1. Parties: P.A. Jayan (**Petitioner**) vs. (i) Ms. Omana K.S (**Respondent No.1**); (ii) Managing Director, SBT (**Respondent No.2**); (iii) General Manager (HR), SBT (**Respondent No.3**); and (iv) Deputy General Manager, SBT Zonal Office, Thrissur (**Respondent No.4**).

**Complaint/ Case No./ Forum:** Misc. Petition 262/2014 before the Vigilance Commissioner and Special Judge (Prevention of Corruption), Thrissur

**Brief Facts:** The Petitioner in this Misc. Petition 262/2014 before the Vigilance Commissioner and Special Judge (Prevention of Corruption), Thrissur states that he had applied for and attended interview for the sweeper job post in our Bank. The Petitioner states that the Respondent No. 1 was listed as the first rank holder in the list published by our Bank for declaring the results of the interview process conducted for sweeper post in our Bank and alleges that the Respondent No. 1 submitted false age certificate for attending the interview. It is further alleged by the Petitioner that the Respondent No. 1 was actually 57 years old whereas the maximum age-limit prescribed to appear for the interview was 48 years and that the Respondents No. 2, 3 and 4 had received gifts and presents from Respondent No. 1 for her false appointment to the post as sweeper in our Bank. A Quick Verification was ordered on the basis of the petition filed by the Petitioner before the Hon'ble Court of Enquiry Commissioner and Special Judge and the Director, Vigilance and Anti-Corruption Bureau also accorded sanction to conduct Quick Verification in the matter.. Simultaneously, our Bank filed a complaint before the Judicial First Class Magistrate 1 Court, Thrissur against the Respondent No. 1 for producing fake certificate for her appointment the said job. On the basis of the petition filed, the concerned office submitted a Quick Verification Report dated June 28, 2014 wherein it was mentioned that our Bank was not involved in the irregularity and that it was the Respondent No. 1 who had forged the age certificate in order to get selected for the job. The report further stated that our Bank had immediately removed Respondent No. 1 from the service upon realizing the irregularity in appointment. Another petition was also filed before the High Court of Kerala by the Respondent No. 4 herein (DGM, SBT, Thrissur) bearing No. Criminal MC No. 4252 of 2014 against the State of Kerala and others, whereby it was contended that as there was already a case pending before the Judicial First Class Magistrate I Court, Thrissur in relation to the illegal appointment of the Respondent No. 1 and there being no materiality in the allegations raised against the Bank officials, the enquiry be dropped against our Bank. The High Court disposed the matter for the consideration of the Vigilance Court.

**Status:** The matter is currently pending adjudication. The matter pending before the Vigilance Commissioner and Special Judge (Prevention of Corruption), Thrissur is posted for March 09, 2015.

2. **Parties:** K. Sitaramam (Petitioner 1 and ex – Managing Director of SBT) and G.B. Nataraj (Petitioner 2 and Deputy General Manager of SBT), (collectively referred to as Petitioners) vs. CFL Capital Financial Services Limited (Respondent No. 1) and Ors. (collectively referred to as Respondents)

**Complaint/ Case No./ Forum:** Petition for Special Leave to Appeal (Crl) No.(s) 1975/2011 before the Hon'ble Supreme Court of India (from the judgment and order dated January 07, 2011 in CRLWP No. 1279/2010, of the High Court of Bombay)

**Brief Facts:** As per the order dated January 07, 2011 of the Hon'ble High Court of Bombay, it is stated that our Bank had sanctioned loan aggregating to ₹ 9.00 crores in favour of Respondent No. 1 in December 1995 against various securities. As Respondent No. 1 was unable to pay its dues to the Bank, the Bank filed recovery proceedings before the DRT wherein a partial decree of ₹ 8.12 crores had been passed. As per the said High Court order, Respondent No. 1 claimed that the Bank had executed an assignment deed dated March 29, 2006 in favour of Kotak Mahindra Bank Ltd. wherein all the dues receivable by our Bank from Respondent No. 1 was assigned to Kotak Mahindra Bank Ltd, without the knowledge of Respondent No. 1 and therefore alleges suppression of facts by the Petitioners and our Bank, which worked against Respondent No. 1. Aggrieved by this, Respondent No. 1 filed complaint against the Petitioners and the others (including our Bank) alleging offence punishable under Section 409 ad 418 read with Section 120 of the Indian Penal Code 1860. The Petitioners thereby filed a writ petition (bearing reference number 1279 of 2010) before the Hon'ble High Court of Bombay under Article 227 of the Constitution of India 1950 and Section 482 of Code of Criminal Procedure 1973 praying for quashing of Criminal Case No.

0800009/SW/08 pending in the court of Additional Chief Metropolitan Magistrate, Mumbai and for setting aside of order dated January 25, 2008, by which proceedings were issued against all the persons accused in the complaint (including the Petitioners herein). The Hon'ble High Court of Bombay observed that the Petitioners could not make a case for themselves for quashing of the complaint and hence their petition was rejected. Aggrieved by the same, the Petitioners have approached the Hon'ble Supreme Court of India to grant special leave to appeal under Article 136 of the Constitution of India 1950 and have prayed to pass such order the Hon'ble Supreme Court of India deems fit and proper in the facts and circumstances of the case. The Hon'ble Supreme Court has passed an interim order dated March 14, 2011 for stay of further proceedings during the pendency of the special leave to appeal.

Status: The matter is currently pending adjudication.

#### *Civil cases*

### **3. Parties:** R. Chandrasenan and another (**Petitioners**) vs. The Managing Director, SBT and others (**Respondents**)

**Complaint/ Case No./ Forum:** Writ Petition No. 2405 of 2014 before the Hon'ble High Court of Kerala

**Brief Facts:** The Petitioners, in their Writ Petition No. 2405 of 2014 before the Hon'ble High Court of Kerala have challenged the validity of the Guidelines for Selection of Part-Time Non-Official Director issued by the Central Government on rejection of Mr. R. Chandrasenan's nomination for directorship on account of him being a non-graduate. The Petitioner contends that as per Section 25 A of the State Bank of India (Subsidiary Banks) Act 1959, the power is conferred on the Reserve Bank of India (RBI) to determine and notify the criteria for a candidate to be elected as the director and that the Central Government cannot encroach upon the exclusive powers and functions of the RBI. The Single Judge of the High Court of Kerala had passed an interim order staying declaration of result of the election scheduled to be held on January 31, 2014. Our Bank filed an appeal before the Division Bench of the High Court of Kerala (being Writ Appeal No. 379 of 2014) stating that Petitioner No. 1 did not possess the minimum qualification required that is fixed by the nomination committee. The Hon'ble High Court on considering the appeal, set aside the interim order and granted permission to declare the results, subject to the result of the writ petition.

**Status:** The writ appeal filed by our Bank was allowed by the Hon'ble High Court and the writ petition is pending adjudication.

### **B. Cases filed against our Bank**

#### *Criminal Cases*

Nil

#### *Civil Cases*

### **4. Parties:** Zoom Developers Private Limited and Others (**Plaintiffs**) vs. State Bank of Travancore and 29 Others (**Defendants**)

**Complaint/ Case No./ Forum:** Suit No. 2001 of 2011 before the High Court of Judicature, Bombay

**Brief Facts:** Zoom Developers Private Limited (Plaintiff No. 1) in the suit filed before the High Court of Judicature, Bombay has stated that the Plaintiff No. 1 had availed facilities from our Bank along with a consortium with various banks for a total amount of ₹ 2,560 crores. The Plaintiffs contend that as a result of global financial crisis the foreign intermediary banks started invoking their bank guarantees instead of extending the same and the consortium banks failed to release the sanctioned credit limits as a result of which the business and goodwill of the Plaintiffs suffered huge losses. It is also further stated that Plaintiff No. 1 was also admitted to Corporate Debt Restructuring Process and executed Debtor-Creditor agreements. The Plaintiff No. 1 has prayed before the court to pass an order directing the Defendants to pay a total amount of (i) ₹ 5,377.21 crores as damages together with interest thereon at 18%; (ii) ₹ 1,947.00 crores as loss of estimated future profits together with interest thereon at 18% and (iii) ₹ 3,596.55 crores as loss of goodwill together with interest thereon at 18%. Defendants, in their written statement have claimed that the Plaintiffs have availed the facilities with mala fide intentions and ulterior motives for unjust enrichment. The entire process of scrutiny, evaluation and sanctioning of credit facilities to Plaintiff No. 1 was based

on the false and fabricated balance sheet coupled with non-disclosure of vital information critical for proper assessment of Plaintiff No. 1's business by the Defendants.

**Status:** The matter is at pre-admission stage.

5. **Parties:** Surya Vinayaka Industries Ltd. (**Applicant**) vs. The Authorised Officer, Punjab National Bank, State Bank of Travancore and Others (**Respondents**)

**Complaint/ Case No./ Forum:** S.A no. 29/2013 before Debt Recovery Tribunal at Guwahati

**Brief Facts:** Punjab National Bank, on August 3, 2013 published a notice in a newspaper with respect to taking symbolic possession of the properties of the Applicant. A notice under Section 13 (2) of SARFAESI Act 2002 was also sent to the Applicant in this regard since the Applicant had failed to honour its commitments as per the terms of the various facilities availed by it from the consortium bank (including our Bank) from time to time and had thereby defaulted in the payment of an amount of ₹ 100 crore to our Bank. Aggrieved by the same, the Applicant has therefore approached the Hon'ble Tribunal praying to declare the action taken by the Punjab National Bank as null and void. The Applicant has also sought for interim relief inter-alia which includes restraining the respective Respondents from taking physical possession of the properties and maintaining status quo.

**Status:** The matter is currently pending adjudication. The next date of hearing is March 19, 2015.

6. **Parties:** Murugarajendra Oil Industry Pvt. Ltd. (**Applicant No. 1**) and others (**Applicants**) vs. State Bank of Travancore and others (**Respondents**)

**Complaint/ Case No./ Forum:** Securitization Application No - 435/2013 before the Debt Recovery Tribunal, Bangalore

**Brief Facts:** The Applicants were served with a possession notice dated August 12, 2013 issued by the Respondents intimating that the Respondents have taken symbolic possession of the properties of Applicants since the Applicants failed to honour their commitment as per the terms of the working capital facility availed by them from the Respondents including our Bank and the accounts of Applicant No. 1 was declared as non-performing assets by the Respondents. Meanwhile the Applicant No 1 has approached the Board of Industrial Financial Reconstruction (BIFR) and has filed a reference petition (Case No. 55/2013) under Section 15 (1) and (2) of the Sick Industrial Companies (Special Provisions) Act 1985 (Act) for determining the sickness of the Company and the measures to be adopted under the Act for the rehabilitation of Applicant no 1. The Form A filed under Section 15 of the Act reflects that there was an outstanding amount of ₹ 44.06 crores towards our Bank from Applicant No. 1. The Board in its order held that the reference petition filed by the Applicant No. 1 stands abated for the reason that the Respondents, as the secured creditors, have taken action against the Applicant No 1 under SARFESI Act 2002 and also Respondents have taken symbolic possession of Applicant No. 1's assets which are charged to the Respondents. Aggrieved by the same, the Applicants have challenged the validity of the said notice before the Debt Recovery Tribunal at Bangalore praying to declare the impugned notice dated 12.08.2013 as null and void and consequently to declare subsequent proceedings void. On December 30, 2014, our Bank entered into an assignment deed with Edelweiss Asset Reconstruction Company Limited whereby our Bank assigned all its right, title and interest in the financing documents and the security interest, pledges and / or guarantees in favour of Edelweiss Asset Reconstruction Company Limited, in respect of loans provided to Murugarajendra Oil Industry Pvt. Ltd.

**Status:** The matter is currently pending adjudication.

### C. Cases filed by our Bank / Directors

#### *Criminal Cases*

Nil

## *Civil Cases*

7. **Parties:** State Bank of India (Applicant No. 1), State Bank of Travancore (Applicant No. 2) and 9 others (collectively referred to as **Applicants**) vs. First Leasing Company of India Ltd. (Defendant No.1) and 3 others (collectively referred to as **Defendants**)

**Case No./ Forum:** O.A No. 424 of 2014 before the Debt Recovery Tribunal – II at Chennai

**Brief Facts:** The Applicants have filed an application against the Defendants before the Debt Recovery Tribunal – II at Chennai since the Defendant No. 1 has failed to honour its commitment as per the terms of the facility documents and have thereby defaulted in payment of a total loan amount (including interest) of ₹ 118.25 crores to our Bank. In the said Application filed, the Applicants have inter-alia prayed for (i) directing the Defendant No. 1, to pay a total amount of ₹ 1,140.02, crores; and (ii) issue of Recovery Certificate against Defendant No. 1 for the entire amount. The Applicants have also sought for interim relief which inter-alia includes (i) taking inventory of the entire movable assets, goods, stock in trade and the details of the Book Debts of the first Defendant and hypothecated to the Applicant Banks; (ii) taking possession of the said entire hypothecated movables and advertise for sale of the same by calling tenders; and (iii) selling the hypothecated movables under supervision by this Hon'ble Tribunal and to deposit the sale proceeds into the Hon'ble Tribunal towards the credit of this Original Application.

**Status:** The matter is pending adjudication. The next date of hearing is March 06, 2015.

8. **Parties:** State Bank of Travancore and others (**Applicants**) vs. Koutons Retail India Limited and others (**Defendants**)

**Complaint/ Case No./ Forum:** O.A. 312/2014 before Debt Recovery Tribunal - II at Delhi

**Brief Facts:** The Applicants have filed an application against the Defendants before the Debt Recovery Tribunal – II at Delhi wherein it is alleged that Koutons Retail India Limited (Defendant No. 1) along with other defendants have failed to honour their commitments as per the terms of various facilities availed by them from the consortium banks including our Bank. It is further stated that the Defendants have therefore defaulted in payment of due loan amount ₹ 71.31 crores (including interest) to our Bank. The Applicants in the said Application have also prayed that the Defendants be not allowed to dispose off, transfer or alienate their assets in favour of any third parties. The Assistant Registrar of DRT- II, Delhi has directed to serve notice on Defendants by giving advertisement, to make appearance before the Tribunal on November 27, 2014 failing which the case will be heard and determined in its absence.

**Status:** The matter is currently pending adjudication. The next date of hearing is March 11, 2015.

9. **Parties:** State Bank of India, State Bank of Travancore and others (**Applicants**) vs. M/S Biotor Industries Limited and others (**Defendants**)

**Case No./ Forum:** O.A 10/2011 before Debt Recovery Tribunal at Mumbai

**Brief facts:** The Applicants have filed an application against the Defendants before the Debt Recovery Tribunal – I at Mumbai since the Defendant No. 1 had failed to honour its commitment as per the terms of the various facilities availed by it from the Applicants (including our Bank) and have thereby defaulted in payment of due loan amount of ₹ 60.74, crores to our Bank in addition to aggregate interest thereon.

**Status:** The matter has been transferred from DRT- I Mumbai to DRT – II, Mumbai as on October 16, 2014 and is currently pending adjudication.

10. **Parties:** Bank of Baroda, Allahabad Bank, State Bank of Travancore and others (**Applicants**) vs. M/s Allied Perfumers Pvt. Ltd (Defendant no. 1), Sanjay Jain and Rajiv Jain (collectively referred as **Defendants**)

**Complaint/ Case No./ Forum:** O.A. No. 203 of 2013 before Debt Recovery Tribunal – II at Delhi

**Brief Facts:** The Applicants have filed an application against the Defendants before the Debt Recovery Tribunal – II at Delhi wherein it is alleged that the Defendant no. 1 has failed to honour its commitments as per the terms of various facilities availed from the consortium banks including our Bank. It is further stated that the Defendants have therefore defaulted in payment of due loan amount ₹ 50.42 crores including interest to our Bank. Further in the application, the Applicants have prayed for interim injunction restraining the Defendants from transferring, alienating, creating any third party interest or otherwise parting with possession of the mortgaged properties.

**Status:** The matter is currently pending adjudication. The next date of hearing is March 18, 2015.

### *Tax Litigations*

#### **11. Parties:** State Bank of Travancore vs. Assistant Commissioner of Income Tax, Circle I (1)

**Case No./ Forum:** ITA 89/T/11-12 filed before the Commissioner of Income Tax (Appeals), Thiruvananthapuram

**Brief Facts:** Our Bank has filed an appeal on January 24, 2012 before the Commissioner of Income Tax (Appeals), Thiruvananthapuram against the order of the Assistant Commissioner of Income Tax dated December 05, 2011 for the Assessment Year 2009-10. The issues inter alia pertain to: (i) disallowance of ₹ 75.51 crores as estimated expenditure to earn tax free income u/s, 14A on a tax free income of ₹ 2.90 crores; (ii) disallowance towards wage arrears amounting to ₹ 42.00 crores; disallowance with respect to bad debts written off amounting to ₹ 82.96 crores; (iii) disallowance of deduction u/s 36(1) (viia) to the extent of 10% of rural advances of ₹ 108.40 crores; (iv) granted credit for TDS at ₹ 1.60 crores as against ₹ 2.01 crores and (v) Levied interest u/s 234B amounting ₹ 17.85 crores and interest u/s 234C of ₹ 0.17 crores. The disputed tax liability is ₹ 132.58 crores.

**Status:** The matter is pending adjudication.

#### **D. Securities related cases**

Nil

#### **E. Others**

#### **12. Parties:** Assistant Director, Directorate of Enforcement, Mumbai (**Complainant**) vs. State Bank of Travancore, Board of Control for Cricket in India and others. (**Noticees**)

**Case No. / Forum:** Complaint bearing No. F NO T -3/44-B/2010/AD (DKS) PART BCCI -II) under Section 16 (3) of Foreign Exchange Management Act 1999 before the Special Director of Enforcement

**Brief Facts:** Enquiries were initiated by the Mumbai Zonal Office of the Directorate of Enforcement (DoE) in the matter regarding the conduct of Twenty20 cricket tournament known as the Indian Premier League (IPL) organized by Board of Control for Cricket in India (BCCI), on the basis of which the DoE sought information from our Bank. As per the said complaint, during the course of the investigation in respect of IPL, it came to the notice of DoE that the IPL 2009 edition was decided to be moved to South Africa due to security issues in India since the same coincided with the general elections. As per the said complaint, investigations revealed that BCCI entered into an agreement with Cricket South Africa (CSA) on March 30, 2009 for hosting and staging of IPL-2 tournament. Investigations further revealed that the only amount CSA was entitled to receive was USD 0.30 crores for the services provided whereas BCCI on various dates, transferred a total amount of USD 4.99 crores equivalent to ₹ 243.45 crores to CSA through different accounts held by it at the Jaipur branch of our Bank in contravention of Sections 3(b) and 4 of FEMA. The said complaint also mentions that BCCI is inter-alia in violation of Sections 6 (3), 8, 10 (6) of FEMA.

**Status:** The Complaint is yet to come up for hearing before the Directorate of Enforcement.

**13. Parties:** Assistant Director, Directorate of Enforcement, Mumbai (**Complainant**) v. State Bank of Travancore, Board of Control for Cricket in India and others. (**Noticees**)

**Case No. / Forum:** Complaint bearing No. F NO T 3/47/B/2010AD (DKS)/PART (BCCI-I) under Section 16 (3) of Foreign Exchange Management Act 1999 before the Special Director of Enforcement

**Brief Facts:** Enquiries were initiated by the Mumbai Zonal Office of the Directorate of Enforcement (DoE) in the matter regarding the conduct of Twenty20 cricket tournament known as the Indian Premier League (IPL) organized by BCCI, on the basis of which the DoE sought information from our Bank. As per the said complaint, during the course of the investigation in respect of IPL, it came to the notice of DoE that the Jaipur branch of our Bank had made remittances to International Management Group (UK) Ltd. (IMG) during the years 2008, 2009 and 2010 for the BCCI to procure certain consultancy services, without obtaining the prior permission of the Reserve Bank of India (RBI) and thereby violating Section 5 of FEMA 1999 read with item No. 13 of Schedule III to Rule 5 of the FEMA (Current Account Transactions) Rules 2000. The said complaint states that as per the details submitted before the DoE on the payments remitted by our Bank to IMG, it is noted that our Bank has remitted an amount of ₹ 88.48 crores.

**Status:** The Complaint is yet to come up for hearing before the Directorate of Enforcement.

## **GOVERNMENT APPROVALS OR LICENSING ARRANGEMENTS**

*On the basis of the existing approvals, our Bank may undertake this Issue and our Bank's current business activities and no further approvals from any government authority/RBI are required to continue these activities. Further, there are no new lines of activity/projects. It must be distinctly understood that, in granting these licences, the Government and/or the RBI does not take any responsibility for our Bank's financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.*

## MATERIAL DEVELOPMENTS

### Recent Developments

In accordance with circular no. F.2/5/SE/76 dated 5 February 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated 8 March 1977 and in accordance with sub-item (B) of item X of Part E of the SEBI Regulations, the information required to be disclosed for the period between the last date of financial statements provided to the shareholders and up to the end of the last but one month preceding the date of Letter of Offer is provided below:

**1. Working results of our Bank for the period from April 1, 2014 to January 31, 2015:**

Particulars	Amount ₹ in Crores
Interest Income	8099.12
Other Income	749.11
Estimated Profit before Depreciation, Taxation & Provisions	1134.63
Provision for Depreciation	65.17
Provision for Taxation	142.20
Provisions	758.04
Estimated Net Profit/(Loss)	169.22

**2. Material changes and commitments, affecting the financial position of our Bank from the date of the latest audited balance sheet.**

In the opinion of the Directors, except as disclosed in the Letter of Offer there have not arisen any circumstances since April 1, 2014 which have materially and adversely affected or that are likely to affect the Bank's business, the profitability of the Bank or the value of its assets or its ability to pay its liabilities.

**3. The Unaudited financial results of the Bank for the quarter ended December 31, 2014, duly approved by the Board of Directors in its meeting held on January 31, 2015, have been filed with the Stock Exchanges and are also provided herein below.**

**UNAUDITED(REVIEWED) FINANCIAL RESULTS FOR 9 MONTHS ENDED 31st DECEMBER 2014**

(Rs in Crores)

	PARTICULARS		QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
			31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
			(REVIEWED)	(REVIEWED)	(REVIEWED)	(REVIEWED)	(REVIEWED)	(AUDITED)
1	Interest Earned (a+b+c+d)		2377.27	2436.21	2436.49	7237.02	7222.06	9706.55
	a	Interest/discount on advance/bills	1831.82	1849.45	1843.60	5511.10	5517.96	7400.92
	b	Income on investments	538.93	576.51	580.03	1681.00	1663.61	2224.35
	c	Interest on balances with RBI and other Inter Bank funds	5.35	9.40	12.81	38.85	34.96	49.91
	d	Others	1.17	0.85	0.05	6.07	5.53	31.37
2	Other Income		249.79	172.70	165.50	643.19	563.07	851.95
<b>3</b>	<b>TOTAL INCOME(1+2)</b>		<b>2627.06</b>	<b>2608.91</b>	<b>2601.99</b>	<b>7880.21</b>	<b>7785.13</b>	<b>10558.50</b>
4	Interest Expended		1783.13	1854.21	1850.76	5535.28	5454.30	7323.40
5	Operating Expenses (i+ii)		495.74	480.14	450.78	1441.06	1301.05	1865.41
	(i)	Employees cost	319.41	295.87	290.76	916.32	826.90	1198.83
	(ii)	Other operating expenses	176.33	184.27	160.02	524.74	474.15	666.58
<b>6</b>	<b>TOTAL EXPENDITURE (4+5) (excluding Provisions and Contingencies)</b>		<b>2278.87</b>	<b>2334.35</b>	<b>2301.54</b>	<b>6976.34</b>	<b>6755.35</b>	<b>9188.81</b>
<b>7</b>	<b>Operating Profit before Provisions and Contingencies (3-6)</b>		<b>348.19</b>	<b>274.56</b>	<b>300.45</b>	<b>903.87</b>	<b>1029.78</b>	<b>1369.69</b>
8	Provisions (Other than tax) and Contingencies		224.46	241.49	214.64	670.12	647.76	832.67
		Of which provisions for Non- performing assets	221.42	214.10	208.07	656.93	466.45	577.79
9	Exceptional Items		0.00	0.00	0.00	0.00	0.00	0.00
10	Profit (+)/Loss(-) from ordinary activities before tax (7-8-9)		123.73	33.07	85.81	233.75	382.02	537.02
11	Tax Expense		49.39	13.88	71.05	90.19	126.26	232.68
<b>12</b>	<b>Net Profit (+)/Loss(-) from ordinary activities after tax (10-11)</b>		<b>74.34</b>	<b>19.19</b>	<b>14.76</b>	<b>143.56</b>	<b>255.76</b>	<b>304.34</b>
13	Extraordinary Items (net of tax expense)		0.00	0.00	0.00	0.00	0.00	0.00
<b>14</b>	<b>Net Profit (+)/Loss(-) for the period (12-13)</b>		<b>74.34</b>	<b>19.19</b>	<b>14.76</b>	<b>143.56</b>	<b>255.76</b>	<b>304.34</b>
15	Paid-up equity share capital		59.25	59.25	50.00	59.25	50.00	50.00
16	Reserves excluding revaluation reserves (as per Balance Sheet of previous accounting year)		4524.82	4524.82	4314.98	4524.82	4314.98	4524.82
17	Analytical Ratios							
	(i)	Percentage of shares held by Govt.of India	0.00	0.00	0.00	0.00	0.00	0.00
	(ii)	a. Capital Adequacy Ratio -	10.83%	10.89%	10.74%	10.83%	10.74%	11.52%

		BASEL II						
		b. Capital Adequacy Ratio - BASEL III	10.10%	10.16%	10.03%	10.10%	10.03%	10.79%
	(iii)	Face Value per Share (in Rupees)	10.00	10.00	10.00	10.00	10.00	10.00
		Earnings per Share (EPS) (in Rupees)						
		a. Basic and diluted EPS before extraordinary items (net of tax expense) for the period, for the year to date and for the previous year (*not annualised)	12.55	3.24	2.95	24.23	51.15	60.87
		b. Basic and diluted EPS after extraordinary items (net of tax expense) for the period, for the year to date and for the previous year (*not annualised)	12.55	3.24	2.95	24.23	51.15	60.87
	(iv)	(a) Amount of gross non-performing assets	3366.84	3544.06	3062.41	3366.84	3062.41	3076.94
		(b) Amount of net non-performing assets	2052.03	2163.42	1855.79	2052.03	1855.79	1928.50
		(c) % of gross NPAs	4.91%	5.11%	4.41%	4.91%	4.41%	4.35%
		(d) % of net NPAs	3.06%	3.20%	2.73%	3.06%	2.73%	2.78%
		(v) Return on Assets (Annualized)	0.28%	0.13%	0.33%	0.18%	0.33%	0.29%
18	Public Shareholding:							
		Number of shares (in lacs)	125	125	125	125	125	125
		Percentage of share holding	21.09	21.09	25.00	21.09	25.00	25.00
19	Promoters and promoter group Shareholding							
	a)	Pledged / Encumbered						
		Number of shares [ in Lacs ]	Nil	Nil	Nil	Nil	Nil	Nil
		Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil
		Percentage of shares (as a % of the total share capital of the Bank)	Nil	Nil	Nil	Nil	Nil	Nil
	b)	Non-Encumbered						
		Number of shares [ in Lacs ]	468	468	375	468	375	375

	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00	100.00
	Percentage of shares (as a % of the total share capital of the Bank)	78.91	78.91	75.00	78.91	75	75.00

NOTES:									
1	The above financial results have been arrived at after considering provisions for Non-Performing Assets, Standard Assets, all applicable taxes, amortisation of premium relating to investment under 'Held to Maturity' category, Depreciation on Investments and Fixed Assets, Diminution in fair value of Advances in respect of Restructured Accounts and other usual and necessary provisions on estimated and proportionate basis. There are no changes in the accounting policies during the period.								
2	Reconciliation of Inter-branch transactions, Accounts with State Bank of India, Associate Banks / Other Banks, Government Transactions (both State and Central), Balance in Office account, Nostro Accounts, System Suspense Account, Clearing, other Adjusting Accounts and ATM Balances is in progress. In the opinion of the management, no material impact of such reconciliation on financial statements is anticipated.								
3	The operating results for the quarter ended 31st December, 2014 are the balancing figures between published figures in respect of first nine months and the published year to date figures upto first half year of the respective years.								
4	The employees cost comprising provision for Pension and Gratuity for nine months ended 31 st December, 2014 includes an amount of Rs.100.79 Crores (corresponding period during previous year-Rs.100.78 Crores) towards amortization of expenses relating to second option for pension for serving employees and enhancement in ceiling of Gratuity as per the guidelines of Reserve Bank of India vide circular No.DBOD.BP.BC.80/21.04.018/2010-11 dated 09 <sup>th</sup> February 2011.								
5	In accordance with RBI guidelines, the Bank has shifted the securities from AFS to HTM category amounting to Rs.1,445.00 crores (Book value of Rs.1402.15 crores) during nine months ended 31st December, 2014 and the resultant depreciation of Rs.35.74 crores has been charged to Profit & Loss account.								
6	In terms of RBI Circular DBOD.BP.BC.2/21.06.201/2013-14 dated 1 <sup>st</sup> July, 2013, banks are required to make half yearly Pillar 3 disclosure under Basel III capital requirements with effect from 30 <sup>th</sup> September 2013. The disclosure has been placed on the website of the bank which can be accessed at the link <a href="http://sbt.co.in/sbtr/basel/basel.htm">http://sbt.co.in/sbtr/basel/basel.htm</a> This disclosure has not been subjected to limited review by the statutory auditors of the bank.								
7	Based on the available data, financial statements and declaration from the borrowers wherever received, the Bank has estimated the liability of Rs.11.08 crores on Unhedged Foreign Currency Exposure to their constituents as on 31.12.2014 in terms of RBI Circular DBOD.No.BP.BC.85/21.06.200/2013-14 dated 15 <sup>th</sup> January 2014 and subsequent clarification vide circular DBOD.No.BP.BC.116/21.06.200/2013-14 dated 3 <sup>rd</sup> June 2014. As permitted in the said RBI Circular, the provision of Rs.11.08 crores is made over the three quarters.								
8	During the nine months ended 31st December 2014, the Bank has allotted 9253473 Equity Shares of Rs.10/- each @ Rs.416.06 per share to State Bank of India aggregating to Rs.385.00 crore on preferential basis.								
9	During the nine months ended 31st December 2014, the bank has assigned financial assets having a net book value of Rs.543.66 crores to Asset Reconstruction Companies. The bank has, in terms of the RBI Master Circular DBOD.BP.BC.No. RBI/2014-15/74 ,on prudential norms on income recognition , asset classification etc., dated July 1st 2014 spread over the net shortfall of Rs.250.23 crores over a period of two years. Consequently an amount of Rs.92.99 crores has been charged off during the nine months ended 31st December 2014								
10	During nine months ended 31st December, 2014, the Bank has recognised Deferred Tax Assets on provision for Diminution in fair value of restructured standard assets, which was hitherto not being done. Accordingly, an amount of Rs.78.79 crores (including Rs.77.82 crores relating to the period upto 31.03.2014) has been accounted for in the current period under review.								
11	Corresponding previous period/ year figures have been regrouped / rearranged, wherever necessary.								
12	The above results have been taken on record and approved by the Board of Directors of the Bank at its meeting held on 31st January 2015.								
13	Details of Investor Complaints for the nine months ended 31st December, 2014:								
	<table border="1"> <thead> <tr> <th>Beginning</th> <th>Received</th> <th>Disposed off</th> <th>Lying Un-resolved</th> </tr> </thead> <tbody> <tr> <td>NIL</td> <td>9</td> <td>9</td> <td>NIL</td> </tr> </tbody> </table>	Beginning	Received	Disposed off	Lying Un-resolved	NIL	9	9	NIL
Beginning	Received	Disposed off	Lying Un-resolved						
NIL	9	9	NIL						

ACCOUNTING STANDARD 17 - DISCLOSURE UNDER SEGMENT REPORTING AS ON 31ST DECEMBER 2014

Rs.in Crores

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31.12.2014	30.09.2014	31.12.2013	31.12.2014	31.12.2013	31.03.2014
	REVIEWED	REVIEWED	REVIEWED	REVIEWED	REVIEWED	AUDITED
<b>1. Segment Revenue</b>						
a. Treasury Operations	648.00	640.07	621.86	1970.81	1907.92	2545.50
b. Banking Operations						
i. Corporate / Wholesale Operations	1263.83	1450.55	892.74	3691.60	2812.83	4118.68
ii. Retail Banking Operations	715.23	518.29	1087.39	2217.80	3064.38	3894.32
Total for Banking Operations	1979.06	1968.84	1980.13	5909.40	5877.21	8013.00
<b>Total</b>	2627.06	2608.91	2601.99	7880.21	7785.13	10558.50
<b>2. Segment Results Profit/(Loss) before Tax</b>						
a. Treasury Operations	35.09	(32.37)	(591.21)	25.74	(589.56)	(143.25)
b. Banking Operations						
i. Corporate / Wholesale Operations	56.21	46.87	319.87	129.95	465.00	349.66
ii. Retail Banking Operations	32.43	18.57	357.15	78.07	506.58	330.61
Total for Banking Operations	88.64	65.44	677.02	208.02	971.58	680.27
<b>Total</b>	123.73	33.07	85.81	233.76	382.02	537.02
Less Extra ordinary Profit/Loss	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Profit Before Tax</b>	123.73	33.07	85.81	233.75	382.02	537.02
Less Tax Expense	49.39	13.88	71.05	90.19	126.26	232.68
<b>Net Profit</b>	74.34	19.19	14.76	143.56	255.76	304.34
<b>3. Capital Employed (Segment Assets-Segment Liabilities)</b>						
a. Treasury Operations	399.59	377.52	377.01	399.59	317.01	343.38
b. Banking Operations						
i. Corporate / Wholesale Operations	2938.46	2873.24	2021.54	2938.46	2021.54	2174.96
ii. Retail Banking Operations	1765.33	1778.28	2202.32	1765.33	2202.32	2056.48
Total for Banking Operations	4703.79	4651.52	4223.86	4703.79	4223.86	4231.44
<b>Total</b>	5103.38	5029.04	4540.87	5103.38	4540.87	4574.82

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Pursuant to the resolution passed by our Board at its meeting held on March 26, 2014 and June 20, 2014 our Bank has been authorised to make this Rights Issue to the Equity Shareholders of our Bank with a right to renounce.

The Board of Directors or Committee thereof in their meeting held on February 20, 2015 has determined the Issue Price as ₹ 400 per Equity Share and the Rights Entitlement as 1 (One) Equity Share(s) for every 5 (Five) Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Managers.

### Other Approvals

The State Bank of India has, vide its letter dated May 26, 2014 accorded its in-principle approval for the Issue.

The Reserve Bank of India has, vide its letter dated July 08, 2014 has recommended the Issue.

The Ministry of Finance, Government of India, vide its approval dated October 17, 2014 accorded its approval for the Issue.

### Prohibition by SEBI, RBI or governmental authorities

Neither our Bank, nor our Promoter, our Directors or banks/companies with which our Bank's Directors are associated with as directors or promoters, have been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Further neither our Bank, nor our Promoter or our Directors have been declared as willful defaulters by RBI or any other governmental authority and there have been no violations of securities laws committed by them in the past or no such proceedings are currently pending against them for violation of securities laws.

### Association with securities markets

All the directors of the Bank are associated with the capital markets as the Bank is registered as a Depository Participant with NSDL and CDSL and the Bank is registered as a Banker to the Issue.

In addition, the following Directors are associated with the following companies which are engaged in securities related business registered with SEBI in the capacity of Directors (in addition to the State Bank of Travancore):

- a) Smt. Arundhati Bhattacharya is a Director/Chairman in SBI Fund Management Pvt. Ltd, SBI Capital Markets Limited, State Bank of India, State Bank of Hyderabad, State Bank of Mysore and State Bank of Bikaner & Jaipur.
- b) Shri. V.G. Kannan is a director in SBI Capital Markets Limited, SBICAP Securities Ltd, SBI Funds Management Pvt. Ltd., State Bank of India, State Bank of Hyderabad, State Bank of Mysore and State Bank of Bikaner & Jaipur.
- c) Shri. B. Ramesh Babu is a director in SBI SG-Global Securities & Services Pvt. Ltd., State Bank of Hyderabad, State Bank of Mysore and State Bank of Bikaner & Jaipur.
- d) Shri. Ramesh Chandra Srivastava is a director in State Bank of Hyderabad, State Bank of Mysore and State Bank of Bikaner & Jaipur.

Except as stated herein below, there are no penalties or actions imposed against any of the above mentioned entities by SEBI, during preceding one year:

- a) SBI Capital Markets Limited along with five other merchant bankers were imposed a collective penalty of ₹ 1 Crore, vide Adjudicating Order NO. AK/AO/221 - 226/2014 dated November 28, 2014, for violation of Clause 1 of Form C of Schedule VI of Regulation 8(2)(b), Regulation 57(1), Regulation 57(2)(a)(ii) and Regulation 64(1) of ICDR Regulations and Regulation 13 of Merchant Bankers Regulations read with

clauses 1, 4, 6, 7 and 20 of Code of Conduct for Merchant Bankers as specified in Schedule III. On January 14, 2015, all six merchant bankers, along with their lawyer, have appealed to the Securities Appellate Tribunal (SAT) against the said order of the Adjudicating Officer.

- b) A show cause notice was issued by SEBI in respect of the Debenture Trustee operations of State Bank of India (SBI) on November 18, 2012 under Rule 4 of the Adjudicating Rules. The consent application of SBI in this regard was rejected and a representation for consent application has been resubmitted. Further, SBI submitted the settlement terms in the matter and also the responses to the queries vide letters dated August 21, 2014 and September 16, 2014. The High Powered Advisory Committee in its meeting held on October 28, 2014 considered the settlement terms proposed by SBI and recommended the case of settlement on payment of ₹ 6.80 lacs by SBI. SEBI accepted the recommendation and SBI paid the settlement charges on January 13, 2015. On receipt of the same, SEBI has issued a settlement order no. EAD-5/ASK/04/2014-15 on January 28, 2015 to dispose the said adjudication proceedings.

Except as indicated above, there are no other entities related to our Bank or our Directors with which any of the above are associated as promoter/ director/ partner/ proprietor that is/ was associated with securities related business and registered with SEBI.

Except as stated in the chapter titled “Our Management” on page 65 of this Letter of Offer, none of our directors hold currently or have held directorship in the last five years in a listed company whose shares have been suspended from trading on BSE or NSE or in a listed company that has been/was delisted from any stock exchange.

### **Eligibility for the Issue**

Our Bank is an existing listed entity whose Equity Shares are currently listed on BSE, NSE, MSE and CSE. Our Bank is in compliance with the conditions specified in Regulation 4 (2) of the SEBI ICDR Regulations, to the extent applicable and is eligible to undertake this Issue in terms of Chapter IV of the SEBI ICDR Regulations. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI Regulations, Bank undertakes to make an application to the Stock Exchanges for listing of the Equity Shares to be issued pursuant to this Issue. Accordingly, our Bank has chosen the NSE as the Designated Stock Exchange for the Issue.

Our Bank is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI ICDR Regulations as explained below:

- a) Our Bank has been filing periodic reports, statements and information in compliance with the Listing Agreement for the last three years immediately preceding the date of filing this Letter of Offer with the SEBI;
- b) The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE and NSE which are recognized stock exchange with nationwide trading terminals;
- c) Our Bank has an investor grievance-handling mechanism which includes meeting of the Stake Holders Relationship Committee (earlier known as “Shareholders’ or Investors’ Grievance Committee”) at frequent intervals, appropriate delegation of power by the Board of Directors as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

### **Disclaimer Clause of SEBI**

**AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI.**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGERS, BOB CAPITAL MARKETS LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT**

**IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE BANK DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGERS, BOB CAPITAL MARKETS LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 31, 2014 WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE BANK, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE BANK, WE CONFIRM THAT:**
  - (a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
  - (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - (c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AND THE COMPANIES ACT, 2013, TO THE EXTENT APPLICABLE, SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOT APPLICABLE**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. – NOT APPLICABLE**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND**

**APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER/LETTER OF OFFER. – NOT APPLICABLE**

- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE BANK FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE AMBIT OF THE CHARTER DOCUMENTS OF THE BANK AND THE PROVISIONS OF THE SUBSIDIARIES BANKS ACT AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION OR CHARTER.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE, SUBJECT TO COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**

  - (a) AN UNDERTAKING FROM THE BANK THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND**
  - (b) AN UNDERTAKING FROM THE BANK THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.- NOTED FOR COMPLIANCE**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR**

**THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.- COMPLIED WITH**
16. **WE ENCLOSE STATEMENT ON “PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)”, AS PER THE FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR – NOT APPLICABLE**
17. **WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.- COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTION REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE FINANCIAL STATEMENTS OF THE BANK INCLUDED IN THIS DRAFT LETTER OF OFFER.**

**THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE BANK FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.**

#### **Disclaimer from our Bank and Lead Managers**

Our Bank and the Lead Managers accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Bank or by any other persons at the instance of our Bank and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the issue will be deemed to have been represented to our Bank, Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Bank, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue.

#### **CAUTION**

The Lead Managers and our Bank shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports *etc.* after filing of the Letter of Offer with SEBI.

#### **Disclaimer with respect to jurisdiction**

This Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations there under. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Thiruvananthapuram, India only.

#### **Designated Stock Exchange**

The Designated Stock Exchange for the purpose of the Issue will be the NSE.

### **Disclaimer Clause of BSE**

As required, a copy of the Draft Letter of Offer was submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of Draft Letter of Offer is as follows: .

“BSE Limited (the “Exchange”) has given vide its letter dated January 30, 2015, permission to this Bank to use the Exchange’s name in this Letter of Offer as one of the stock exchanges on which this Bank’s securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of checking on the matter of granting the aforesaid permission to this Bank. The Exchange does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- ii. warrant that this Bank’s securities will be listed or will continue to be listed on the Exchanger; or
- iii. take any responsibility for the financial or other soundness of this Bank, its promoters, its management or any scheme or project of this Bank.

and it should not for any reason be deemed or constructed that this letter of offer has been cleared or approved by the Exchange. Each person who desires to apply for or otherwise acquires any securities of this Bank may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

### **Disclaimer Clause of NSE**

As required, a copy of the Draft Letter of Offer has been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of Draft Letter of Offer is as under:

“As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/12314 dated January 28, 2015 permission to the Issuer to use the Exchange’s name in this letter of offer as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinised this letter of offer for its limited internal purpose of deciding on the manner of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approval by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”

### **Disclaimer Clause of MSE**

MSE has, vide its letter dated February 3, 2015, accorded its in-principle approval for issuing of equity shares of Rs. 10/- each to the existing eligible equity shareholders of the Bank, for an amount not exceeding Rs. 485 crores and seeking in-principle approval from the exchange.

### **Disclaimer Clause of the RBI**

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

## **Selling restrictions**

The distribution of this Letter of Offer and the Issue of Equity Shares to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares to the Eligible Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer has been filed with SEBI for observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the Issue of the Equity Shares or the Rights Entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlements referred to in the Letter of Offer.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

## **United States Restrictions**

The rights referred to in this Letter of Offer are being offered in India, but not in the United States. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or rights. Accordingly, the Letter of Offer and the enclosed CAF should not be forwarded to or transmitted in or into the United States at any time. Neither our Bank nor any person acting on behalf of our Bank will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Bank or any person acting on behalf of our Bank has reason to believe is, either a "U.S. person" (as defined in Regulation S) or otherwise in the United States when the buy order is made. Envelopes containing Letter of Offer / Abridged Letter of Offer and CAF should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer, and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India. Our Bank is making this issue of Rights Equity Shares on a rights basis to its Eligible Equity Shareholders and the Letter of Offer / Abridged Letter of Offer and CAF will be dispatched to Eligible Equity Shareholders who have an Indian address.

Any person who acquires rights and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed, (i) that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made, (ii) it is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the United States, and (iii) is authorised to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Bank reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAF to the effect that the subscriber is not a "U.S. person" (as defined in Regulation S), and does not have a registered address (and is not otherwise located) in the US and is authorized to acquire the rights and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to our Bank or its agents to have been executed in or dispatched from the US; (iii) where a registered Indian address is not provided; or (iv) where our Bank believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Bank shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such CAF.

## **Filing**

The Draft Letter of Offer has been filed with SEBI at Southern Regional Office, Overseas Towers, 7th Floor, 756-L, Anna Salai, Chennai - 600002 for its observations. All the legal requirements applicable till the date of filing the Letter of Offer with the Stock Exchanges shall be complied with.

## **Listing**

The Equity Shares of our Bank are listed on BSE, NSE, MSE and CSE. Our Bank has received in-principle approvals from BSE vide its letter dated January 30, 2015, NSE vide its letter dated January 28, 2015 and MSE vide its letter dated February 03, 2015. Our Bank will apply to BSE, NSE and MSE for listing of the Rights Equity Shares to be issued pursuant to this Issue. SEBI vide its order dated December 23, 2014 bearing No. WTM/RKA /MRD/163/2014 granted an exit to the CSE and hence the equity shares arising out of this rights issue shall not be listed on CSE.

If the permission to deal in and for an official quotation of the Rights Equity Shares is not granted by any of the Stock Exchanges mentioned above, our Bank shall forthwith repay, without interest, all monies received from Investors in pursuance of the Letter of Offer. If such money is not paid within 8 (eight) days after our Bank becomes liable to repay it, then our Bank and every Director of our Bank who is an officer in default shall, on and from expiry of 8 (eight) days, be jointly and severally liable to repay the money with interest as prescribed under the applicable provisions of law.

## **Consents**

Consents in writing of the Auditors, Compliance Officer, Directors, Lead Managers, Legal Advisor and Registrar to the Issue to act in their respective capacities have been obtained and filed with Stock Exchanges, along with a copy of the Draft Letter of Offer and such consents have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the Stock Exchanges.

The Auditors of our Bank, M/s. Abraham & Jose, M/s R G N Price & Co., M/s G K Rao & Co and M/s Kumar Vijay Gupta & Co. have given their written consent for the inclusion of their Report and Statement of Tax Benefit in the form and content as appearing in this Letter of Offer for registration with the Stock Exchanges and such reports have not been withdrawn up to the date of this Letter of Offer.

To the best of our knowledge there are no other consents required for making this Issue. However, should the need arise, the necessary consents shall be obtained by us.

## **Expert Opinion, if any**

Except as stated below, the Bank has not obtained any expert opinions:

The Bank has received consent dated December 18, 2014 from the Auditors, M/s. Abraham & Jose, M/s R G N Price & Co., M/s G K Rao & Co and M/s Kumar Vijay Gupta & Co. to include their name as experts under the Companies Act, 2013 to the extent applicable and in their capacity as the auditor of the Bank and in respect of their reports on financial statements as at and for the year ended March 31, 2014 dated December 18, 2014, Unaudited Financial Results for six months ended September 30, 2014 and the statement of tax benefits and issued by them and included in this Letter of Offer and such consent has not been withdrawn as of the date of this Letter of Offer. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act.

## **Expenses of the Issue**

The Issue related expenses include, *inter alia*, Lead Managers’ fee, printing and distribution expenses, advertisement and Registrar, legal and depository fees and other expenses and are estimated at ₹ 2,90,00,000 (around 0.61% of the total Issue size) and will be met out of the internal accruals of our Bank. The following table provides a break up of estimated issue expenses:

<b>Particulars</b>	<b>Expense (₹ Crores)</b>	<b>Expense (% of the total expenses)</b>	<b>Expense (% of the Issue size)</b>
Fees of Lead Manager, Registrar to the Issue, Legal Advisor, Auditors' fees, etc	0.61	0.13	20.97
Statutory Advertising, Marketing, Printing & Distribution and ASBA processing fees	0.48	0.10	16.61
Regulatory fees, Filing fees, Stamp Duty, Listing Fees, Depository Fees and other miscellaneous expenses.	1.81	0.38	62.42
<b>Total estimated Issue expenses</b>	<b>2.90</b>	<b>0.61</b>	<b>100.00</b>

### **Investor Grievances and Redressal System**

Our Bank has adequate arrangements for redressal of Investor complaints. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Bank.

The Stake Holders Relationship Committee (earlier known as “Shareholders’/ Investors’ Grievance Committee”) consists of 3 directors comprising of Mr. Mannur Chacko Jacob as the Chairman, Mr. Jeevandas Narayan and Mr. V. Kaliappan as members of the committee. M/s. Integrated Enterprises (India) Limited is our Registrar and Share Transfer Agent. All investor grievances received by our Bank are being handled by the Registrar and Share Transfer agent in consultation with the Compliance Officer.

The Investor complaints received by the Bank are disposed off within 15 days from the date of receipt of the complaint.

### **Status of outstanding investor complaints in relation to the Bank**

As on the date of this Letter of Offer, there were no outstanding investor complaints.

### **Investor Grievances arising out of this Issue**

The investor grievances arising out of the Issue will be handled by Smt. Diba Saha, the Deputy General Manager (Finance & Accounts) and the Compliance Officer and Integrated Enterprises (India) Limited, the Registrars to the Issue. The Registrar to the Issue will have a separate team of personnel handling only our post-Issue correspondence.

The agreement between us and the Registrar to the Issue will provide for retention of records with the Registrars for a period of at least one year from the last date of dispatch of letter of allotment/ share certificates / warrant/ refund order to enable the Registrars to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first Investors, number and type of shares applied for, application form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the details of the Renounees should be furnished.

The average time taken by the Registrar to the Issue for redressal of routine grievances will be around 15 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

**Investors may contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue/ post - Issue related problems such as non-receipt of letters of allotment/share certificates/demat credit/refund orders etc. The contact details of Compliance officer is as follows:**

**Smt. Diba Saha**

Deputy General Manager (Finance & Accounts) & Compliance Officer

**State Bank of Travancore**

Head Office, Thiruvananthapuram

Tel: + 91 0471 2351903

Fax: + 91 0471 2351137

Email: [dgmfa@sbt.co.in](mailto:dgmfa@sbt.co.in)

**The contact particulars of the Registrar to the Issue are as under:**

**Integrated Enterprises (India) Limited**

2<sup>nd</sup> Floor, Kences Tower,

No.1, Ramakrishna Street,

North Usman Road, T. Nagar,

Chennai -600 017

**Tel:** + 91 44 2814 0801-03

**Fax:** +91 44 2814 2479

**E-mail:** [sbtrights@integratedindia.in](mailto:sbtrights@integratedindia.in)

**Website:** [www.integratedindia.in](http://www.integratedindia.in)

Contact Person: Mr. K. Balasubramanian

**SEBI Registration No.:** INR000000544

## SECTION VIII – OFFERING INFORMATION

### TERMS AND PROCEDURE OF THE ISSUE

The Rights Equity Shares, now being issued, are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the CAF, the provisions of the Subsidiary Banks Act, the guidelines and regulations issued by RBI, SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of securities issued by the Government of India and/or other statutory and regulatory authorities, the terms of listing agreements entered into by the Bank with the Stock Exchanges and terms and conditions as stipulated in the allotment advice or letter of allotment security certificate and rules as may be applicable from time to time.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, QIB applicants, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. **It is mandatory for all QIBS, Non-Institutional Investors and Non Retail Individual investors to invest through the ASBA process.** The Investors who are not QIBs, Non-Institutional Investors or whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please refer to heading titled “Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process” on page 167 of this Letter of Offer.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights/obligations of Eligible Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

#### ***Authority for the Issue***

Pursuant to the resolutions passed by our Board at its meetings held on March 26, 2014 and June 20, 2014, our Bank has been authorised to make the following Rights Issue to the Equity Shareholders of our Bank with a right to renounce.

State Bank of India vide its letter dated May 26, 2014 has given its approval to our Bank to raise capital through Rights Issue. Further, RBI vide letters dated July 08, 2014 has recommended the Issue and the Ministry of Finance, Government of India, vide letter dated October 17, 2014 granted their approval for the Rights Issue.

#### ***Basis for the Issue***

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders of our Bank whose names appear, as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in electronic form and on the Register of Members of our Bank in respect of the Equity Shares held in the physical form at the close of business hours on the Record Date i.e. March 4, 2015, fixed in consultation with the Designated Stock Exchange.

#### ***Mode of Payment of Dividend***

We shall pay dividend (in the event of declaration of such dividends) to our Equity Shareholders as per the provisions of the Banking Regulation Act, 1949, the Subsidiary Banks Act and the guidelines issued by RBI from time to time.

### ***Rights Entitlement***

As your name appears as an Eligible Equity Shareholder in respect of the Equity Shares held in electronic form or appears in the Register of Members as an Eligible Equity Shareholder of the Bank as on the Record Date, you are entitled to the number of Equity Shares set out in Part A of the enclosed CAF.

**The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Our Bank is making the issue of Equity Shares on a rights basis to the Eligible Equity Shareholders and the Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdiction.**

### **Principal Terms of the Rights Equity Shares**

#### ***Face value***

Each Rights Equity Share shall have a face value of ₹10.

#### ***Issue Price***

Each Rights Equity Share is being offered at a price of ₹400 (including a premium of ₹390 per Rights Equity Share). The Issue Price has been arrived after consultation between our Bank and the Lead Managers.

#### ***Terms of Payment***

All Investors shall have to make the full payment of the Issue Price of ₹ 400 per Rights Equity Share at the time of making an Application.

#### ***Rights Entitlement Ratio***

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders of our Bank in the ratio of 1 (One) Rights Equity Shares for every 5 (Five) Equity Shares held on the Record Date.

#### ***Fractional entitlements***

For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 5 (Five) Equity Shares or not in the multiple of 5 (Five), the fractional entitlement of such Eligible Equity Shareholders shall be ignored. Eligible Equity Shareholders whose fractional entitlements are being ignored would be given preferential consideration for the Allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

Those Eligible Equity Shareholders holding less than 5 (Five) Equity Shares will therefore be entitled to zero Equity Shares under this Issue and shall be despatched a CAF with zero entitlement. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Eligible Equity Shareholder holds between one and 4 (Four) Equity Shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preference for Allotment of one additional Equity Share if he has applied for the same.

An illustration stating the Rights Entitlement for number of Equity Shares is set out below:

No. of Equity Shares held as on Record Date	Rights Entitlement
1-4	0
5-9	1
10-14	2

### Ranking

The Equity Shares allotted in the Issue shall rank *pari passu* with the existing Equity Shares in all respects including payment of dividend.

### *Listing and trading of the Rights Equity Shares proposed to be issued*

Our Bank's existing Equity Shares are currently listed on the BSE (scrip code 532191), NSE (symbol SBT), MSE and CSE under the ISIN INE654A01024. The fully paid up Rights Equity Shares proposed to be issued pursuant to the Issue shall, in terms of the circular no. CIR/MRD/DP/21/2012 by SEBI dated August 2, 2012 be allotted under a temporary ISIN which shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchanges. Upon receipt of such listing and trading approval, the Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN of our Bank and be available for trading.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchanges in the demat segment only.

The Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading shall be taken within seven (7) working days of finalization of the basis of allotment. Our Bank has made an application for "in-principle" approval for listing of the Equity Shares in accordance with clause 24(a) of the Listing Agreement to BSE, NSE and MSE through letters dated January 05, 2015 respectively. Accordingly, our Bank has received such approval from BSE vide letter no. DCS/PREF/LP-RT/680/2014-15 dated January 30, 2015, NSE vide letter no NSE/LIST/12314 dated January 28, 2015 and MSE vide letter dated February 3, 2015. SEBI vide its order dated December 23, 2014 bearing No. WTM/RKA /MRD/163/2014 granted an exit to the CSE and hence the equity shares arising out of this rights issue shall not be listed on CSE. The distribution of the Letter of Offer and the Issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Our Bank will also apply to the Stock Exchanges for final approval for listing and trading of Equity Shares. No assurance can be given regarding the active or sustained trading in the Equity Shares or that the price at which the Equity Shares offered under the Issue will trade after listing on the Stock Exchanges.

If permissions to list, deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, our Bank shall repay, without interest, all monies received from the applicants in pursuance of the Letter of Offer in accordance with the applicable laws. If such money is not repaid beyond eight days after our Bank becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Bank and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

### Rights of our Equity Shareholders

Subject to applicable laws, the Equity Shareholders of our Bank shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and

- Such other rights as may be available to a shareholder of our Bank constituted under the Subsidiary Banks Act.

### **Arrangements for Disposal of Odd Lots**

Our Bank's shares will be traded in dematerialised form only and therefore the marketable lot is 1 (ONE) share. Therefore, there is no possibility of any odd lots.

### **General terms of the Issue for ASBA Investors and Non-ASBA Investors**

#### ***Market Lot***

The Equity Shares of our Bank are tradable only in dematerialised form. The market lot for Equity Shares in dematerialised mode is 1 (one) Equity Share. In case an Eligible Equity Shareholder holds Equity Shares in physical form, our Bank would issue to such Allottees 1 (one) certificate for the Rights Equity Shares allotted to each folio ("Consolidated Certificate"). In respect of consolidated certificates, our Bank will upon receipt of a request from the respective holder of Equity Shares, split such consolidated certificates into smaller denominations.

#### ***Joint Holders***

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Subsidiaries Banks Act.

#### ***Nomination:***

In terms of Section 18A of the Subsidiary Banks Act, the nomination facility is available to the shareholders. However, as the regulations in this regard are yet to be framed and notified in the Official Gazette, the shareholders can avail the facility in due course, in accordance with the Subsidiary Banks Act and as per the procedure prescribed by the regulations.

**In case the allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with the respective Depository Participants ("DPs") of the applicant would prevail. Any applicant desirous of changing the existing nomination is requested to inform their respective DP's.**

#### ***Notices***

All notices to the Eligible Equity Shareholder(s) required to be given by our Bank shall be published in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language daily newspaper in Thiruvananthapuram with wide circulation and / or, will be sent by ordinary post / registered post / speed post to the registered address of the Equity Shareholders in India or the Indian address provided by the Eligible Equity Shareholders from time to time.

#### ***Additional Subscription by the Promoter***

Our Promoter has, vide undertaking dated October 20, 2014 confirmed their intention to subscribe to the full extent of their Rights Entitlement in this Issue. Further, our Promoter reserves their right to apply for the unsubscribed portion of the shares over and above their rights entitlement. As a result of subscription to their Rights Entitlement, any unsubscribed portion and consequent allotment, our Promoter may acquire Rights Equity Shares over and above their Rights Entitlement in this Issue, which may result in an increase of their shareholding in our Bank. This subscription and acquisition of such additional Rights Equity Shares (whether undersubscribed or otherwise) by our Promoter, if any, will not result in change of control of the management of our Bank. Their entitlement to subscribe the undersubscribed portion over and above their Rights Entitlement would be restricted to ensure that the public shareholding in the Bank after the Issue does not fall below the permissible minimum level as specified in the applicable laws, including but not limited to, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, listing agreements entered with the Stock Exchanges and the Securities Contract (Regulations) Rules, 1957.

### ***Offer to Non Resident Eligible Equity Shareholders/ Applicants /FIIs***

Applications received from NRs for Allotment shall be *inter alia*, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice/ share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of notification No. FEMA 20/2000-RB dated 3 May 2000. Our Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment of Equity Shares, payment of dividend etc. to the Non Resident Eligible Equity Shareholders. The Equity Shares purchased on a rights basis by non-residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which equity shares are issued on a right basis.

The distribution of the Letter of Offer/Abridged Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. We are making the issue of the Equity Shares on a rights basis to the Eligible Equity Shareholders, Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/Abridged Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

### **How to Apply?**

#### ***Resident Eligible Equity Shareholders***

Applications should be made only on the CAF enclosed with the Letter of Offer/Abridged Letter of Offer. The CAF should be complete in all respects, as explained in the instructions indicated in the CAF. An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, please refer the heading titled – ‘**Application on Plain Paper**’ on page 158 of this Letter of Offer. Applications will not be accepted by the Lead Managers or by the Registrar to the Issue or by our Bank at any of its branches, except in the case of postal Applications as per instructions given in the Letter of Offer. ASBA Investors shall be required to indicate either in (i) Part A of the CAF, or (ii) a plain paper Application, as to their desire to avail of the ASBA option of payment.

#### ***Non Resident Eligible Equity Shareholders***

Non Resident Indian applicants can obtain the CAF from the Registrar to the Issue. Applications received from Non Resident Eligible Equity Shareholders for the Issue shall, *inter alia*, be subject to the conditions as may be imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice payment of interest, dividends etc.

#### ***Procedure for Application***

**For Equity Shareholders wishing to apply through the newly introduced ASBA process for rights issues, kindly refer the heading titled “Procedure for Application through the Applications Supported By Blocked Amount (“ASBA”) Process on page 167 of this Letter of Offer.**

In case the original CAFs are not received by the Eligible Equity Shareholders or is misplaced by the Eligible Equity Shareholders, the Eligible Equity Shareholders may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Eligible Equity Shareholder does not match with the specimen registered with our Bank, application is liable to be rejected.

Please note that neither our Bank, Lead Managers nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit.

Please note that QIB applicants, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The applicants who are (i) not QIBs, (ii) not Non- Institutional Investors or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.

Every non-retail investor is required to adhere to the following requirements for the purpose of usage of ASBA facility:

- a) Provisions of SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011.
- b) The eligibility conditions in terms of SEBI circular dated December 30, 2009, for rights issues.
- c) Non-retail investors having bank account with SCSBs that are providing ASBA in cities / centres where non-retail investors are located are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.
- d) All non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

**The CAF consists of four parts:**

Part A: Form for accepting the Equity Shares as a part of this Issue, in full or in part and for applying for additional Rights Equity Shares;

Part B: Form for renunciation of Equity Shares;

Part C: Form for application of Equity Shares by Renouncee(s);

Part D: Form for request for split Application forms.

***Option available to the Equity Shareholders***

The CAFs will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in Equity Shares, then Eligible Equity Shareholder can:

- Apply for its Rights Entitlement of Equity Shares in full;
- Apply for its Rights Entitlement of Equity Shares in part;
- Apply for its Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for its Rights Entitlement in full and apply for additional Equity Shares;
- Renounce its Rights Entitlement in full.

***Acceptance of the Issue***

You may accept the offer to participate and apply for the Rights Equity Shares offered, either in full or in part by filling Part A of the CAF and submit the same along with the application money payable to the Bankers to the Issue or any of the collection centres as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Bank in this regard. Investors at centers not covered by the collection branches of the Bankers to the Issue can send their CAF together with the cheque drawn at par on a local bank at Chennai / demand draft payable at Chennai to the Registrar to the Issue by registered post / speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. For further details on the mode of payment, please refer the headings “Mode of Payment for Resident Equity Shareholders” on page 159 and “Mode of Payment for Non-Resident Equity Shareholders” on page 160 of this Letter of Offer.

***Additional Equity Shares***

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation, if necessary, with the Designated Stock Exchange and in the manner prescribed in the paragraph titled “Basis of Allotment” on page 175 of this Letter of Offer.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. The Renouncee applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares.

Where the number of additional Rights Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

### ***Renunciation***

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Bank shall not allot and / or register the Rights Equity Shares in favour of (i) more than 3 persons (including joint holders), (ii) partnership firm(s) or their nominee(s), (iii) minors, (iv) HUF (however, you may renounce your Rights Entitlements to the Karta of an Hindu Undivided Family acting in his capacity of Karta); or (v), any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorised under its constitution or bye-laws to hold Equity Shares as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation (i) from resident Indian equity shareholder(s) to non-resident(s); (ii) from non-resident equity shareholder(s) to resident Indian(s); or (iii) from a non-resident equity shareholder(s) to other non-resident(s), is subject to the renouncer(s)/ renounee(s) obtaining the necessary regulatory approvals. Our Bank had applied to the RBI for seeking approval for renunciation of Rights Entitlement and RBI in its letter dated February 24, 2015 communicated as follows (a) RBI has given its no objection for renunciation of rights entitlement by, and to, persons' resident in India and persons' resident outside India on following conditions (i) the renunciation of rights entitlement should be on the floor of the Stock Exchange (ii) RBI has no objection for renunciation by non-resident to resident on the floor of the stock exchange (iii) RBI has no objection for renunciation by non-resident to non-resident on the floor of stock exchange. If the non-resident transferees include FIIs, the individual as well as overall limit should be complied with. (iv) If any transaction involves an erstwhile OCB, the Bank should approach RBI with full details for prior approval (v) The NRI shareholders holding non-repatriable shares may renounce the rights entitlements in favour of Residents or other NRIs only. Further in terms of Regulation 6 of Notification No. FEMA20/2000-RB dated 3<sup>rd</sup> May 2000, as amended from time to time, only the existing Non Resident shareholders may subscribe for additional shares over and above the shares offered on rights basis by the company.

### **Renunciation by OCBs**

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognised as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003. Accordingly, the Eligible Equity Shareholders of our Bank who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated 8 December 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated nonresident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such approval to us at our Head Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Bankers to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for our Bank of the person(s) applying for Rights Equity Shares of the CAF to receive allotment of such Rights Equity Shares. The Renounees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part 'A' of the CAF must not be used by the Renounee(s) as this will render the application invalid. Renounee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the request for Allotment to Renouncee(s) without assigning any reason thereof.

### ***Procedure of renunciation***

#### ***To renounce all the Equity Shares offered to an Eligible Equity Shareholder in favour of one Renouncee***

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint renouncees, all joint renouncees must sign this Part 'C' of the CAF.

#### ***To renounce in part/or renounce the whole to more than one person(s)***

If you wish to either (i) accept this offer in part and renounce the balance, or (ii) renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into the requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs, i.e. March 24, 2015. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in the paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with our Bank, the application is liable to be rejected.

### ***Renouncee(s)***

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue or any of the collection branches of the Bankers to the Issue as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

### ***Change and/ or introduction of additional holders***

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three, including you, who is / are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason therefore.

## **APPLICATIONS BY NON – ASBA INVESTORS**

### **Eligible Equity Shareholders who are eligible to apply under the non – ASBA process**

The option of applying for Equity Shares through non – ASBA process is available only to Eligible Equity Shareholders of our Bank on the Record Date whose application not exceed ₹ 2,00,000 and the Renouncees. **All Applicants who are QIBs and Non – Institutional Investors can apply in the Issue only through the ASBA process.**

## Instructions for options for Non-ASBA Investors

The summary of options available to the Eligible Equity Shareholders who applies through the non- ASBA process is presented below: You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Sr. No.	Options Available	Action Required
1.	Accept the whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A ( <i>All joint holders must sign</i> ).
2.	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares.	Fill in and sign Part A including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Rights Equity Shares ( <i>All joint holders must sign</i> ).
3.	Renounce your Rights Entitlement in full to one person ( <i>Joint Renouncees are considered as one</i> ).	Fill in and sign Part B ( <i>all joint holders must sign</i> ) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C ( <i>All joint Renouncees must sign</i> ).
4.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s).  OR <b>Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee.</b>	Fill in and sign Part D ( <i>all joint holders must sign</i> ) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Application Forms. Splitting will be permitted only once. <b>On receipt of the Split Application Form take action as indicated below:</b> 1. For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. 2. For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. 3. Each of the Renouncees should fill in and sign Part C for the Equity Shares accepted by them.
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Equity shares held in physical form, applicants must provide information in the CAF as to their savings bank / current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s). Failure to comply with this may lead to rejection of the application. In case of Equity shares held in demat form, bank account details furnished by the Depositories will be printed on the refund warrant in case of Equity Shares held in electronic form.

**Investors must write their CAF Number at the back of the cheque/demand draft.**

*Please note that:*

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders to whom the Letter of Offer/ Abridged Letter of Offer/CAF has been addressed. If used, this will render the application invalid.
- A request for each SAF should be made for a minimum of 1 (One) Equity Shares or, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar to the Issue on or before March 24, 2015.

- Only the Eligible Equity Shareholders to whom the Abridged Letter of Offer /Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor(s) by post at the applicant's risk.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- While applying for or renouncing their Rights Entitlement, joint Eligible Equity Shareholders must sign the CAF in the same order and as per specimen signatures recorded with our Bank/ Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

#### **Availability of duplicate CAF**

In case the original CAF is not received, or is misplaced by the Eligible Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number / DP and Client ID number and his / her full name and address to the Registrar to the Issue. Please note that the request for a duplicate CAF should reach the Registrar to the Issue at least seven (7) days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate CAF should not utilise the original CAF for any purpose including renunciation, even if it is received / found subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of either original CAF or both the applications. Our Bank, the Lead Managers or the Registrar to the Issue will not be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Neither the Registrar nor the Lead Managers or our Bank, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

#### **Application on Plain Paper**

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with account payee cheque drawn on a bank in Chennai or a demand draft, net of bank and postal charges payable at Chennai which should be drawn in favour of 'State Bank of Travancore – Rights Issue' in case of resident shareholders and non resident shareholders applying on non-repatriable basis and in favour of 'State Bank of Travancore – Rights Issue – NR' in case of non resident shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date.

The envelope should be superscribed 'State Bank of Travancore– Rights Issue' and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Bank / Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Issuer, being State Bank of Travancore;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number / DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;

- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹400 per Rights Equity Share;
- Separate cheques / DDs are to be attached for amounts to be paid for Rights Equity Shares;
- Particulars of cheque / demand draft / Savings / Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order (in case of Equity Shares held by such Eligible Equity Shareholders in physical form). In case of Equity Shares allotted in dematerialised form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the applicant, and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- Signature of the Eligible Equity Shareholders to appear in the same sequence and order as they appear in the records of our Bank.
- If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account; and
- A representation that the applicant is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is not a “U.S. Person” (as defined in Regulation S under the Securities Act).

Please note that those who are making an application otherwise than on an original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the applications. Our Bank shall refund such application amount to the Investor without any interest thereon.

**Applicants are requested to strictly adhere to these instructions. Failure to do so could result in the Application being liable to be rejected without our Bank, the Lead Managers and the Registrar to the Issue incurring any liabilities to such applicants for such rejections.**

#### ***Modes of Payment for Non-ASBA Investor***

##### **Mode of payment for Resident Investors**

- All cheques / demand drafts accompanying the CAF should be drawn in favour of “State Bank of Travancore – Rights Issue” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Bankers to the Issue or to the Registrar to the Issue;
- Investors residing at places other than places where the bank collection centres have been opened by our Bank for collecting applications, are requested to send their CAFs together with an account payee cheque drawn on a bank in Chennai/demand draft for the full application amount, net of bank and postal charges drawn in favour of “State Bank of Travancore – Rights Issue”, crossed ‘A/c Payee only’ and payable at Chennai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Bank, the Lead Managers or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. In addition all ASBA Investors, including QIBs and Non Institutional Investors will have to comply with the eligibility conditions as specified in SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009. Non-retail investors having bank account with SCSBs that are providing ASBA in cities / centres where non-retail investors are located are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection. All non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

- Applications through mails should not be sent in any other manner except as mentioned above. The CAF alongwith the application money must not be sent to our Bank or the Lead Managers. Applicants are requested to strictly adhere to these instructions.

### **Mode of payment for Non-Resident Investors**

Our Bank is making this Issue of Rights Equity Shares on a rights basis to the Eligible Equity Shareholders of our Bank and will dispatch the Letter of Offer/ Abridged Letter of Offer and the CAF to the Eligible Equity Shareholders who have provided an Indian address. Further, please refer to the paragraphs titled ‘Availability of duplicate CAF’ and ‘Application on Plain Paper’.

As regards the application by non-resident Investor, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can also obtain application forms from the following address:

**Integrated Enterprises (India) Limited**

2nd Floor, Kences Tower,  
No.1Ramakrishna Street,  
North Usman Road,  
T. Nagar, Chennai 600 017,

**Tel:** + 91 44 2814 0801-03

**Fax:** +91 44 2814 2479

**E-mail:** sbtrights@integratedindia.in

**Website:** www.integratedindia.in

**Contact Person:** Mr. K. Balasubramanian

**SEBI Registration No.:** INR000000544

Corporate Identification No.: U65993TN1987PLC014964

**Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.**

- Applications will not be accepted from non-resident Indian in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- All non-resident investors should draw the cheques/demand drafts in favour of “State Bank of Travancore – Rights Issue-NR”, crossed “A/c Payee only” for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar to the Issue.
- Non-resident investors applying from places other than places where the bank collection centres have been opened by our Bank for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of “State Bank of Travancore – Rights Issue – NR”, crossed ‘A/c Payee only’ and marked payable at Chennai directly to the Registrar to the Issue by registered / speed post so as to reach them on or before the Issue Closing Date. Our Bank, the Lead Managers or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Payment by non-residents must be made by demand draft payable at Chennai or Mumbai or Thiruvananthapuram / cheque payable drawn on a bank account maintained in India or funds remitted from abroad in any of the following ways:

*Application with repatriation benefits*

- By the ASBA Process, from an ASBA Account maintained with an SCSB;
- By Indian Rupee drafts purchased from abroad and payable at

Chennai/Mumbai/Thiruvananthapuram or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

- By cheque/draft drawn on an NRE or FCNR Account maintained in India; or out of funds held in Non- Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance.
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Chennai/Mumbai/Thiruvananthapuram;
- FIIs/ FPIs registered with SEBI must remit funds from special non-resident rupee deposit account;
- In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account, details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any will be made in U.S. Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Bank will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the applicant's bankers.

*Application without repatriation benefits*

- By the ASBA Process, from an ASBA Account maintained with an SCSB
- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Chennai/Mumbai/Thiruvananthapuram or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Chennai/Mumbai/Thiruvananthapuram. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.
- An Eligible Equity Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected at the sole discretion of our Bank and the Lead Managers.
- All cheques/demand drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of the Escrow Collection Bank and marked payable at Chennai/Mumbai/Thiruvananthapuram must be crossed 'account payee only' for the full Application Money. The CAF duly completed together with the amount payable on Application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

New demat accounts shall be opened for Eligible Equity Shareholders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

## Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Banker to the Issue indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
- Renounees who are NRIs/ FPIs/Non-Resident should submit their respective applications either by hand delivery or by registered post / speed post with acknowledgement due to the Registrar to the Issue only along with the cheque/demand draft payable at Chennai so that the same are received on or before the closure of the Issue.

## General instructions for Non -ASBA Investors

- (a) Please read the instructions printed on the CAF carefully.
- (b) Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application Money does not exceed ₹ 200,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renounees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- (c) Application should be made on the printed CAF, provided by our Bank except as mentioned under the heading titled “Application on Plain Paper” on page 158 of this Letter of Offer as the case may be and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father’s / husband’s name must be filled in block letters.
- (d) Eligible Equity Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board in this regard. The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue or to the Registrar to the Issue and not to our Bank or Lead Managers to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Bank for collecting applications, will have to make payment by Demand Draft payable at Chennai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.
- (e) **Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.**
- (f) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be**

**rejected.**

- (g) Investors are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- (h) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (i) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Bank.
- (j) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Bank, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- (k) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Bank / Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (l) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- (m) All communication in connection with application for the Equity Shares, including any change in address of the Investors should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Bank , in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- (n) SAFs cannot be re-split.
- (o) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- (p) Investors must write their CAF number at the back of the cheque /demand draft.
- (q) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the

application is to be submitted.

- (r) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar to the Issue will not accept payment against application if made in cash.
- (s) No receipt will be issued for application money received. The Bankers to the Issue / Registrar to the Issue will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (t) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.
- (u) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (v) The Reserve Bank of India has issued standard operating procedure in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations. As per this circular, processing of non-CTS cheques shall be done once in a week (Every Monday) from November 01, 2014. As prescribed by the SEBI Circular No.CIR/CFD/DIL/3/2010 dated April 22, 2010, the Equity Shares are required to be listed within prescribed stipulated period from the closure of the issue. In order to enable compliance with the above timelines, investors are advised to use CTS cheques or use ASBA facility to make payment. Investors using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays beyond 6 working days from the date of the closure of the issue, in terms of the aforesaid SEBI Circular.

**Do's for non-ASBA Investors:**

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Eligible Equity Shares will be allotted in the dematerialized form only;
- Ensure that your Indian address is available to our Bank and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- Ensure that the value of the cheque/ draft submitted by you is equal to the {(number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be)} before submission of the CAF. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Chennai of an amount net of bank and postal charges;
- Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the I.T. Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- Ensure that the demographic details are updated, true and correct, in all respects.

**Don'ts for non-ASBA Investors:**

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit Application accompanied with Stock invest;

**Grounds for Technical Rejection for non – ASBA Investors:**

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the application amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Submission of CAFs to the SCSBs;
- Submission of plain paper Applications to any person other than the Registrar to the Issue;
- Age of Investor(s) not given (in case of renounees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Investor does not match with the one given on the CAF and for renounee(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs /SAFs by OCBs not accompanied by a copy of RBI approval to apply in this Issue;
- CAFs accompanied by Stockinvest /outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in the United States and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from the United States or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;

- CAFs where our Bank believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except bids by minors having valid demat accounts as per the demographic details provided by the Depositories.
- CAFs submitted by Renounees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part 'B' of the CAF;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application; and
- Non Retail Individual Investors who have a bank account with an SCSB providing ASBA facility in the location of non Retail Individual Investors and the application by non Retail Individual Investors is not made through that SCSB providing ASBA facility in such location;
- Applications from QIBs, Non-Institutional Investors (including applications for less than ₹ 200,000) or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000, not through ASBA process.
- The Application by an Eligible Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.
- Non-compliance of the provisions of SEBI circular no. CIR/CFD/DIL/1/2011 dated April 29, 2011.
- Non-compliance of the eligibility conditions in terms of SEBI circular dated December 30, 2009, for rights issues.
- Applications by persons having bank account with SCSBs that are providing ASBA in cities / centres where non-retail investors are located and not using ASBA facility.
- Non – ASBA Applications made by QIBs and Non – Institutional Investors who satisfy the ASBA Investor Eligibility Criteria
- CAFs submitted by Renounees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part "B" of the CAF.
- Applications from QIBs, Non-Institutional Investors (including applications for less than ₹200,000) or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000, not through ASBA process.
- Applications for additional shares by a Non-resident shareholder who is not an existing shareholder of the Bank on the record date.

Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

## **PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS**

SEBI, by its circular dated August 20, 2009, introduced in rights issue - application supported by blocked amount wherein the application money remains in the ASBA Account until allotment. Mode of payment through ASBA in Rights Issue became effective on August 20, 2009. Since this is a new mode of payment in rights issues, set forth below is the procedure for applying under the ASBA procedure, for the benefit of the shareholders.

**This section is only to facilitate better understanding of aspects of the procedure which is specific to ASBA Investors. ASBA Investors should nonetheless read this document in entirety. Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Shareholder do not exceed the applicable limits under laws or regulations.**

Our Bank and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity Shares applied for by such Equity Shareholders does not exceed the applicable limits under laws or regulations. The lists of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on [http://www.sebi.gov.in/cms/sebi\\_data/attachdocs/1365051213899.html](http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html). For details on designated branches of SCSBs collecting the CAF, please refer the above mentioned link.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all applicants who are (i) QIBs, (ii) Non-Institutional Investors or (iii) other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI Circular dated December 30, 2009. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renounees (including Renounees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

### **ASBA Process**

An ASBA Investor can submit his application through CAF/plain paper to the SCSB with whom the bank account of the ASBA Investor or bank account utilised by the ASBA Investor is maintained. The SCSB shall block an amount equal to the application amount in the ASBA Account specified in the CAF, physical or electronic mode, on the basis of an authorisation to this effect given by the account holder at the time of submitting the CAF. The application data shall thereafter be uploaded by the SCSB in the web enabled interface of the Stock Exchanges as prescribed under circular issued by SEBI -SEBI/CFD/DIL/DIP/38/2009/08/20 dated August 20, 2009 or in such manner as may be decided in consultation with the Stock Exchanges. The amount payable on application shall remain blocked in the ASBA Account until finalisation of the basis of Allotment and consequent transfer of the amount against the allocated Equity Shares to the separate account opened by our Bank for Rights Issue or until failure of the Issue or until rejection of the ASBA application, as the case may be. Once the basis of Allotment is finalised, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Investors to the separate account opened by our Bank for Rights Issue. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

**The Lead Managers, our Bank, our directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.**

#### **Equity Shareholders who are eligible to apply under the ASBA Process:**

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Equity Shareholders of our Bank on the Record Date and who:

- i. are holding Equity Shares in dematerialised form as on Record date and have applied towards their rights entitlements or additional shares in the Issue in dematerialised form;
- ii. should have not renounced their entitlements in full or in part;
- iii. should not have split the CAF and further renounced it;
- iv. should not be Renounees;
- v. should apply through blocking of funds in a bank account maintained with one of the SCSBs; and
- vi. are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Issue Equity Shares in the Issue

#### **CAF**

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their entitlement on the Record Date for the Issue. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF/plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. The Equity Shareholder shall submit the CAF to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI Circular dated December 30, 2009.

#### **Acceptance of the Issue**

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the CAF sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Bank or any committee thereof in this regard.

#### **Mode of payment**

The Investor applying under the ASBA process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Bank as per the provisions of section 40(3)

of the Companies Act, 2013. The balance amount remaining after the finalisation of the basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB.

The Investor applying under the ASBA process would be required to give instruction to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Bank would have a right to reject the application only on technical grounds.

### **Options available to the Shareholder applying under the ASBA Process**

The summary of options available to the Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF received from Registrar:

<b>Sr. No.</b>	<b>Option Available</b>	<b>Action Required</b>
1.	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders must sign)
2.	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)

**The Eligible Equity Shareholder applying under the ASBA process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Eligible Equity Shareholder have selected to apply through the ASBA process option.**

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renounees (including Renounees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

### **Additional Equity Shares for ASBA Investors:**

Eligible Equity Shareholders are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall

be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under heading titled “Basis of Allotment” on page 175 of this Letter of Offer.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

### **Renunciation under the ASBA Process**

Renounees cannot participate in the ASBA Process in this Issue.

### **Application on Plain Paper**

An ASBA Investor who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA process may make an application to subscribe to the Issue on plain paper and the ASBA Investors should send the same by registered post directly to the SCSB.

The envelope should be super scribed “State Bank of Travancore –Rights Issue” and should be postmarked in India. The application on plain paper, duly signed by the ASBA Investor including joint holders, in the same order and as per the specimen recorded with our Company/ Depositories, must reach the Designated Branch of SCSBs before the Issue Closing Date and should contain the following particulars:

Name of Issuer, being State Bank of Travancore;

- Name and address of the Investor including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹400 per Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; and
- A representation that the Investor is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and is not a “U.S. Person” (as defined in Regulation S under the Securities Act).

### **Option to receive Securities in Dematerialised Form**

**SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR BANK UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON RECORD DATE.**

### **General instructions for Shareholders applying under the ASBA Process**

- (a) Please read the instructions printed on the CAF carefully.
- (b) Pursuant to the applicability of the directions issued by SEBI vide its circular no. CIR/CFD/DIL/1/2011 dated 29 April 2011, all applicants who are QIBs or Non Institutional Investors shall, on a mandatory basis, make use of the ASBA process in the Issue. In addition all investors applying through the ASBA process including QIBs and Non Institutional Investors will have to comply with the eligibility conditions as

specified in SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated 30 December 2009.

- (c) QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs or non institutional investor and whose application amount is not more than ₹ 200,000 can participate in the Issue through the ASBA process as well as the non ASBA process.
- (d) Application should be made on the printed CAF / plain paper and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.
- (e) The CAF / plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Bank or Registrar or Lead Managers to the Issue.
- (f) ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.
- (g) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs / plain paper application without PAN will be considered incomplete and are liable to be rejected.
- (h) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (i) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Thumb impression and Signatures other than in English or Hindi must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF /plain paper application as per the specimen signature recorded with our Bank / Depositories.
- (j) In case of joint holders, all joint holders must sign the relevant part of the CAF / plain paper application in the same order and as per the specimen signature(s) recorded with our Bank. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- (k) All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Shareholder, folio numbers and CAF number.
- (l) Only the person or persons to whom Securities have been offered and not renounee(s) shall be eligible to participate under the ASBA process.
- (m) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- (n) Only the Equity Shareholders holding shares in demat are eligible to participate through ASBA process.
- (o) Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

- (p) SCSBs making ASBA Applications on their own account are required to have a separate ASBA Account in their own name with any other SEBI registered SCSB. Such ASBA Account should be used solely for the purpose of making applications in rights issues and clear demarcated funds should be available in such account for ASBA Applications.
- (q) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading titled “Application on Plain Paper” on page 170 of this Letter of Offer.
- (r) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

**Do’s for ASBA Investors:**

- (a) Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- (b) Ensure that the ASBA process option is selected in part A of the CAF and necessary details are filled in. In case of non receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under heading titled “Application on Plain Paper” on page 170 of this Letter of Offer.
- (c) Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offer such facility to you.
- (d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- (e) Ensure that the CAFs are *submitted at the Designated Branches* of SCSBs and details of the correct bank account have been provided in the CAF.
- (f) Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account before submitting the CAF to the respective Designated Branch of the SCSB.
- (g) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- (h) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.
- (i) Except for CAFs submitted on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.
- (j) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- (k) Ensure that the Demographic Details are updated, true and correct, in all respects.
- (l) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.
- (m) Apply under ASBA process only if you fall under the definition of an ASBA Investor.
- (n) For ASBA applications by SCSBs on own account, ensure that a separate ASBA account in its own name is opened with any other SCSB

**Don’ts for ASBA Investors:**

- (a) Do not apply if you are in the restricted jurisdiction or are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- (b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- (c) Do not pay the amount payable on application in cash, by money order or by postal order.
- (d) Do not send your physical CAFs to the Lead Managers to Issue / Registrar / Bankers the the Issue (assuming that such Bankers to the Issue is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Bank ; instead submit the same to a Designated Branch of the SCSB only.
- (e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (f) Do not instruct your respective banks to release the funds blocked under the ASBA process.
- (g) Do not submit more than five CAFs per ASBA Account;

- (h) Do not apply through the Non-ASBA Process if you are QIB or if you are an applicant whose application amount exceeds ₹ 200,000

**Grounds for Technical Rejection under ASBA Process:**

In addition to the grounds listed under heading titled “Grounds for Technical Rejection for non – ASBA Investors” mentioned on page 165 of this Letter of Offer, applications under ASBA Process may be rejected on following additional grounds:

- (a) Application for allotment of Rights entitlements or additional shares which are in physical form.
- (b) DP ID and Client ID mentioned in CAF / plain paper application not matching with the DP ID and Client ID records available with the Registrar.
- (c) Sending CAF / plain paper application to the Lead Managers / Issuer / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Bank.
- (d) Sending and ASBA application on plain paper to the Registrar of the Issue.
- (e) Renouncee applying under the ASBA Process.
- (f) Submission of more than five CAFs per ASBA Account.
- (g) Insufficient funds are available with the SCSB for blocking the amount.
- (h) Funds in the bank account with the SCSB whose details are mentioned in the CAF / plain paper application having been frozen pursuant to regulatory orders.
- (i) Account holder not signing the CAF / plain paper application or declaration mentioned therein.
- (j) CAFs / plain paper application that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- (k) CAFs which have evidence of being executed in/dispatched from the United States.
- (l) Application by ASBA Investors on SAFs.
- (m) Submitting the GIR number instead of the PAN
- (n) Applications by SCSBs not complying with the SEBI circulars dated September 13, 2012 and January 2, 2013, whereby SCSBs need to ensure that for making applications on own account using ASBA facility, they should have a separate account in own name with any other SEBI registered SCSBs. Such account should be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.
- (o) Applications made through ASBA process by applicants ineligible to make application through such process.
- (p) An eligible shareholder not complying with any or all of the conditions for being an ASBA investor, applies under the ASBA process.
- (q) QIBs, Non-Institutional Investors and other Equity Shareholders who are eligible ASBA Investors (as per conditions of the SEBI circular dated December 30, 2009) applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 holding Equity Shares in dematerialised form and not renouncing or accepting Equity Shares from an Eligible Equity Shareholder, not applying through the ASBA process.

- (r) QIB applicants and Non-Institutional Investors making an application of below ₹ 2,00,000 and not applying through the ASBA process subject to their fulfilling the eligibility conditions to be an ASBA Investor.
- (s) The application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 200,000 but has applied separately through split CAFs of less than ₹ 200,000 and has not done so through the ASBA process.
- (t) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- (u) Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

#### **Depository account and bank details for Shareholders applying under the ASBA Process**

**IT IS MANDATORY FOR ALL THE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF / PLAIN PAPER APPLICATION. SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF / PLAIN PAPER APPLICATION IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF / PLAIN PAPER APPLICATION IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATION, AS THE CASE MAY BE.**

**Eligible Equity Shareholders applying under the ASBA process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Eligible Equity Shareholders applying under the ASBA process should carefully fill in their Depository Account details in the CAF.**

These Demographic Details would be used for all correspondence with such Shareholders including mailing of the letters intimating unblock of bank account of the respective Shareholder. The Demographic Details given by Shareholders in the CAF / plain paper application would not be used for any other purposes by the Registrar. Hence, Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAF / plain paper application, the Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Shareholder in the CAF / plain paper application would be used only to ensure dispatch of letters intimating unblocking of bank account.**

**Note that any such delay shall be at the sole risk of the Shareholders applying under the ASBA Process and none of the SCSBs, our Bank or the Lead Managers shall be liable to compensate the Shareholder applying under the ASBA Process for any losses caused to such Shareholder due to any such delay or liable**

**to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

### ***Underwriting***

This Issue is not underwritten and our Bank has not entered into any underwriting arrangement.

### **Issue Schedule**

<b>Issue Opening Date:</b>	March 17, 2015
<b>Last date for receipt of receiving requests for SAFs:</b>	March 24, 2015
<b>Issue Closing Date:</b>	March 31, 2015

The Board may however decide to extend the period of Issue as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

### **Disposal of Investor Grievances**

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked on application, account number of the ASBA Bank Account and the Designated Branch or the collection centre of the SCSB where the CAF / plain paper application was submitted by the ASBA Investors.

### **Last date of Application**

The last date for submission of the duly filled in CAF is March 31, 2015. The Issue will be kept open for 15 days and our Board will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Bankers to the Issue / Registrar to the Issue on or before the closure of banking hours on the aforesaid last date or such date as may be extended by our Board, the invitation to offer contained in the Letter of Offer/Abridged Letter of Offer shall be deemed to have been declined and our Board of Directors shall be at liberty to dispose off the Rights Equity Shares hereby offered, as provided under the heading titled "Basis of Allotment" on page 175 of this Letter of Offer.

**INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

### **Basis of Allotment**

Subject to the provisions contained in this Letter of Offer, the Subsidiary Banks Act and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full allotment to those Rights Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has / have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) For the Rights Equity Shares being offered under this Issue, if the shareholding of any of the Eligible Equity Shareholders is not in the multiple of 5 (Five), the fractional entitlement of such Eligible Equity Shareholders arrived at after multiplying such number of shares by 5 (Five) shall be ignored [as 1 (One) Equity Shares are being offered for every 5 (Five) Equity Shares held]. Eligible Equity Shareholders whose fractional

entitlements are being ignored would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If the number of Rights Equity Shares required for allotment under this head are more than the number of Rights Equity Shares available after allotment under (a) above, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Rights Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Rights Equity Shares will be on a proportionate basis at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- (e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b), (c) and (d) above.

The Promoter has, through their letter dated October 20, 2014 (the "Subscription Letter") confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue.

Such subscription of Equity may result in an increase in their percentage shareholding above their current percentage shareholding. In this regard, the members of the Promoter acknowledge and undertake that their investment would be restricted to ensure that the public shareholding in our Bank after the Issue do not fall below the permissible minimum level as specified in the listing conditions or Clause 40A of the listing agreement.

#### **Allotment Advices/ Refund Orders**

Our Bank will issue and dispatch allotment advice / share certificates / demat credit and / or letters of regret along with refund orders or credit the allotted Rights Equity Shares to the respective beneficiary accounts, if any, within a period of fifteen (15) days from the Issue Closing Date. If such money is not repaid within eight days from the day our Bank becomes liable to repay it with interest at the rate of 15% p.a. (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier), then our Bank and every Director who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to pay the money with interest as applicable law.

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Services ("NECS") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive the Rights Equity Shares in dematerialised form using electronic credit under the depository system, an advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter intimating them about the mode of credit of refund within a period of fifteen (15) days from the Issue Closing Date. In case of those Investors who have opted to receive the Rights Equity Shares in physical form, our Bank will issue the corresponding share certificates under applicable provisions of law, if any.

All refund orders would be sent by registered post / speed post to the sole / first Investor's registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole / first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

As regards allotment/refund to Non-residents, the following further conditions shall apply:

In the case of Non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Bank will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars.

The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non Resident Shareholders or Investors.

## **Payment of Refund**

### ***Mode of making refunds***

The payment of refund, if any, would be done through various modes in the following order of preference:

1. *NECS (National Electronic Clearing Service)* – Payment of refund would be done through NECS for Investors having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for Investors having a bank account at the centers where NECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through NECS), except where the Investor, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. *NEFT (National Electronic Fund Transfer)* – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method. Our Bank in consultation with the Lead Managers may decide to use NEFT as a mode of making refunds. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed herein.
3. *Direct Credit* – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Bank.
4. *RTGS (Real Time Gross Settlement)* – Investors having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹2 lakhs, have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Bank. Charges, if any, levied by the Investors' bank receiving the credit would be borne by the Investor.
5. For all other Investors, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed post/registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws which are in force and are permitted by the SEBI from time to time.

In case of ASBA Investors, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the amount specified in the CAF for rejected ASBA bids.

### ***Refund payment to Non- resident***

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Chennai, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Bank shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

### ***Printing of Bank Particulars on Refund Orders***

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Bank will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

### ***Allotment advice / Share Certificates / Demat Credit***

Allotment advice / share certificates / demat credit will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 (fifteen) days, from the Issue Closing Date.

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by our Bank for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by our Bank for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

### ***Option to receive the Rights Equity Shares in Dematerialised Form***

The Investors have an option to get the Rights Equity Shares in physical or demat form.

Our Bank has signed a tripartite agreement dated April 21, 2008 with NSDL and the Registrar to the Bank and a tripartite agreement dated April 17, 2008 with CDSL and the Registrar to the Bank, which enables our Equity Shareholders to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates

In this Issue, the allottees who have opted for the Rights Equity Shares in dematerialised form will receive the Rights Equity Shares in the form of an electronic credit to their beneficiary account with a Depository Participant. The CAF shall contain a space for indicating the number of Rights Equity Shares applied for in demat and physical form or both. Investors will have to give the relevant particulars for this purpose appropriately in the CAF. Applications, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate applications for Rights Equity Shares in physical and / or dematerialised form should be made. If such applications are made, the application for physical Rights Equity Shares will be liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Equity Shares sought in demat and balance, if any, will be allotted in physical Equity Shares. Equity Shareholders of our Bank holding Equity Shares in physical form may opt to receive Equity Shares in the Issue in dematerialized form.

The Rights Equity Shares will be listed on BSE, NSE and MSE.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR BANK CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

The procedure for availing of the facility for allotment of the Rights Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of our Bank. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with our Bank). In case of Investors having various folios in our Bank with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Investors who have already opened such beneficiary account (s) need not adhere to this step.*
- For the Eligible Equity Shareholders already holding Equity Shares of our Bank in dematerialised form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Equity Shares pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the allotment of Rights Equity Shares arising out of this Issue may be made in dematerialised form even if the original Equity Shares of our Bank are not dematerialised. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of our Bank.
- Responsibility for correctness of information (including Investor's age and other details) filled in the CAF *vis-à-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in the CAF should be the same as registered with the Investor's Depository Participant.
- Equity Share allotted to an Applicant in the electronic account form will be credited directly to the Applicant's respective beneficiary account(s) with depository participant.
- Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.
- Non-transferable allotment advice/refund orders will be directly sent to the Applicant by the Registrar to this Issue.
- If incomplete / incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by the Bank as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009. The Rights Equity Shares pursuant to this Issue allotted to Investors opting for dematerialised form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Securities to the Investor's depository account.
- Renouncees will also have to provide the necessary details about their beneficiary account for allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Equity Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Bank as on the date of the book closure.

**PLEASE NOTE THAT APPLICATIONS BY NRs / NRIs SHALL BE ACCEPTED ONLY AT CERTAIN SPECIFIED BRANCHES OF BANKERS TO THE ISSUE . THE DETAILS OF SUCH BRANCHES HAVE BEEN DETAILED IN THE CAF.**

### **Investment by FIIs**

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of our Bank. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of our Bank .

Applications will not be accepted from FIIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

QIB applicants and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process. Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application Money does not exceed ₹ 200,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renounees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.

### **Investment by NRIs**

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

Only Applications accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and Applying on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their Non-Resident External (“NRE”) or Foreign Currency Non-Resident (“FCNR”) accounts, maintained with banks authorized by the RBI to deal in foreign exchange. Eligible NRIs Applying on a repatriation basis are advised to use the CAF meant for Non-Residents, accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Applications by non-resident Applicants Applying on a repatriation basis will not be accepted out of Non-Resident Ordinary (“NRO”) accounts.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/ DIL/ 1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000 shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor.

### **Procedure for Applications by Mutual Funds**

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/ DIL/ 1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000 shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor.

### **Procedure for Application by FPIs**

Under the SEBI FPI Regulations, purchase of equity shares by an FPI or an investor group should be below 10% of the total issued capital of an Indian company. However, portfolio investments by FIIs and QFIs are also governed by RBI under FEMA and RBI has not yet notified the corresponding amendments to regulations under FEMA. Under the FEMA regulations, no single FII can hold more than 10% of the paid up capital of an Indian company. In respect of an FII investing on behalf of its eligible sub-accounts, the investment on behalf of each eligible sub account shall not exceed 10% of the paid up capital, or 5% of the paid up capital in case such eligible sub-account is a foreign corporate or an individual.

The total equity share holding of all FIIs in a company is subject to a cap of 24% of the paid up capital of the company. The 24% limit can be increased up to the applicable sectoral cap by passing a resolution by the board of the directors followed by passing a special resolution to that effect by the shareholders of the company. The individual and aggregate investment limits for Eligible QFIs in equity shares of a listed Indian company, under the FEMA regulations, are 5% and 10%, respectively, of the paid up capital. Further, wherever there are composite sectoral caps under the extant FDI policy, these limits for Eligible QFI investment in equity shares shall also be within such overall FDI sectoral caps.

In light of the notification of FPI Regulations and the absence of any RBI notification on corresponding amendments to regulations under FEMA, FIIs and Eligible QFIs should consult their advisors regarding the investment limits applicable to them. Under the FPI Regulations and subject to compliance with all applicable Indian laws, FPIs may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying security), directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad based funds and Category III FPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

Pursuant to a circular dated January 13, 2012, the RBI has permitted Eligible QFIs to invest in equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have been permitted to invest in equity shares of Indian companies which are offered to the public in India in accordance with the SEBI Regulations.

Eligible QFIs shall open a single non-interest bearing Rupee account with an AD category-I bank in India for routing the payment for transactions relating to purchase of equity shares (including investment in equity shares in public issues) subject to the conditions as may be prescribed by the RBI from time to time.

### **Applications will not be accepted from FPIs in restricted jurisdictions.**

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2,00,000 can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2,00,000.

### **Procedure for Applications by AIFs, FVCIs and VCFs**

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("SEBI VCF Regulations") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("SEBI FVCI Regulations") prescribe, amongst

other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

**Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.**

### **Impersonation**

**As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of Section 38 of the Companies Act, 2013 read with Section 447 of the Companies Act, 2013 which is reproduced below:**

*“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

### **Dematerialized dealing**

Our Bank has entered into agreements dated April 17, 2008 and April 21, 2008 with CDSL and NSDL and its Equity Shares bearing the ISIN No. INE654A01024.

### **Payment by Stockinvest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated 5 November 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

### **Disposal of application and application money**

No acknowledgment will be issued for the application moneys received by our Bank. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If such money is not repaid within a period of 30 days from the Issue Closing Date, the application money has to be returned within such period as may be prescribed. In the event of any failure to refund the application money within the specified period, a penalty of ₹ 1,000 for each day during which the default continues or ₹ 100,000, whichever is less as per Section 39 of the Companies Act, 2013.

For further instructions, please read the CAF carefully.

## **Restriction on Share Capital and Voting Rights**

In terms of the Section 19 of the Subsidiary Bank Act, no shareholder, other than the State Bank of India, shall be entitled to exercise voting rights in respect of any shares held by him in excess of ten per cent of the issued capital of our Bank.

## **Utilisation of Issue Proceeds**

Our Bank will disclose the details of the utilisation of the proceeds, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilised or otherwise disclosed as per the disclosure requirements of our Listing Agreements with the Stock Exchanges. We will indicate investments, if any, of unutilised proceeds of the Issue in the balance sheet of our Bank for the relevant fiscal years subsequent to the listing.

## **Undertakings by our Bank**

Our Bank undertakes:

1. that the complaints received in respect of the Issue shall be attended to expeditiously and satisfactorily.
2. that all steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the securities are to be listed will be taken within seven working days of finalization of basis of allotment.
3. that the funds required for making dispatch of refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue.
4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. that adequate arrangements shall be made to collect all ASBA applications and to consider them similar to Non-ASBA applications while finalizing the basis of allotment.
6. that the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
7. that no further issue of securities affecting equity capital of our Bank shall be made till the securities issued/offered through the Letter of Offer are listed or till the application money are refunded on account of non-listing, under-subscription etc.
8. At any given time there shall be only one denomination of our Equity Shares
9. We shall comply with such disclosure and accounting norms specified by SEBI from time to time.
10. We shall utilize the funds collected in the Issue only after finalisation of the Basis of Allotment.
11. Our Bank accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
12. All information shall be made available by the Lead Managers and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

## **Minimum Subscription**

If our Bank does not receive the minimum subscription of 90% of the Issue, our Bank shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Bank becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Bank shall pay interest for the delayed period, as prescribed under the applicable laws.

## **Important**

- Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying Composite Application Form (CAF) are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with the Abridged Letter of Offer, Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super

scribed 'State Bank of Travancore - Rights Issue' on the envelope) to the Registrar to the Issue at the following address

**Integrated Enterprises (India) Limited**

2<sup>nd</sup> Floor, Kences Tower,

Street No.1, Ramakrishna Street

North Usman road, T. Nagar

Chennai 600 017.

**Tel:** + 91 44 2814 0801-03

**Fax:** +91 44 2814 2479

**E-mail:** sbtrights@integratedindia.in

**Website:** www.integratedindia.in

**Contact Person:** Mr. K. Balasubramanian

**SEBI Registration No.:** INR000000544

- It is to be specifically noted that this Issue of Equity Shares is subject to the chapter titled 'Risk Factors' on page 12 of this Letter of Offer.
- The Rights Entitlement and the Equity Shares are not intended to be offered or sold to persons in the United States or any other jurisdiction where such offer or sale may be prohibited. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights to sale in the United States, the territories or possessions thereof, or a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, this Letter of Offer and the CAF should not be dispatched or forwarded to or transmitted in or to, the United States at any time. The Bank and the Lead Managers reserve absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States or any other jurisdiction where such acquisition may be prohibited.

## SECTION IX – STATUTORY AND OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to below (not being contracts entered into in the ordinary course of business carried on by our Bank or entered into more than two years prior to the date of this Letter of Offer) which are or may be deemed material, have been entered into by our Bank or are to be entered into by our Bank. Copies of these contracts, together with the copies of the documents referred to below, may be inspected at the Head Office of our Bank between 10.00 A.M. and 3.00 P.M. on any working day of our Bank from the date of this Letter of Offer until the date of closing of the subscription list.

#### A) Material contracts

1. Issue Agreement dated December 19, 2014 between our Bank and Lead Managers to the Issue.
2. Memorandum of Understanding dated December 19, 2014 between our Bank and Integrated Enterprises (India) Limited to act as Registrar to the Issue.
3. Tripartite Agreement dated April 21, 2008 between our Bank, Integrated Enterprises (India) Limited and NSDL.
4. Tripartite Agreement dated April 17, 2008 between our Bank, Integrated Enterprises (India) Limited and CDSL.
5. Bankers to the Issue dated March 04, 2015 between our Bank, Lead Managers to the Issue, Bankers to the Issue and the Registrar to the Issue.

#### B) Documents

1. The State Bank of India (Subsidiary Banks) Act, 1959, as amended from time to time;
2. Copy of the board resolutions dated March 26, 2014 and June 20, 2014 authorising the Issue;
3. Copy of the Prospectus dated September 30, 1997 in respect of our Bank's Initial Public Offer (being the last public issue undertaken by our Bank);
4. Copy of the letter dated May 26, 2014 issued by the State Bank of India according their in-principle approval for the Issue;
5. Copy of the letter dated July 08, 2014 issued by the Reserve Bank of India recommending the Issue;
6. Copy of the letter dated October 17, 2014 issued by the Ministry of Finance, Government of India approving the Issue;
7. Copy of the notification dated October 07, 2013 issued by the Ministry of Finance, Government of India, in respect of appointment of Smt. Arundhati Bhattacharya as Chairman of the State Bank of India;
8. Copy of the notification dated January 10, 2014 bearing ref. no A&S No. 07/2013-14 in respect of appointment of Shri. Jeevandas Narayan as the Managing Director of our Bank;
9. Consents of the Lead Managers, the Registrar to the Issue, the Legal Advisor to the Issue, the Directors of our Bank, the Compliance Officer, Bankers to the Issue, Abraham & Jose, Chartered Accountants, R.G.N. Price & Co, Chartered Accountants, G.K. Rao & Co., Chartered Accountants, Kumar Vijay Gupta & Co. Chartered Accountants, as referred to, in their respective capacities;
10. Report of the Auditors dated December 18, 2014 in relation to the Financial Statements of our Bank for the year ended March 31, 2014;
11. Limited review financial results as at and for the period ended September 30, 2014 by Abraham & Co, Chartered Accountants, R.G.N. Price & Co, Chartered Accountants, G.K. Rao & Co., Chartered Accountants, Kumar Vijay Gupta & Co. Chartered Accountants, our statutory central auditors dated December 18, 2014.
12. Annual reports of our Bank for last five years.
13. Certificate on Statement of Tax Benefits dated December 18, 2014, issued by the Auditors.
14. Initial listing applications for this Rights Issue dated January 05, 2015 filed with BSE, NSE and MSE respectively.
15. In-principle listing approval dated January 30, 2015, January 28, 2015 and February 03, 2015 received from BSE, NSE and MSE respectively;
16. Letter no. SRO/DIL/4587/2015 dated February 11, 2015 from SEBI conveying its final observations on the Draft Letter of Offer;
17. Due diligence certificate dated December 31, 2014 to SEBI from the Lead Managers to the Issue.
18. Copy of the letter dated February 24, 2015 issued by RBI approving the renunciation of rights entitlement;

19. Copy of resolution dated February 20, 2015 passed by the board of Directors finalizing the Issue Price, Record Date and the Rights Entitlement Ratio.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Bank or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.

## DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the State Bank of India (Subsidiary Banks) Act, 1959, as amended or the Companies Act, 1956 or Companies Act, 2013 to the extent applicable, and the Securities and Exchange Board of India Act, 1992 the rules or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the said Issue as also the regulations, guidelines, instructions etc. issued by SEBI, Reserve Bank of India, Government of India and any other competent authority in this behalf have been duly complied with. We further certify that all disclosures made in this Letter of Offer are true and correct.

No.	Name of Director	Signature
1.	<b>Smt. Arundhati Bhattacharya</b> <i>Chairman</i>	Sd/-
2.	<b>Shri. Jeevandas Narayan</b> <i>Managing Director</i>	Sd/-
3.	<b>Dr. J. Sadakadulla</b> <i>Director (RBI Nominee)</i>	Sd/-
4.	<b>Shri. V.G. Kannan</b> <i>Director (SBI Nominee)</i>	Sd/-
5.	<b>Shri. B. Ramesh Babu</b> <i>Director (SBI Nominee)</i>	Sd/-
6.	<b>Shri. Ramesh Chandra Srivastava</b> <i>Director (SBI Nominee)</i>	Sd/-
7.	<b>Shri. V. Kaliappan</b> <i>Director (SBI Nominee)</i>	Sd/-
8.	<b>Shri. P.V. Prasad</b> <i>Director (Workmen Employee)</i>	Sd/-
9.	<b>Shri. C. Rajkumar</b> <i>Director (Officer Employee)</i>	Sd/-
10.	<b>Shri. Mannur Chacko Jacob</b> <i>Director (Elected Shareholder Nominee)</i>	Sd/-
11.	<b>Shri. Sajen Peter</b> <i>Director (Elected Shareholder Nominee)</i>	Sd/-
12.	<b>Shri. Ashok Kumar Singh</b> <i>Director (G.O.I Nominee)</i>	Sd/-

Signed by our General Manager (Treasury)  
& CFO

Signed by our Compliance Officer

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**Shri. Chandrasekharan S**

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**Smt. Diba Saha**

Date: March 04, 2015  
Place: Thiruvananthapuram